中国太平洋保险
China Pacific Insurance

2022 Interim Report

(Stock Code: 02601)

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)

CONTENTS

Cautionary Statements:

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

Important information

I. The Company's 2022 Interim Report was considered and approved at the 19th session of the 9th Board of Directors on 26 August 2022, which 15 Directors were required to attend and all of them attended in person.

II. The 2022 Interim Financial Report of the Company has not been audited.

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

BOARD OF DIRECTORS

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Corporate information

Legal Name in Chinese:
中国太平洋保险(集团)股份有限公司(“中国太保”)

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

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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: 中国太保

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): Ernst&Young Hua Ming LLP

Office address: Level 16, Ernst & Young Tower, Oriental Plaza, No.1 East Changan Ave. Dongcheng District, Beijing, PR China

Signing Certified Public Accountants:
GUO Hangxiang, WANG Ziqing

Accountant (H Share):
Ernst&Young Hua Ming LLP (Recognised PIE Auditor)

Office address: Level 16, Ernst & Young Tower, Oriental Plaza, No.1 East Changan Ave. Dongcheng District, Beijing, PR China

Accountant (GDR): Ernst&Young Hua Ming LLP

Office address: Level 16, Ernst & Young Tower, Oriental Plaza, No.1 East Changan Ave. Dongcheng District, Beijing, PR China

Signing Certified Public Accountants: GUO Hangxiang

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.
"CPIC Capital"	CPIC Capital Company Limited, a subsidiary of China Pacific Insurance (Group) Co., Ltd.
"CPIC Technology"	Pacific Insurance Technology Co., Ltd., a wholly-owned subsidiary of China Pacific Insurance (Group) Co., Ltd.
"C-ROSS II"	China Risk Oriented Solvency System Phase II
"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

Group operating income
255,114 +1.0%

GWPs – CPIC Life
149,054 +5.4%
GWPs – CPIC P/C
91,571 +12.3%

Group OPAT attributable to shareholders of the parent
20,096 +9.9%

Group embedded value
509,078 +2.2%

Group net profit attributable to shareholders of the parent
13,301 -23.1%

Group comprehensive solvency margin ratio[note 2]
290% +24pt

CPIC Life[note 2] 248%
CPIC P/C[note 2] 225%

NBV of life business
5,596 -45.3%

NBV margin of life business
10.7% -14.7pt

Growth rate of Group investments' net asset value (annualised)
3.3% -1.5pt

Group total investment yield (annualised)
3.9% -1.1pt

Group net investment yield (annualised)
3.9% -0.2pt

Group AuM
2,741,039 +5.4%

Combined ratio of P/C business[note 1]
97.2% -2.1pt

Group number of customers ('000)
170,134 +1,741

Notes:

1. Consolidated data of CPIC P/C, CPIC Anxin Agricultural and CPIC HK.

2. On 30 December 2021, CBIRC promulgated the Solvency Regulatory Standards (II) of Insurance Companies, which entered into force on 1 January 2022. Figures as of 30 June 2022 were based on C-ROSS II, while those as at the end of 2021 were based on previous solvency standards.

Key performance indicators

Unit: RMB million

Indicators	As at 30 June 2022 /for the period between January and June in 2022	As at 31 December 2021 /for the period between January and June in 2021	Changes (%)
Key value indicators			
Group embedded value	509,078	498,309	2.2
Value of in-force business[note 1]	213,114	211,096	1.0
Group net assets[note 2]	226,672	226,741	-
NBV of CPIC Life	5,596	10,231	(45.3)
NBV margin of CPIC Life (%)	10.7	25.4	(14.7pt)
Combined ratio of CPIC P/C (%)	97.2	99.3	(2.1pt)
Annualised growth rate of Group investments' net asset value (%)	3.3	4.8	(1.5pt)
Key operating indicators			
GWPs	242,493	224,518	8.0
CPIC Life	149,054	141,449	5.4
CPIC P/C	91,571	81,561	12.3
Group number of customers ('000)[note 3]	170,134	168,393	1.0
Average number of insurance policies per customer	2.32	2.28	1.8
Monthly average agent number ('000)	312	641	(51.3)
Surrender rate of CPIC Life (%)	0.8	0.9	(0.1pt)
Annualised total investment yield (%)	3.9	5.0	(1.1pt)
Annualised net investment yield (%)	3.9	4.1	(0.2pt)
Third-party AuM	799,872	789,468	1.3
CPIC AMC	345,018	267,120	29.2
Changjiang Pension	399,519	452,191	(11.6)
Key financial indicators			
Net profit attributable to shareholders of the parent	13,301	17,304	(23.1)
CPIC Life	8,860	12,873	(31.2)
CPIC P/C	4,320	3,503	23.3
Basic earnings per share (RMB yuan)[note 2]	1.38	1.80	(23.1)
Net assets per share (RMB yuan)[note 2]	23.56	23.57	-
Comprehensive solvency margin ratio (%)[note 4]			
CPIC Group	290	266	24pt
CPIC Life	248	218	30pt
CPIC P/C	225	288	(63pt)

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. On 30 December 2021, CBIRC promulgated the Solvency Regulatory Standards (II) of Insurance Companies, which entered into force on 1 January 2022. Figures as of 30 June 2022 were based on C-ROSS II, while those as at the end of 2021 were based on previous solvency standards.

Core competitiveness

We are a leading integrated insurance group in China, ranking 182nd among Fortune Global 500 released in 2022. We are committed to long-term value growth, stay focused on the core business of insurance, pursue reform and transformation in key areas and levers, and strive for continued progress in high-quality development. We have achieved steady growth of business results, secured market standings, sustained improvement of overall strength, and made increased contribution to China's social and economic development.

Focus

We persist in the focus on insurance business, 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 boast top-notch competitiveness in specialised insurance business operation. Our life/health insurance business deepens the Changhang Transformation, steps up agency force restructuring, explores value growth mode of bancassurance, promotes customer resource management (CRM), and diversifies the supply of "product + service". The property and casualty insurance focuses on systematic enhancement of capabilities and risk selection, deepens management of individual customer resources, accelerates development of emerging business lines, and improves professional business management of institutional clients. As for investment, we continue to optimise the system of asset liability management (ALM), adhere to prudent, value and long-term investing, strengthen investment research capabilities, with industry-leading, liability-based strategic asset allocation (SAA) capabilities and specialised investment expertise.

Prudence

We are committed to prudent business operation, upholding "protection for people" as the central insurance value proposition. We boast a professional and competent board of directors, an experienced management team and a group-centralised platform of management, with modernised corporate governance featuring a clear definition of responsibilities, checks and balances and well-coordinated mechanisms. Leveraging a diversified, international and professional board of directors, we put in place a modern, international corporate governance system which is market-oriented and rule-based. As per latest regulatory requirements, we have also put in place industry-leading risk, compliance and internal control systems, particularly a new C-ROSS II risk management system, which ensures sustained and healthy development of the Company.

Innovation

We persist in customer orientation and forge ahead with transformation in a bid to foster new drivers for high-quality development. Deployment in the health care ecosystem gains momentum, with substantial progress in business quality control of health insurance, product innovation in managed care, systematic capacity-building, on-line and off-line integration, and industrial equity investment. This enhances our integrated supply of customised and personalised health-related products and services. We accelerate the building of big data system, explore market-oriented operational mechanisms, push forward the building of the 4 middle platforms, realising for the first time centralisation of full-domain data across the Group, marking further improvement of digital empowerment. We boost innovation in mechanisms for integrated regional development, focusing on collaboration of key regions such as the Yangtze River Delta, the Greater Bay Area, the Area of Beijing, Tianjin and Hebei, and "Chengdu + Chongqing", as well as integration of products and services in these regions. We deepen human resources reform, optimise market-based incentive system, roll out professional management system, promote the training and development system for youth to foster the talent "high ground".

Responsibility

Committed to our responsibility to employees, customers, shareholders and society, we vigorously participate in national initiatives, serve the needs of the real economy and peoples' aspirations for a better life. We make full use of insurance to fulfil our social responsibilities, pioneering in the fight against the pandemic, in supporting resumption of work and production, in boosting rural invigoration and the relief effort during floods. We promote the brand image of "Responsible, Smart and Caring" CPIC Service, improving the integrated management system of consumer rights protection and deepening the closed-loop management of customer experience. We implement ESG philosophies, improve the ESG governance system, promote sustainable insurance, responsible investment and green operation to contribute to the low-carbon social and economic development. We care for people's well-being, increasing investment in health care and retirement, promoting affordable and inclusive insurance, and vigourously participating in the building of China's social security system. We conduct charitable activities as part of our branding, showing care for the vulnerable and underprivileged communities. At the same time, we strive to generate sound returns to our shareholders so that they can benefit from the growth of the Company.

Honours and awards

- CPIC Group was listed among Fortune Global 500 for the 12th consecutive year, ranking 182nd.
- CPIC Group ranked 5th among the World's 100 Most Valuable Insurance Brands in 2022 released by Brand Finance, with a brand value of USD15.77 billion and brand strength rising from AA+ to AAA-.
- CPIC P/C and CPIC Life received A rating for business operation by the Insurance Association of China for the 6th consecutive year.
- CPIC P/C and CPIC Life won the Company of the Year award in dissemination of financial products and the Company of the Year award in financial brand innovation granted by China Banking and Insurance News respectively.
- CPIC AMC won the "Insurance Asset Management Company of the Year" award in the 12th Golden Pixiu Awards organised by the Financial Money magazine.
- CPIC Health was awarded the 2022 Customer Satisfaction Brand for March 15th Consumer Rights Protection Day by China's Foundation of Consumer Rights Protection for the 5th consecutive year.
- Changjiang Pension won the “China, Best Occupational Annuity Manager” award, the “China, Fintech Innovation in Pensions” award, and the “China, Best Enterprise Annuity Scheme - Golden Sunshine Collective Enterprise Annuity Scheme” award in the “2022 Best of the Best Awards” held by the Asia Asset Management magazine.

Chairman’s statement

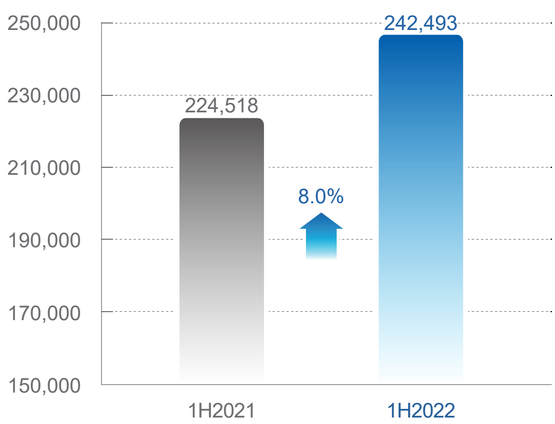
Dear shareholders:

The first half of 2022 was extraordinary in many ways. The international environment was complicated and difficult. The resurgence of the COVID-19 pandemic in parts of China took its toll on economic growth, aggravating the pressure of "demand contraction, supply disruption and expectation weakening". As an insurer headquartered in Shanghai with nation-wide service network, we faced a particularly formidable challenge, with head-offices of the Group and its subsidiaries, over 70 branches and nearly 1,000 work-sites across the country impacted by the pandemic, disrupting our normal business operation. We met the challenges head-on, took the initiative to ensure both safety of our employees and orderly and stable operation of the Company with the smallest possible functioning units. At the same time, with the backing of our shareholders and the board, we adhered to high-quality development, deepened business transformation, pursued channel diversification, accelerated health and retirement business deployment and delivered further progress in business performance.

Resilient business results. In the first half of 2022, Group gross written premiums grew steadily to RMB242.5 billion, up by 8.0% from the same period of 2021, the highest in the past 3 years; Group OPAT and EV rose by 9.9% and 2.2% respectively, pointing to enhanced foundation for long-term, stable business performance. CPIC Life proceeded with the Changhang Transformation, with improvement in core agent productivity, faster growth of bancassurance. GWPs rose by 5.4% to RMB149.1 billion. CPIC P/C seized opportunities arising from industry mix upgrading and maintained rapid business development, and achieved expanded market share and improved business

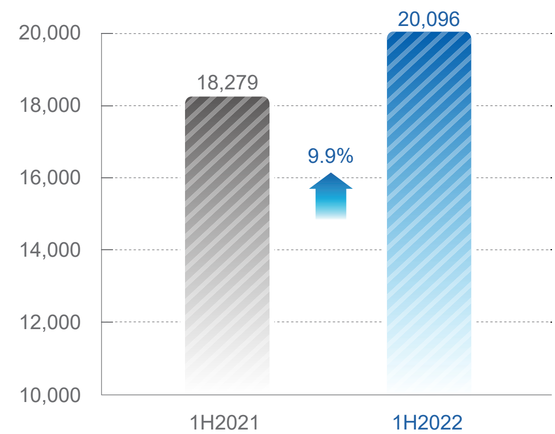
Group GWPs

Unit: RMB million



Group OPAT[note]

Unit: RMB million



mix, with GWPs amounting to RMB91.6 billion, up by 12.3%. As for asset management, in the context of market volatility and decline of interest rates, we continued to optimise asset liability management (ALM), stepped up professional investment research capacity-building, with Group AuM increasing to RMB2,741 billion, testifying to enhanced market competitiveness.

Caring customer service. Committed to superb service supply capabilities, we continued to enhance the CPIC Service system, with the reach and quality of customer service both improving. We optimised the integrated consumer rights protection management system, and established a "think-tank" of experts. CPIC Service Officers reached out to customers and heard their comments and suggestions, with NPS, an indicator measuring customer experience, continuing to improve. In the face of the pandemic, we provided a package of tailor-made financial products to minimize disruption to the supply chain and helped key enterprises to resume work and production. We upgraded the line-up of value-added services, offered 24/7 on-line consulting under CPIC Family Doctor to customers in pandemic-affected regions, winning their trust and recognition. As of the end of June, Group number of customers steadily increased to 170 million, with individual customers each having 2.32 insurance policies on the average. By virtue of outstanding customer service and satisfaction, CPIC Life, CPIC P/C and CPIC Health maintained leading positions in regulatory ratings of customer services.

Successful deployment in health and retirement. We accelerated strategic investment in these areas, and have initially built capabilities to provide services covering the entire life cycle of our customers. CPIC Family Doctor has over 2.8 million registered users, with its business model largely in shape. We launched an innovative medical insurance product for substandard risks, which integrated managed care, attracting wide attention from the public. For high-end customers, we established Guangci Memorial Hospital and conducted cooperation with renowned care providers such as New Frontier Vitality Limited and United Family Hospitals, facilitating the building of "on-line + off-line" health ecosystem. In response to China's retirement strategies, we have achieved nationwide footprints in lay-out of CPIC Home retirement communities, with those in Chengdu and Dali in operation, and a total of 12 projects in 11 cities providing over 12,000 beds, catering for needs of 3 different age groups and health conditions.

Dynamic digitalisation effort. Given consistent deployment in technology over the years, in particular the infrastructure in Chengdu and Shanghai, we can now ensure safe and reliable operation of data centres 24/7, supporting our various digital platforms, applications and on-line office systems. This, in turn, ensured continuity in customer service and operation during the resurgence of the pandemic. In February, CPIC Technology made its debut, paving the way for market-oriented reform of technology governance system. We stepped up effort in cutting-edge technologies, and launched a Group unified block-chain platform. CPIC P/C accelerated the roll-out of "Smart Factories"; CPIC Life upgraded its data management system. In short, we made more strides in digital empowerment.

The past half-year is unforgettable in many ways. We demonstrated commitment and tenacity, and stood the test of time, delivering hard-won results in business development and transformation. During the height of the pandemic in Shanghai, over 800 of my colleagues stayed on duty on office premises and the longest shift last over 80 days. Most of my colleagues overcame the disruption and worked from home to ensure stable business operation of the Company. I'd like to express my gratitude to all CPIC employees for their dedication, sacrifice and fortitude.

Now the industry is facing an uphill struggle in transformation: new business value growth of life insurance remained under pressure; economic slow-down and increased volatility of the capital market can be a big challenge for long-term asset liability management. Therefore, it is vital that we remain responsive to changing trends and dynamics of the market, maintain consistency in strategies, persist in prudent business management and focus on our own priorities.

Boost growth via change. We have always pursued change and reform to boost growth. We will continue to deepen the transformation of core business segments: life insurance will step up the restructuring of the agency channel centring on career-based development, professionalism and digitalisation, optimise the model of bancassurance to steadily increase its value contribution; P/C insurance will improve the business management system specific to customer segments, i.e., individual customers and institutional clients, while seizing opportunities in new energy, green and low-carbon transitioning and rural invigoration to shore up emerging growth drivers. We will press ahead with investment in health and retirement ecosystem, which is positioned as a key differentiator, supporting the insurance business and laying the foundation for additional growth drivers. We seized opportunities of regional integrated development initiatives such as the Yangtze River Delta and the Greater Bay Area, fostered innovative mechanisms, realigned resources across member companies and business segments to promote value contribution from each customer.

Seize development opportunities via cooperation. As a composite insurance group, we are committed to boosting in-house collaboration between business segment and subsidiaries through innovation in mechanisms, diversification of platforms and improvement in deliveries. On the other hand, we will deepen strategic partnerships with leading industry players like Sequoia China, Ruijin Hospital and New Frontier Vitality Limited to promote synergy among value chains, achieve complementarity and win-win for all. We seek to remove internal barriers, optimise internal collaboration mechanisms, diversify integrated product and service packages in response to diverse, full-cycle customer needs, so as to reap more benefits from synergies.

Win the future via opening-up. Transformation in the past 5 years delivered sustainable benefits, and particularly instilled "more openness" in our culture. We initiated the design of ESG governance, joined a number of influential international organisations for sustainable development, enhancing the integration of sustainable development philosophies into business management. In the first half of 2022, we advanced actions in sustainable insurance, responsible investment and low-carbon operation, adding more details to the sustainable development programme. Change is constant. We are committed to embracing change, adapting to change and winning the future by taking matters into our own hands.

To achieve healthy and steady development, we must adhere to value and the long term. In an age of diversified development, we will stay committed to serving national strategies and people's needs for a better life, contributing to sustainable economic and social development; on the other hand, we will persist in transformation and reform, meet challenges head-on and never shy away from difficulties. We are confident that in spite of the pandemic and multiple pressures on industry transformation, a new window of opportunity is emerging, which calls for adherence to the right direction and the pursuit of high-quality development with unwavering determination.

Note: Attributable to shareholders of the parent.

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 2022	January to June 2021	Changes (%)
Operating income[note 1]	255,114	252,512	1.0
Profit before tax	14,636	21,400	(31.6)
Net profit[note 2]	13,301	17,304	(23.1)
Net profit net of non-recurring profit or loss[note 2]	13,260	17,184	(22.8)
Net cash flows from operating activities	88,855	59,104	50.3
	30 June 2022	31 December 2021	Changes (%)
Total assets	2,101,316	1,946,164	8.0
Equity[note 2]	226,672	226,741	-

Notes:

1. The operating income in the consolidated financial statements prepared in accordance with the Accounting Standard for Business Enterprises ("CAS") for the 6 months ended 30 June 2022 and 30 June 2021 is RMB255,114 million and RMB252,512 million respectively. Had the consolidated financial statements been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), the total income for the 6 months ended 30 June 2022 and 30 June 2021 would be RMB252,921 million and RMB251,416 million respectively. The differences arise because the scope of operating income for presentation in the consolidated financial statements prepared by the Group in accordance with the CAS differ from that of the total income presented in the consolidated financial statements in accordance with HKFRS.

2. Attributable to shareholders of the parent.

Unit: RMB

Key accounting indicators	January to June 2022	January to June 2021	Changes (%)
Basic earnings per share[note 1]	1.38	1.80	(23.1)
Basic earnings per share net of non-recurring profit or loss[note 1]	1.38	1.79	(22.8)
Diluted earnings per share[note 1]	1.38	1.80	(23.1)
Weighted average return on equity (%)[note 1]	5.7	7.8	(2.1pt)
Weighted average return on equity net of non-recurring profit or loss (%)[note 1]	5.7	7.8	(2.1pt)
Net cash flows per share from operating activities[note 2]	9.24	6.14	50.3
	30 June 2022	31 December 2021	Changes (%)
Net assets per share[note 1]	23.56	23.57	-

Notes:

1. Attributable to shareholders of the parent.

2. Calculated by the weighted average number of ordinary shares in issue.

2

Non-recurring items

Unit: RMB million

Non-recurring items	January to June 2022
Government grants recognised in current profit or loss	78
Custody fees of entrusted operation	15
Other net non-operating income and expenses other than aforesaid items	(34)
Effect of income tax relating to non-recurring profit or loss	(17)
Net non-recurring profit or loss attributable to non-controlling interests	(1)
Total	41

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

3

Other key financial and regulatory indicators

Unit: RMB million

Indicators	30 June 2022/January to June 2022	31 December 2021/January to June 2021
The Group		
Investment assets[note 1]	1,941,167	1,812,069
Investment yield (%)[note 2]	3.9	5.0
CPIC Life		
Net premiums earned	140,387	133,700
Growth rate of net premiums earned (%)	5.0	2.5
Net claims	22,162	27,891
Surrender rate (%)[note 3]	0.8	0.9
CPIC P/C		
Net premiums earned	69,620	63,306
Growth rate of net premiums earned (%)	10.0	6.7
Net claims	40,426	37,914
Unearned premium reserves	79,316	67,328
Claim reserves	59,649	50,724
Combined ratio (%)[note 4]	97.2	99.3
Loss ratio (%)[note 5]	69.7	70.1

Notes:

1. Investment assets include cash at bank and on hand, etc.
2. Total investment yield (annualised) = (investment income + gains/(losses) arising from changes in fair value + rental income from investment properties - charge of impairment losses on investment assets - 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.
3. Surrender rate=surrenders for the period / (opening balance of life insurance reserves + opening balance of long-term health insurance reserves + gross written premiums for long-term insurance).
4. Combined ratio = (claims-claim recoveries from reinsurers + changes in insurance contract reserves - insurance contract reserves recovered from reinsurers + expenses for reinsurance assumed + taxes and surcharges for insurance business + commission and brokerage expenses + operating and administrative expenses for insurance business - expenses recoveries from reinsurers + changes in insurance premium reserves + asset impairment losses of receivables) / net premiums earned.
5. Loss ratio = (claims-claim recoveries from reinsurers + changes in insurance contract reserves - insurance contract reserves recovered from reinsurers + changes in insurance premium reserves)/ net premiums earned.

Review and analysis of operating results

1

Business overview

I. Key businesses

We are a leading integrated insurance group in China. 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, carry out private equity fund management through CPIC Capital, and also engage in mutual fund management business through CPIC Fund. We provide market-oriented technological empowerment service via CPIC Technology.

In the first half of 2022, China's insurance market realised a primary premium income of RMB2,848.1 billion, up by 5.1% from the same period of 2021. Of this, premiums from life/health insurance companies amounted to RMB2,044.8 billion, a growth of 3.5%, and that from property and casualty insurance companies RMB803.4 billion, up by 9.4%. Measured by primary insurance premiums, CPIC Life and CPIC P/C are both China's 3rd largest insurers for life and property and casualty insurance, respectively.

II. Main items on consolidated financial statements with change of over 30% and reasons

Unit: RMB million

Balance sheet items	30 June 2022	31 December 2021	Changes (%)	Main reason for the changes
Securities purchased under agreements to resell	9,300	13,432	(30.8)	Timing difference
Premium receivables	49,014	25,803	90.0	Growth in insurance business and timing difference
Investment properties	11,624	7,514	54.7	Increase in the investment
Deferred income tax assets	4,212	1,998	110.8	Increase in deductible temporary differences
Premiums received in advance	8,368	25,154	(66.7)	Timing difference
Commission and brokerage payable	4,917	3,695	33.1	Growth in insurance business
Insurance premium reserves	597	207	188.4	Growth in insurance business
Deferred income tax liabilities	1,949	3,601	(45.9)	Decrease in taxable temporary differences

Income statement items	January to June 2022	January to June 2021	Changes (%)	Main reason for the changes
Net change in unearned premium reserves	(16,145)	(10,730)	50.5	Change in insurance business
Share of profits of associates and joint ventures	395	178	121.9	Increase in the investment income
Losses arising from changes in fair value	(1,065)	(277)	284.5	Change in market value of financial assets held for trading
Exchange gains/(losses)	788	(197)	(500.0)	Fluctuation of exchange rate
Changes in insurance premium reserves	(390)	(265)	47.2	Growth in insurance business
Income tax	(1,005)	(3,605)	(72.1)	Decrease in taxable profit
Other comprehensive income/(loss)	(3,829)	(1,384)	176.7	Change in fair value for available-for-sale financial assets due to capital market fluctuation

2

Performance overview

We focused on the core business of insurance, persisted in value growth, believed in the long term, deepened the customer-oriented strategic transformation, accelerated deployment in health care and retirement sectors, pursued high-quality development and delivered solid business results and sustained increase in overall strength in spite of the challenge of the COVID-19 pandemic.

I. Market environment and response

The first half of 2022 saw the resurgence of the pandemic in many parts of China. As an insurer headquartered in Shanghai, the Company faced a particularly grave situation, with head-offices of the Group and its subsidiaries, a large number of branch offices and nearly 1,000 work-sites impacted, disrupting normal business operation. In the mean time, multiple unexpected factors, like flare-ups in geo-political tensions and volatility of the capital market posed unprecedented challenges to the Company's stable and healthy development.

In the face of such challenges, we took the initiative to coordinate pandemic control and business development. On the one hand, we took a host of measures, such as increased on-line operation and closed operation of certain work-sites and data centres, to ensure continuity in business operation, particularly in customer service and day-to-day work. On the other hand, we continued to implement high-quality development strategies, deepened reform of core business segments, accelerated deployment in ecosystems. Life insurance business initiated the Changhang Transformation in an all-around way, so as to build a diversified channel mix with agency channel at the core; P/C insurance focused on systematic capacity-building, and boosted sustainable development; asset management continuously optimised ALM mechanisms, and enhanced capabilities in asset allocation across economic cycles. At the same time, to foster new growth drivers, we stepped up investments in health care and retirement to strengthen supply of products and services; innovated mechanisms for synergy of key regional development initiatives such as the Greater Bay Area; established CPIC Technology to explore market-based mechanisms and further enhance digital empowerment capabilities.

II. Performance highlights

During the reporting period, Group operating income amounted to RMB255.114 billion, of which, gross written premiums (GWPs) reached RMB242.493 billion, a year-on-year growth of 8.0%. Group net profit[note 1] reached RMB13.301 billion, down by 23.1% compared with the same period of 2021, with Group OPAT[notes 1,2] of RMB20.096 billion, a growth of 9.9%. Group EV amounted to RMB509.078 billion, an increase of 2.2% from the end of 2021. Of this, value of in-force business[note 3] reached RMB213.114 billion, up by 1.0%. Life insurance business delivered RMB5.596 billion in new business value (NBV), down by 45.3% year-on-year, with an NBV margin of 10.7%, down by 14.7pt. Property and casualty insurance business[note 4] recorded a combined ratio of 97.2%, down by 2.1pt. Annualised growth rate of Group investments' net asset value went down by 1.5pt to 3.3%. As of the end of the reporting period, Group total number of customers amounted to 170.13 million, an increase of 1.74 million from the end of 2021.

Rapid growth of new business premiums, with NBV under prolonged pressure

> CPIC Life GWPs amounted to RMB149.054 billion, up by 5.4%. Of this, new business premiums grew by 25.8%.

> Realised RMB5.596 billion in NBV, down by 45.3%, with an NBV margin of 10.7%, down by 14.7pt.

> OPAT of life insurance reached RMB15.156 billion, up by 6.0% year-on-year; the residual margin of life insurance amounted to RMB345.639 billion, down by 0.8% from the end of 2021.

Property and casualty business[note 4] reported improved combined ratio with rapid top-line growth

> The combined ratio was 97.2%, down by 2.1pt versus the same period of 2021. Of this, expense ratio stood at 27.5%, down by 1.7pt, and loss ratio 69.7%, down by 0.4pt.

> GWPs amounted to RMB92.911 billion, an increase of 12.3%. Of this, non-auto business grew by 17.3% and accounted for 48.1% of total property and casualty insurance GWPs, up by 2.0pt.

> Automobile insurance enhanced customer resources management, with higher customer retention; non-auto business improved business quality, with emerging business lines such as health, agricultural and liability insurance maintaining rapid development.

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

> The share of fixed income investments stood at 76.4%, up by 0.7pt from the end of 2021; that of equity investments 20.4%, down by 0.8pt, and of this, core equity investments[note 5] accounted for 10.5% of total investment assets, a decrease of 0.6pt from the end of 2021.

> Annualised growth rate of Group investments' net asset value reached 3.3%, down by 1.5pt from the same period of 2021. Annualised total investment yield was 3.9%, down by 1.1pt, with annualised net investment yield of 3.9%, down by 0.2pt.

> Group AuM amounted to RMB2,741.039 billion, an increase of 5.4% from the end of 2021. Of this, third-party AuM amounted to RMB799.872 billion, an increase of 1.3%.

Notes:

1. Attributable to shareholders of the parent.

2. 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.

3. Based on the Group's share of CPIC Life's value of in-force business after solvency.

4. Consolidated data of CPIC P/C, CPIC Anxin Agricultural and CPIC HK.

5. Stocks and equity funds included.

III. Key performance indicators

Unit: RMB million

Indicators	As at 30 June 2022 /for the period between January and June in 2022	As at 31 December 2021 /for the period between January and June in 2021	Changes (%)
Key value indicators			
Group embedded value	509,078	498,309	2.2
Value of in-force business[note 1]	213,114	211,096	1.0
Group net assets[note 2]	226,672	226,741	-
NBV of CPIC Life	5,596	10,231	(45.3)
NBV margin of CPIC Life (%)	10.7	25.4	(14.7pt)
Combined ratio of CPIC P/C (%)	97.2	99.3	(2.1pt)
Annualised growth rate of Group investments' net asset value (%)	3.3	4.8	(1.5pt)
Key operating indicators			
GWPs	242,493	224,518	8.0
CPIC Life	149,054	141,449	5.4
CPIC P/C	91,571	81,561	12.3
Group number of customers ('000)[note 3]	170,134	168,393	1.0
Average number of insurance policies per customer	2.32	2.28	1.8
Monthly average agent number ('000)	312	641	(51.3)
Surrender rate of CPIC Life (%)	0.8	0.9	(0.1pt)
Annualised total investment yield (%)	3.9	5.0	(1.1pt)
Annualised net investment yield (%)	3.9	4.1	(0.2pt)
Third-party AuM	799,872	789,468	1.3
CPIC AMC	345,018	267,120	29.2
Changjiang Pension	399,519	452,191	(11.6)
Key financial indicators			
Net profit attributable to shareholders of the parent	13,301	17,304	(23.1)
CPIC Life	8,860	12,873	(31.2)
CPIC P/C	4,320	3,503	23.3
Comprehensive solvency margin ratio (%)[note 4]			
CPIC Group	290	266	24pt
CPIC Life	248	218	30pt
CPIC P/C	225	288	(63pt)

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. On 30 December 2021, CBIRC promulgated the Solvency Regulatory Standards (II) of Insurance Companies, which entered into force on 1 January 2022. Figures as of 30 June 2022 were based on C-ROSS II, while those as at the end of 2021 were based on previous solvency standards.

3

Life/health insurance business

CPIC Life delivered stable top-line growth, with NBV growth under prolonged pressure. It pushed forward the Changhang Transformation in an all-around way, seeking to promote a development mode shift, and achieved initial results. CPIC Health continued to focus on core capability-building to enhance the supply of products and services as new growth drivers.

I. CPIC Life

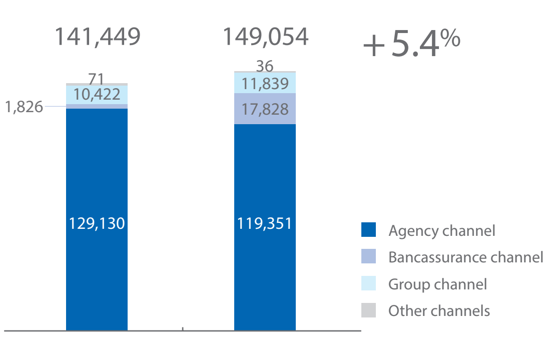
(I) Business analysis

In the first half of 2022, in the face of a particularly challenging environment such as the resurgence of COVID-19 around the country and economic slow-down, CPIC Life stayed firm, adhered to high-quality development, and pursued progress while maintaining stable business performance. It reported RMB149.054 billion in GWPs, a growth of 5.4% compared with the same period of 2021. OPAT amounted to RMB15.156 billion, a growth of 6.0% year-on-year, pointing to resilience in spite of the headwinds.

Based on its insights into the life insurance business, the subsidiary strives for more balanced growth of business across the year. During the reporting period, NBV fell by 45.3% to RMB5.596 billion, with NBV margin of 10.7%, down by 14.7pt from the first half of 2021, due to channel mix and business mix shifts. It deepened Changhang Transformation, rolled out the programme of "daily visits, weekly management and monthly planning", in a bid to foster a more sustainable work mode in sales and recruitment, with the decline of NBV narrowing across quarters.

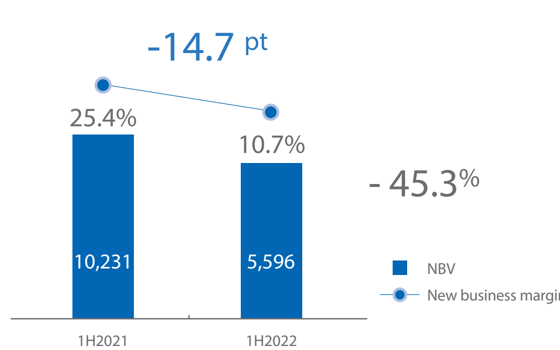
GWPs of CPIC Life

Unit: RMB million



NBV and new business margin of CPIC Life

Unit: RMB million



We persisted in customer-oriented strategies, and strived for a paradigm shift in development through transformation and reform. During the reporting period, projects such as Career Agency Force, Value-oriented Bancassurance, and Products + Services Systems gained further traction, with initial success in transformation: first, business momentum began to improve, and total new business premiums grew by 25.8% year-on-year, with a recovery of FYPs and regular-pay FYPs across quarters; second, business quality improved, as measured by 13-month policy persistency ratio for individual customers; third, channel diversification strategy was effectively implemented, with exponential growth of bancassurance new business premiums, and increased effort to explore cross-sell and up-sell between channels.

1. Analysis by channels

CPIC Life seeks to build a more diversified channel mix with the agency force at the core, in order to expand the avenues of value growth.

Unit: RMB million

For 6 months ended 30 June	2022	2021	Changes (%)
Gross written premiums	**149,054**	**141,449**	**5.4**
Agency channel	**119,351**	**129,130**	**(7.6)**
New policies	14,780	22,774	(35.1)
Regular premium business	12,900	19,880	(35.1)
Renewed policies	104,571	106,356	(1.7)
Bancassurance channel	**17,828**	**1,826**	**876.3**
New policies	16,838	1,374	1,125.5
Renewed policies	990	452	119.0
Group channel	**11,839**	**10,422**	**13.6**
New policies	11,436	10,111	13.1
Renewed policies	403	311	29.6
Other channels[note]	**36**	**71**	**(49.3)**

Note: Other channels include telemarketing & internet sales, and inward reinsurance business.

(1) Agency channel

CPIC Life accelerated the restructuring of the agency force centring on "3 Directions and 5 Mosts". The former refers to career-based development, professionalism and digitalisation; while the latter means space for the most generous income, the most powerful entrepreneurial platform, the most caring CPIC Service, the most professional career advancement system, and the most comfortable work environment. To promote professionalism, it fully leveraged the amended Basic Law (rules on compensation and management of agents), enhanced the building of high-performing teams, optimised recruitment processes, and accelerated work-place upgrading; in career-based development, the company advocated "protection for whole family by product combinations", rolled out needs-based selling system, improved training system, so as to enhance agent professional selling skills; in digitalisation, CPIC Life upgraded and rolled out supportive tools for recruitment and distribution, with continued progress in digital empowerment.

The subsidiary focused on core manpower, further cemented the foundation of the agency force to drive healthy agent development. As at 30 June 2022, the total agent headcount reached 281,000, and monthly average agent headcount reached 312,000 during the reporting period. Of this, the monthly average FYP per core agent reached RMB32,331, up by 23.5% year-on-year; monthly average FYC per core agent RMB4,630, up by 10.8% year-on-year.

For 6 months ended 30 June	2022	2021	Changes (%)
Monthly average agent number ('000)	312	641	(51.3)
Monthly average performing ratio of agents (%)	64.0	50.1	13.9pt
Monthly average FYP per agent (RMB)	7,906	5,918	33.6
Average number of new long-term life insurance policies per agent per month	1.34	1.59	(15.7)

(2) Bancassurance channel

It continued to diversify channel mix, boosted strategic co-operation with key partners, strived to build a high-quality team, and delivered rapid development of the channel. During the reporting period, we realised RMB17.828 billion in GWPs from the channel, up by 876.3%, and of this, new business premiums amounted to RMB16.838 billion, a growth of 1,125.5%. Next, we will increase our focus on the implementation of value-oriented strategies to increase the channel's value contribution.

(3) Group channel

In the first half of 2022, GWPs from the channel reached RMB11.839 billion, up by 13.6%.

CPIC Life vigourously contributed to China's social security system by enhancing its presence in government-sponsored business such as city-specific customised commercial insurance programmes and long-term care. As of the end of the reporting period, government-sponsored business programmes in operation covered over 150 million people, which cumulatively responded to nearly 32 million service requests since their inception, and paid out a total of over RMB31 billion in claims. At the same time, it stepped up effort to explore new models such as Work-site Marketing and up-sell from medical insurance to long-term life insurance.

2. Analysis by product types

CPIC Life is committed to build a Golden Triangle system of products and services centring on 3 core needs of customers: health protection, wealth management and retirement.

In the first half of 2022, we further diversified product offering, launched "Jinfu - Hejiahuan", an upgraded whole-life CI product with expanded cover for more competitive price throughout the life cycle of customers. Since its debut, the product acquired more than 270,000 customers, and provided over RMB48 billion in CI sum assured (SA); we also launched "Chang Xiang Ban", a product positioned for wealth inheritance, which balanced between annual growth of SA and saving, covering more than 220,000 customers; there were also "Xinxiang Shicheng" and "Xin Cong Rong" to meet customer demand in wealth planning. These mid-term savings products covered more than 100,000 customers. In the meantime, we continued to deepen deployment in health management and elderly care, rolling out 12 retirement communities in 11 cities, and of them, those in Chengdu and Dali are now fully operational. CPIC Home retirement communities have so far received 110,000 visits; CPIC Blue Passport, a health management programme, has covered nearly 20 million customers cumulatively.

We focus on both traditional and participating products. For the reporting period, traditional business generated RMB76.270 billion in GWPs, up by 12.8%. Of this, long-term health insurance contributed RMB29.457 billion, down by 3.7%. Participating business delivered RMB59.450 billion in GWPs, down by 1.9%, due to lower guaranteed interest rates in the context of market-oriented pricing.

Unit: RMB million

For 6 months ended 30 June	2022	2021	Changes (%)
GWPs	**149,054**	**141,449**	**5.4**
Traditional	76,270	67,630	12.8
Long-term health	29,457	30,590	(3.7)
Participating	59,450	60,623	(1.9)
Universal	49	48	2.1
Tax-deferred pension	38	38	-
Short-term accident and health	13,247	13,110	1.0

3. Policy persistency ratio

We intensified business quality control, and as a result, the 13-month policy persistency ratio of individual customers improved by 6.1pt to 87.8%; while the 25-month policy persistency ratio declined year-on-year, due to higher agent turnover from earlier and the impact of the pandemic.

For 6 months ended 30 June	2022	2021	Changes
Individual customer 13-month persistency ratio (%)[note 1]	87.8	81.7	6.1pt
Individual customer 25-month persistency ratio (%)[note 2]	74.7	80.9	(6.2pt)

Notes:

1. 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.
2. 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	2022	2021	Changes (%)
GWPs	**149,054**	**141,449**	**5.4**
Jiangsu	16,273	14,906	9.2
Henan	14,888	15,298	(2.7)
Zhejiang	12,825	10,927	17.4
Shandong	12,523	11,934	4.9
Hebei	9,198	9,131	0.7
Guangdong	7,264	7,531	(3.5)
Sichuan	6,376	4,601	38.6
Heilongjiang	6,285	5,937	5.9
Hubei	6,142	6,030	1.9
Shanxi	6,001	5,420	10.7
Subtotal	97,775	91,715	6.6
Others	51,279	49,734	3.1

(II) Financial analysis

Unit: RMB million

For 6 months ended 30 June	2022	2021	Changes (%)
Net premiums earned	140,387	133,700	5.0
Investment income[note 1]	35,073	42,239	(17.0)
Exchange gains/(losses)	135	(18)	(850.0)
Other operating income	921	947	(2.7)
Gains on disposal of assets	-	-	/
Other income	25	16	56.3
Operating income	**176,541**	**176,884**	**(0.2)**
Surrenders	(11,238)	(11,684)	(3.8)
Claims	(24,455)	(30,017)	(18.5)
Less: claim recoveries from reinsurers	2,293	2,126	7.9
Net change in insurance contract reserves	(109,042)	(93,056)	17.2
Commission and brokerage expenses	(7,880)	(11,729)	(32.8)
Operating and administrative expenses	(6,567)	(6,930)	(5.2)
Other expenses [note 2]	(11,335)	(10,872)	4.3
Operating expenses	**(168,224)**	**(162,162)**	**3.7**
Operating profit	8,317	14,722	(43.5)
Net of non-operating income and expenses	(8)	1	(900.0)
Income tax	551	(1,850)	(129.8)
Net profit	**8,860**	**12,873**	**(31.2)**

Note:

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.

Investment income for the reporting period was RMB35.073 billion, down by 17.0%, mainly because of sharp decrease in gains from securities trading.

Claims amounted to RMB24.455 billion, down by 18.5%, mainly as a result of reduced maturity benefit payment.

Unit: RMB million

For 6 months ended 30 June	2022	2021	Changes (%)
Claims	**24,455**	**30,017**	**(18.5)**
Traditional	9,705	9,116	6.5
Long-term health	5,107	4,946	3.3
Participating	9,332	15,719	(40.6)
Universal	35	34	2.9
Tax-deferred pension	-	-	/
Short-term accident and health	5,383	5,148	4.6
Claims	**24,455**	**30,017**	**(18.5)**
Indemnity	5,383	5,148	4.6
Payment upon maturity and survival	5,089	9,857	(48.4)
Payment of annuity	7,572	8,683	(12.8)
Payment upon death, injury or medical treatment	6,411	6,329	1.3

Net change in insurance contract reserves amounted to RMB109.042 billion, up by 17.2%. For details please refer to the section on "Insurance contract reserves" of "Analysis of specific items".

Commission and brokerage expenses for the reporting period amounted to RMB7.880 billion, down by 32.8%, mainly because of change to new business product mix.

Unit: RMB million

For 6 months ended 30 June	2022	2021	Changes (%)
Commission and brokerage expenses	**7,880**	**11,729**	**(32.8)**
Traditional	6,054	9,369	(35.4)
Long-term health	2,608	4,605	(43.4)
Participating	829	1,334	(37.9)
Universal	-	-	/
Tax-deferred pension	-	-	/
Short-term accident and health	997	1,026	(2.8)

Income tax for the reporting period was -RMB551 million, down by 129.8%, mainly due to increase in tax deductible income and decrease in pre-tax profits.

As a result, CPIC Life recorded a net profit of RMB8.860 billion for the reporting period, down by 31.2% from first half of 2021.

II. CPIC Health

In the first half of 2022, faced with the pandemic and complicated market environment, CPIC Health pursued progress while maintaining stability, continued with core capacity-building and gradually fostered capabilities in the supply of products/services as new growth engines. During the reporting period, it internet business grew rapidly, accumulating 160,000 customers, three times that of the same period of 2021. It realised RMB2.556 billion in GWPs and health management fee income, and net profit of RMB30 million. In May 2022, the company obtained regulatory approval for an injection of RMB1.9 billion in capital, with its registered capital increasing to RMB3.6 billion, furthering strengthening its capital position.

Going forward, CPIC Health will follow the guidelines of “new products, new channels and new technology”, continue to boost core capacity-building as a specialised health insurance company, and enhance independent capabilities for sustainable development. In internet business, it will focus on core strategies of “products + services”, balance between proprietary platforms and expansion of third-party channels, push forward the building of a new core business system so as to establish a closed-loop model for internet business; in health care ecosystem, it will continuously enhance cooperation with hospitals, pharmacies and doctors for managed care programmes integrating “service + insurance”, and to provide personalised health insurance products and services for sub-standard risks, thus narrowing the protection gap; in health management, it will step up cooperation with the health ecosystem, focusing on disease prevention and early-stage intervention, and youth and teenagers, accelerate supply of product-based service, develop one-stop solutions and sharpen competitive edge.

4

Property and casualty insurance

CPIC P/C[note] continued to deepen transformation, enhanced business quality control, and delivered rapid premium growth, with the combined ratio continuously improving. Automobile insurance seized opportunities of new energy vehicles (NEV), bolstered capabilities of customer acquisition and retention and achieved sound top-line and bottom-line growth; non-auto business improved underwriting profitability while maintaining rapid growth of emerging business lines.

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

I. CPIC P/C

(I) Business analysis

In the face of the resurgence of the pandemic and economic slow-down, CPIC P/C coordinated pandemic control and business development, took proactive steps to ensure rapid premium growth and continued improvement in the business quality, consolidating progress in high-quality development. During the reporting period, it recorded GWPs of RMB91.571 billion, up by 12.3%, with a combined ratio of 97.2%, down by 2.1pt from the same period of 2021. Of this, loss ratio stood at 69.7%, down by 0.4pt, and expense ratio 27.5%, down by 1.7pt.

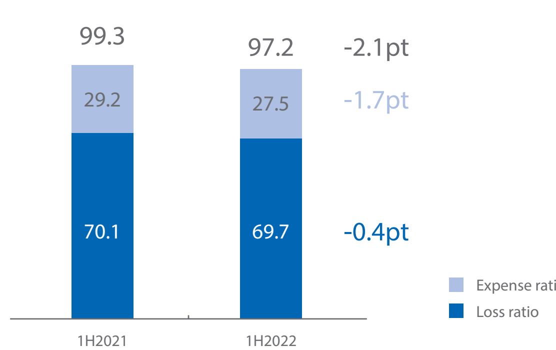
1. Analysis by lines of business

Unit: RMB million

For 6 months ended 30 June	2022	2021	Changes (%)
GWPs	**91,571**	**81,561**	**12.3**
Automobile insurance	48,169	44,642	7.9
Compulsory automobile insurance	12,815	12,450	2.9
Commercial automobile insurance	35,354	32,192	9.8
Non-automobile insurance	43,402	36,919	17.6
Health insurance	10,528	8,213	28.2
Agricultural insurance	9,287	6,725	38.1
Liability insurance	8,275	6,715	23.2
Commercial property insurance	4,007	3,856	3.9
Others	11,305	11,410	(0.9)

Combined ratio of CPIC P/C

Unit: %



(1) Automobile insurance

CPIC P/C seized development opportunities of NEV, enhanced differentiated management, improved customer retention, and achieved high-quality development of automobile insurance.

In the first half of 2022, CPIC P/C reported GWPs of RMB48.169 billion from automobile business, a growth of 7.9%. The combined ratio was 96.6%, down by 2.4pt from the same period of 2021. Of this, loss ratio stood at 70.3%, down by 2.4pt and expense ratio stayed flat, at 26.3%. The subsidiary made further progress in customer penetration, renewal ratio and on-line ratio.

(2) Non-automobile insurance

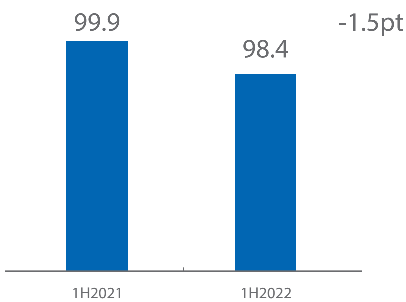
In the first half of 2022, CPIC P/C continued with business quality control, and stepped up market development of emerging innovative business. It posted RMB43.402 billion in non-auto insurance GWPs, up by 17.6%, with a combined ratio of 98.4%, down by 1.5pt. Of the major business lines, emerging business such as health insurance and agricultural insurance maintained strong momentum of growth, with improved business quality and combined ratios.

Health insurance enhanced customer needs insights, promoted the development of existing business in medical insurance for major diseases, accident medical and poverty reduction, and strived to tap the potential of emerging business such as long-term care, chronic illness insurance and city-specific customised commercial medical insurance, in a bid to diversify product and service offerings. During the reporting period, health insurance reported RMB10.528 billion in GWPs, a growth of 28.2%, with a combined ratio of 102.1%, down by 1.7pt.

Agricultural insurance seized opportunities of the Rural Invigoration Strategy, continuously pushed for "expansion of coverage, diversification of product offering and improvement of standards", vigourously participated in the trials of full-cost indemnity insurance of the 3 staple food crops and sugar-canes and of the crop insurance for hybrid growing of corn and soy beans so as to safeguard national food security. During the reporting period, the business line delivered RMB9.287 billion in GWPs, up by 38.1%, with a combined ratio of 97.8%, down by 2.1pt, pointing to continued improvement in profitability.

Combined ratio of non-auto business

Unit: %



Liability insurance centred on the New Development Pattern, stepped up support for national strategies and social governance, pro-actively pushed for cooperation with local governments, and provided specialised, differentiated and customised insurance products in areas concerning national strategies and people's well-being, such as rural invigoration, smart transport, health & retirement, environment protection, technology innovation, cyber-security and public administration. During the reporting period, the business line delivered RMB8.275 billion in GWPs, up by 23.2%, with a combined ratio of 99.7%, maintaining underwriting profitability.

(3) Key financials of major business lines

Unit: RMB million

For 6 months ended 30 June 2022

Name of insurance	GWPs	Amounts insured	Claims	Reserves	Underwriting profit	Combined ratio (%)
Automobile insurance	48,169	36,412,727	29,034	72,355	1,525	96.6
Health insurance	10,528	84,037,691	4,250	11,715	(141)	102.1
Agricultural insurance	9,287	301,607	3,652	8,165	83	97.8
Liability insurance	8,275	76,021,402	3,219	11,596	16	99.7
Commercial property insurance	4,007	9,464,466	1,497	7,277	54	96.9

2. Top 10 regions for GWPs

CPIC P/C is committed to improving capabilities for integrated regional development, and pursues upgrading along the line.

Unit: RMB million

For 6 months ended 30 June	2022	2021	Changes (%)
GWPs	**91,571**	**81,561**	**12.3**
Guangdong	10,897	9,595	13.6
Jiangsu	9,843	8,763	12.3
Zhejiang	8,537	7,015	21.7
Shanghai	6,037	6,235	(3.2)
Shandong	5,047	4,603	9.6
Hubei	3,909	3,214	21.6
Hebei	3,619	3,035	19.2
Henan	3,555	3,085	15.2
Hunan	3,377	3,037	11.2
Beijing	3,369	3,391	(0.6)
Subtotal	58,190	51,973	12.0
Others	33,381	29,588	12.8

(II) Financial analysis

Unit: RMB million

For 6 months ended 30 June	2022	2021	Changes (%)
Net premiums earned	69,620	63,306	10.0
Investment income[note 1]	3,848	4,462	(13.8)
Exchange gains/(losses)	186	(32)	(681.3)
Other operating income	104	100	4.0
Gains on disposal of assets	1	1	-
Other income	32	30	6.7
Operating income	**73,791**	**67,867**	**8.7**
Claims	(45,662)	(42,670)	7.0
Less: claim recoveries from reinsurers	5,236	4,756	10.1
Net change in insurance contract reserves	(7,729)	(6,211)	24.4
Changes in insurance premium reserves	(365)	(244)	49.6
Commission and brokerage expenses	(7,161)	(7,042)	1.7
Operating and administrative expenses	(14,694)	(14,291)	2.8
Other expenses[note 2]	2,155	2,455	(12.2)
Operating expenses	**(68,220)**	**(63,247)**	**7.9**
Operating profit	5,571	4,620	20.6
Net of non-operating income and expenses	2	7	(71.4)
Income tax	(1,253)	(1,124)	11.5
Net profit	**4,320**	**3,503**	**23.3**

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 expenses, other operating expenses, asset impairment losses and taxes and surcharges, etc.

Investment income for the reporting period amounted to RMB3.848 billion, down by 13.8%, mainly as a result of lower gains from securities trading.

Claims reached RMB45.662 billion, up by 7.0%, lower than premium growth, mainly as a result of reduced claims frequency due to pandemic control.

Unit: RMB million

For 6 months ended 30 June	2022	2021	Changes (%)
Claims	**45,662**	**42,670**	**7.0**
Automobile insurance	29,034	29,091	(0.2)
Non-automobile insurance	16,628	13,579	22.5

Commission and brokerage expenses amounted to RMB7.161 billion, up by 1.7% and representing 7.8% of total GWPs, down by 0.8pt, largely due to higher proportion of lower-expense government-sponsored business.

Unit: RMB million

For 6 months ended 30 June	2022	2021	Changes (%)
Commission and brokerage expenses	**7,161**	**7,042**	**1.7**
Automobile insurance	3,595	3,594	-
Non-automobile insurance	3,566	3,448	3.4

Operating and administrative expenses amounted to RMB14.694 billion, an increase of 2.8%, and accounting for 16.0% of GWPs, down by 1.5pt from the same period of 2021.

In balance, the subsidiary posted a net profit of RMB4.320 billion for the reporting period, an increase of 23.3% year-on-year.

II. CPIC Anxin Agricultural

In the first half of 2022, under the guidelines of “one agricultural insurance firm within the Group, boosting development via full integration”, CPIC Anxin Agricultural stayed focused on the core business of agricultural insurance, pursued strategies of “improving existing business, expanding incremental business and optimising business quality”, to promote high-quality development. It delivered RMB1.145 billion in GWPs, up by 7.0% year-on-year. Of this, agricultural insurance reported GWPs of RMB768 million, a growth of 8.9%, with a combined ratio of 95.1%, down by 3.3pt. Net profit amounted to RMB116 million, up by 31.8%.

III. CPIC HK

We conduct overseas business via CPIC HK, a wholly-owned subsidiary. As at 30 June 2022, its total assets stood at RMB1.605 billion, with net assets of RMB432 million. GWPs for the reporting period amounted to RMB285 million, with a combined ratio of 94.1%, and a net profit of RMB1 million.

5

Asset management

We persisted in long-term, value and prudent investing and further optimised the ALM system. Within the SAA framework, we continued to extend the duration of assets, effectively managed the credit risk, while seizing equity market opportunities and dynamically adjusting Tactical Asset Allocation (TAA). As a result, we delivered solid investment performance, with Group AuM on steady increase and market competitiveness further enhanced.

I. Group AuM

As of the end of June 2022, Group AuM totalled RMB2,741.039 billion, rising 5.4% from the end of 2021. Of this, Group in-house investment assets amounted to RMB1,941.167 billion, a growth of 7.1%, and third-party AuM RMB799.872 billion, an increase of 1.3%, with a management fee income of RMB1.105 billion, down by 16.3% from the same period of 2021.

Unit: RMB million

	30 June 2022	31 December 2021	Changes (%)
Group AuM	**2,741,039**	**2,601,537**	**5.4**
Group in-house investment assets	1,941,167	1,812,069	7.1
Third-party AuM	799,872	789,468	1.3
CPIC AMC	345,018	267,120	29.2
Changjiang Pension	399,519	452,191	(11.6)

II. Group in-house investment assets

During the reporting period, China's economy came under pressure, due to unexpected factors such as the pandemic and geo-political tensions. As for the capital markets, the stock market experienced a sharp fall followed by a moderate rally, interest rates remained low, and credit risk deteriorated.

We reviewed and adjusted the assumptions of the risk and returns of asset classes in the first half of 2022, and based on outlook for long-term trends and dynamic of the macro-economy, further optimised the SAA modelling. With the guidance of SAA, we conducted TAA with flexibility, seized market opportunities and achieved investment results which were higher than the cost of liabilities. In the face of lower interest rates and rising defaults, we persisted in the "dumb-bell shaped" asset allocation strategy, i.e., increasing allocation into long-term T-bonds and local government bonds to extend asset duration and control reinvestment risk, and on the other hand conducting active investment of equity assets, vigorously pursuing opportunities, and promoting centralised management of alternative assets including private equity and real estate. We maintained prudence in credit risk exposure, enhanced credit risk control and took effective steps to mitigate the risk.

In terms of investment concentration, our investments are mostly in financial services, communications & transport, real estate, infrastructure, new energy, consumption and high-end manufacturing, which boast 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 robust overall strength, and our main counter-parties included China State Railway Group Co., Ltd., large state-owned commercial banks and government-sponsored banks of China.

(I) Group consolidated investment portfolios

Unit: RMB million

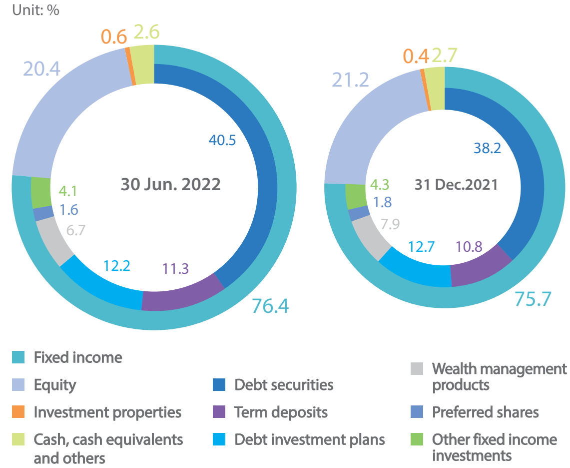
	30 June 2022	Share (%)	Share change from the end of 2021 (pt)	Changes (%)
Group investment assets (total)	**1,941,167**	**100.0**	-	**7.1**
By investment category				
Fixed income investments	1,483,077	76.4	0.7	8.2
- Debt securities	786,748	40.5	2.3	13.8
- Term deposits	218,354	11.3	0.5	11.1
- Debt investment plans	236,689	12.2	(0.5)	2.5
- Wealth management products[note 1]	129,606	6.7	(1.2)	(8.9)
- Preferred shares	32,000	1.6	(0.2)	-
- Other fixed income investments[note 2]	79,680	4.1	(0.2)	2.4
Equity investments	396,699	20.4	(0.8)	3.2
- Equity funds	45,954	2.4	(0.2)	(0.6)
- Bond funds	27,430	1.4	0.1	15.5
- Stocks	157,327	8.1	(0.4)	1.9
- Wealth management products[note 1]	2,682	0.1	-	8.6
- Preferred shares	12,584	0.6	(0.1)	0.5
- Other equity investments[note 3]	150,722	7.8	(0.2)	3.8
Investment properties	11,624	0.6	0.2	54.7
Cash, cash equivalents and others	49,767	2.6	(0.1)	1.2
By investment purpose				
Financial assets at fair value through profit or loss[note 4]	14,883	0.8	0.1	18.0
Available-for-sale financial assets	664,761	34.2	(1.4)	3.0
Held-to-maturity financial assets	488,801	25.2	3.3	23.3
Long-term equity investments	25,265	1.3	(0.2)	(6.4)
Loans and other investments[note 5]	747,457	38.5	(1.8)	2.3

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 at bank and on hand, securities purchased under agreements to resell, policy loans, restricted statutory deposits, investments classified as loans and receivables, and investment properties, etc.

Group consolidated investment portfolios

Unit: %



Operating results
Corporate governance
Other information
Financial report

1. By investment category

As of the end of the reporting period, the share of debt securities was 40.5%, an increase of 2.3pt from the end of 2021. Of this, treasury bonds, local government bonds and financial bonds issued by government-sponsored banks made up 26.2% of total investment assets, up by 4.1pt from the end of 2021. With this, the average duration on fixed income assets reached 7.9 years, extended by 0.8 years versus the end of 2021. Moreover, 98.2% 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 boasted a professional internal credit-rating team and sound credit risk management systems covering the entire debt securities investment process, namely, before, during and after the investment. We continued to improve the Group-wise integrated credit-rating management system, evaluated the credit-ratings of both the debt and debt issuers and identified the credit risk based on our internal credit-rating systems, while considering other factors such as macroeconomic conditions, and external credit-ratings in order to make well-informed investment decisions. At the same time, to pro-actively control 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; we set great store by credit risk management, strictly controlling the exposure to the real estate sector, and carefully select targets to ensure that the risk is manageable. Overall, the debt issuers of our investments all reported sound financial strength, with credit risk under control.

The share of equity investments stood at 20.4%, down by 0.8pt from the end of 2021. Of this, stocks and equity funds accounted for 10.5% of total investment assets, down by 0.6pt from the end of 2021. On the back of disciplined TAA processes, we enhanced investment research capabilities and realised solid investment performance amid market drop.

As of the end of the reporting period, non-public financing instruments (NPFIs) totalled RMB389.485 billion, accounting for 20.1% of total investment assets, down by 1.6pt from the end of 2021. 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. The underlying projects spread across sectors like infrastructure, real estate, communications & transport and non-bank financial institutions, which were geographically concentrated in China's prosperous areas such as Beijing, Sichuan, Shandong, Hubei and Jiangsu.

Overall, the credit risk of our NPFI holdings is in the comfort zone. 99.5% of NPFIs had external credit-ratings, and of these, the share of AAA reached 95.8%, and that of AA+ and above 99.6%. 54.3% 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, with 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)
Infrastructure	41.2	5.0	7.7	5.5
Real estate	19.8	5.0	6.5	4.1
Communications & transport	14.5	5.1	9.0	6.1
Non-bank financial institutions	13.1	4.9	5.0	2.7
Energy and manufacturing	4.0	5.2	7.3	4.5
Others	7.4	5.3	8.7	6.2
Total	**100.0**	**5.0**	**7.3**	**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. Financial assets at fair value through profit or loss grew by 18.0% from the end of 2021, mainly due to increased investments in funds and bonds classified in this category; AFS financial assets increased by 3.0% from the end of 2021, mainly as a result of increased allocation in funds and other equity investments; HTM financial assets grew by 23.3%, mainly due to increased investments in government bonds; long-term equity investments fell by 6.4% from the end of 2021, mainly due to decreased investments in structured entities; loans and other investments rose by 2.3%, largely attributable to increased allocation in term deposits.

(II) Group consolidated investment income

For the reporting period, net investment income totalled RMB38.996 billion, up by 10.2% from the same period of 2021. This stemmed mainly from increased dividend income on equity assets. Annualised net investment yield reached 3.9%, down by 0.2pt compared with the first half of 2021.

Total investment income amounted to RMB38.550 billion, down by 21.9%, mainly attributable to decrease in gains from securities trading, with annualised total investment yield at 3.9%, down by 1.1pt.

Annualised growth rate of investments' net asset value fell by 1.5pt to 3.3%, largely due to decrease in net of fair value movement of AFS assets booked as other comprehensive income.

Unit: RMB million

For 6 months ended 30 June	2022	2021	Changes (%)
Interest income from fixed income investments	32,285	30,953	4.3
Dividend income from equity investments	6,345	4,047	56.8
Rental income from investment properties	366	383	(4.4)
Net investment income	**38,996**	**35,383**	**10.2**
Gains from securities trading	1,046	15,051	(93.1)
Losses arising from changes in fair value	(1,065)	(277)	284.5
Charge of impairment losses on investment assets	(1,055)	(1,219)	(13.5)
Other income[note 1]	628	402	56.2
Total investment income	**38,550**	**49,340**	**(21.9)**
Net investment yield (annualised) (%)[note 2]	3.9	4.1	(0.2pt)
Total investment yield (annualised) (%)[note 2]	3.9	5.0	(1.1pt)
Growth rate of investments' net asset value (annualised) (%)[notes 2,3]	3.3	4.8	(1.5pt)

Notes:

1. Other income includes interest income on cash at bank and on hand and securities purchased under agreements to resell, share of profit/(loss) of associates and joint ventures, 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

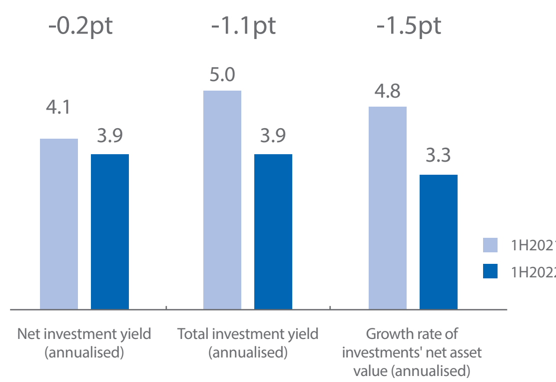
Unit: %

For 6 months ended 30 June	2022	2021	Changes
Total investment yield (annualised)	**3.9**	**5.0**	**(1.1pt)**
Fixed income investments[note]	4.7	4.8	(0.1pt)
Equity investments[note]	1.2	5.7	(4.5pt)
Investment properties[note]	6.4	7.4	(1.0pt)
Cash, cash equivalents and others[note]	0.6	0.6	-

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

Group consolidated investment yields

Unit: %



III. Third-party AuM

(I) CPIC AMC

In the first half of 2022, faced with formidable challenges such as the pandemic resurgence, and increased market volatility, CPIC AMC did everything in its power to ensure the business continuity, overcame difficulties in face-to-face distribution, proceeded with the green, digital and product-based transitioning of its asset management business. As of the end of the reporting period, its third-party AuM amounted to RMB345.018 billion, an increase of 29.2% from the end of 2021.

During the reporting period, market interest rates were depressed, and business financing needs were weak, which adversely impacted the alternative investments business. The subsidiary stepped up support for key regional infrastructure projects and initiatives to promote people's well-being, vigorously expanded financing for green projects, while exercising stringent control of credit risk. In the first half of 2022, CPIC AMC registered 9 debt investment schemes, raising over RMB30 billion in total.

As for portfolio asset management products, it continued to optimise the mix of business, products and customers, enhanced capabilities for active management, fostering competitiveness in multiple asset classes and multiple strategies. In terms of product mix, it saw rapid growth of the scale of products based on FOF, target returns, liquidity management and short-term bonds. In customer mix, the company continued to boost mutually-beneficial cooperation with the wealth management subsidiaries of banks, while vigorously developing new clients such as urban commercial banks, rural commercial banks, newly-established insurance companies, and "non-banking, non-insurance" institutions. As of the end of the reporting period, CPIC AMC reported RMB295.114 billion in third-party asset management products and AuM combined, an increase of 40.7% from the end of 2021.

(II) Changjiang Pension

During the reporting period, Changjiang Pension stayed committed to serving China's national retirement provision strategy, contributed to the building of "insurance + health + retirement" ecosystem of the Group. In the context of pandemic control, it made great efforts to ensure stability of investment transactions and safety of pension assets; it also focused on the core business of pension fund management and steadily carried out other related asset management business. As at 30 June 2022, its third-party assets under trustee management amounted to RMB328.984 billion, up by 6.9% from the end of 2021; third-party assets under investment management reached RMB399.519 billion, down by 11.6%, due to regulatory requirements for pension firms to scale back personal retirement business.

The subsidiary continued with solid investment management of social security pension funds, maintaining leadership in AuM, incremental AuM and investment performance among comparable pension firms. It deepened presence in annuity business, and won the bids for a number of major annuity management programmes, with occupational annuity and enterprise annuity under trustee and investment management combined amounting to over RMB520 billion. In institutional retirement business, the company focused on key sectors, delivering breakthroughs in non-centralised expense management and salary deferred payment. It centred on core capacity-building of trustee service, pushed forward an analytical framework underpinned by investment managers, portfolio managers and pension products, so as to diversify the product line-up for corporate annuity schemes. It stepped up investment research capacity-building, adhered to investment philosophies specific to annuities, enhanced capabilities in allocation across multiple asset classes, strategies and instruments, effectively controlled performance volatility, and incorporated ESG factors into investment decision-making process and product R & D process, with position on green financial products amounting to nearly RMB27 billion.

6

Analysis of specific items

I. Items concerning fair value accounting

Unit: RMB million

	30 June 2022	31 December 2021	Changes	Impact of fair value changes on profits[note]
Financial assets at fair value through profit or loss	14,655	12,353	2,302	(981)
Available-for-sale financial assets	664,761	645,381	19,380	(1,038)
Derivative financial assets	228	259	(31)	(31)
Sub-total of financial assets	**679,644**	**657,993**	**21,651**	**(2,050)**
Derivative financial liabilities	54	1	53	(53)
Sub-total of financial liabilities	**54**	**1**	**53**	**(53)**
Net value	**679,590**	**657,992**	**21,598**	**(2,103)**

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

The financial instruments measured at fair value are detailed in Notes XV and XVI of Financial Report.

II. Structured entities controlled by the Company

The structured entities controlled by the Company are detailed in Note VI-2 of Financial Report.

Operating results
Corporate governance
Other information
Financial report

III. Solvency

On 30 December 2021, CBIRC promulgated the Solvency Regulatory Standards (II) of Insurance Companies, which entered into force on January 1, 2022. As per CBIRC requirements, we calculate and disclose our core capital, actual capital, minimum required capital and solvency margin ratios. As at 30 June 2022, the solvency margin ratios of the Group, CPIC Life, CPIC P/C, CPIC Health, and CPIC Anxin Agricultural were all far above regulatory minimum levels.

Unit: RMB million

	30 June 2022	31 December 2021	Reasons of change
CPIC Group			
Core capital	338,544	496,620	Adoption of C-ROSS II, profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Actual capital	489,690	506,620	Adoption of C-ROSS II, profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Minimum required capital	168,818	190,794	Adoption of C-ROSS II, growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	201	260	
Comprehensive solvency margin ratio (%)	290	266	
CPIC Life			
Core capital	213,146	368,570	Adoption of C-ROSS II, profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Actual capital	350,721	368,570	Adoption of C-ROSS II, profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Minimum required capital	141,372	168,912	Adoption of C-ROSS II, growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	151	218	
Comprehensive solvency margin ratio (%)	248	218	
CPIC P/C			
Core capital	43,913	47,808	Adoption of C-ROSS II, profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Actual capital	57,115	57,808	Adoption of C-ROSS II, profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Minimum required capital	25,360	20,072	Adoption of C-ROSS II, growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	173	238	
Comprehensive solvency margin ratio (%)	225	288	
CPIC Health			
Core capital	3,041	1,286	Adoption of C-ROSS II, capital increase, profit for the period, and change of fair value of investment assets
Actual capital	3,170	1,286	Adoption of C-ROSS II, capital increase, profit for the period, and change of fair value of investment assets
Minimum required capital	1,077	934	Adoption of C-ROSS II, growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	282	138	
Comprehensive solvency margin ratio (%)	294	138	

	30 June 2022	31 December 2021	Reasons of change
CPIC Anxin Agricultural			
Core capital	2,712	2,863	Adoption of C-ROSS II, profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Actual capital	2,952	2,863	Adoption of C-ROSS II, profit for the period, profit distribution to shareholders, and change of fair value of investment assets
Minimum required capital	779	673	Adoption of C-ROSS II, growth of insurance business and changes to asset allocation
Core solvency margin ratio (%)	348	425	
Comprehensive solvency margin ratio (%)	379	425	

Note: Figures as of 30 June 2022 were based on C-ROSS II, while those as at the end of 2021 were based on previous solvency standards.

Please refer to the summaries of solvency reports (excerpts) published on the websites of the 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.

IV. 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 2022 / 30 June 2022	
Market value	Impact on profit before tax	Impact on equity
+10%	2	13,575
-10%	(2)	(13,575)

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.

V. Insurance contract reserves

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

As at 30 June 2022, insurance contract reserves of CPIC Life amounted to RMB1,375.583 billion, representing an increase of 8.8% from the end of 2021; those of CPIC P/C amounted to RMB138.965 billion, an increase of 17.7%. 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

	31 December 2021	Increase in the period	Decrease in the period			30 June 2022
			Claims	Early termination	Others	
CPIC Life						
Unearned premium reserves	3,175	13,247	-	-	(8,588)	7,834
Claim reserves	6,012	6,172	(5,383)	-	-	6,801
Life insurance reserves	1,129,622	111,731	(13,905)	(10,012)	-	1,217,436
Long-term health insurance reserves	125,788	24,117	(5,167)	(1,226)	-	143,512
CPIC P/C						
Unearned premium reserves	67,328	91,571	-	-	(79,583)	79,316
Claim reserves	50,724	54,587	(45,662)	-	-	59,649

VI. Reinsurance business

In the first half of 2022, premiums ceded to reinsurers are shown below:

Unit: RMB million

For 6 months ended 30 June	2022	2021	Changes (%)
CPIC Life	**3,784**	**3,676**	**2.9**
Traditional	2,655	1,793	48.1
Long-term health	2,252	1,407	60.1
Participating	174	214	(18.7)
Universal	26	27	(3.7)
Tax-deferred pension	-	-	/
Short-term accident and health	929	1,642	(43.4)
CPIC P/C	**11,188**	**11,584**	**(3.4)**
Automobile	1,863	2,566	(27.4)
Non-automobile	9,325	9,018	3.4

In the first half of 2022, premiums from reinsurance assumed are set out below:

Unit: RMB million

For 6 months ended 30 June	2022	2021	Changes (%)
CPIC Life	**1**	**71**	**(98.6)**
Traditional	1	71	(98.6)
Long-term health	1	1	-
Participating	-	-	/
Universal	-	-	/
Tax-deferred pension	-	-	/
Short-term accident and health	-	-	/
CPIC P/C	**878**	**792**	**10.9**
Automobile	-	-	/
Non-automobile	878	792	10.9

As at the end of the first half of 2022, reinsurers' share of insurance contract reserves are set out below:

Unit: RMB million

	30 June 2022	31 December 2021	Changes (%)
CPIC Life			
Reinsurers' share of unearned premium reserves	640	864	(25.9)
Reinsurers' share of claim reserves	410	495	(17.2)
Reinsurers' share of life insurance reserves	2,030	1,910	6.3
Reinsurers' share of long-term health insurance reserves	12,425	12,120	2.5
CPIC P/C			
Reinsurers' share of unearned premium reserves	9,046	7,821	15.7
Reinsurers' share of claim reserves	10,319	9,123	13.1

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.

VII. Main subsidiaries & associates and equity participation

As of the end of the reporting period, the Company's mains subsidiaries, associates and equity participation are set out as below:

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%	236,408	47,734	4,320
China Pacific Life Insurance Co., Ltd.[note 3]	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%	1,758,326	100,591	8,860

Company	Main business scope	Registered capital	Group shareholding[note 2]	Total assets	Net assets	Net profit
Changjiang Pension Insurance Co., Ltd.[note 4]	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%	6,166	3,892	163
Pacific Asset Management Co., Ltd.[note 4]	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%	4,927	3,907	293
Pacific Health Insurance Co., Ltd.	Health and accident insurance denominated in RMB 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.	3,600	99.7%	10,941	3,342	30
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.	1,080	66.8%	5,876	2,801	116
CPIC Fund Management Co., Ltd.[note 5]	Fund management business; the launch of mutual funds and other business as approved by competent authorities of the PRC.	150	50.8%	801	601	40

Notes:

1. 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 the section "Review and analysis of operating results" of this report, and "Scope of consolidation" and "Long-term Equity Investments" in Notes to the Financial Statements.

2. Figures for Group shareholding include direct and indirect shareholdings.

3. As approved by the CBIRC in August 2022 (CBIRC FU [2022] No. 567), the registered capital of CPIC Life was changed to RMB8,628.2 million. The Group's shareholding ratio remains unchanged.

4. 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.

5. 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 2022	31 December 2021	Changes
Gearing ratio (%)	89.2	88.3	0.9pt

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

7

Outlook

I. Market environment and business plan

The world has seen profound changes and the spread of a pandemic never seen before in the past century, which will remain so in the foreseeable future. In 2022, the market environment has been even more challenging and complicated with escalation of geo-political conflicts and heightened pressures from demand contraction, supply disruption and weakening expectation. On the other hand, China's government is committed to effectively coordinating pandemic control and economic development, and has launched a host of measures to stabilise economic growth, with social and economic development on track towards normalisation. In the long term, economic development, rising per capita income, demographic shifts, change of government roles, innovation in public administration and the reform of the capital market 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 a vision of "leadership in healthy and steady development of the insurance industry", and the targets of "being the best in customer experience, business quality and risk control capabilities", the Company will abide by high-quality development, deepen transformation of core business segments, push for shift of development mode away from sales-driven to customer-driven, focus on the 3 priority areas of health business, regional integration and big data to enhance drivers of sustainable development; step up capabilities of "CPIC Service", incorporating ESG sustainable development philosophies in an all-around way; ensure the prevention of major risks to safeguard long-term development.

II. Major risks and mitigating measures

Looking forward, the macroeconomic environment and sporadic COVID-19 cases will still remain as a hurdle for economic recovery. China's insurance market is in a critical stage of transformation, while financial markets may continue to experience volatility. Given weakening demand and re-balancing of growth engines, the growth of the sector has been slowing down. The building of a multi-tiered financial regulatory framework, including the implementation of C-ROSS II, new rules on asset management and assessment of D-SII require insurance companies to further improve their business operation capabilities. Emerging risks such as the pandemic and climate change are evolving, and so are new technologies in energy and AI. All these may impact the stability of insurance business performance.

To cope with above risks, we will persist in a prudent risk appetite, carefully handle the risks and uncertainties in our business operation based on insights into the challenges and opportunities of the new stage of development, faithfully implement new regulatory rules, improve risk governance, innovate management tools, enhance constraints and transmission of risk management, expand the coverage of risk management, optimise mechanisms for risk identification, assessment and early warning, and upgrade risk management IT systems so that risk management will be an enabler of the Company's transformation and development, striking a balance between business growth and risk control.

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) Company Limited ("CPIC Group") to review the embedded value information of CPIC Group as of 30 June 2022.

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 2022, 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 2022; 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, the results of the analysis of movement of embedded value of CPIC Group, 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 2022 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 2022, 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 2022 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 2022 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
5 August 2022

2

2022 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 2022 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 2022 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 2022, and the value of half year's sales of CPIC Life in the 6 months to 30 June 2022 at a risk discount rate of 11%.

Unit: RMB Million

Valuation Date	30 June 2022	31 December 2021
Group Adjusted Net Worth	**295,964**	**287,213**
Adjusted Net Worth of CPIC Life	**169,427**	**161,880**
Value of In Force Business of CPIC Life Before Cost of Required Capital Held	230,389	227,624
Cost of Required Capital Held for CPIC Life	(13,572)	(12,861)
Value of In Force Business of CPIC Life After Cost of Required Capital Held	216,817	214,763
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	**213,114**	**211,096**
Group Embedded Value	**509,078**	**498,309**
CPIC Life Embedded Value	**386,244**	**376,643**

Valuation Date	30 June 2022	30 June 2021
Value of Half Year's Sales of CPIC Life Before Cost of Required Capital Held	6,944	11,840
Cost of Required Capital Held	(1,348)	(1,609)
Value of Half Year's Sales of CPIC Life After Cost of Required Capital Held	**5,596**	**10,231**

Notes:

1. Figures may not be additive due to rounding.
2. Results in column "30 June 2021" are those reported in the 2021 interim report.
3. Results in column "31 December 2021" are those reported in the 2021 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 2022, 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 2022:

(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 2022 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 results of an analysis of CPIC Life's 2021 non-commission related expenses and future expectation. 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;

> Bancassurance participating business: No less than 70% of interest and mortality surplus;

> 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 20% 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 the year 2022.

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	
	2022	2021	2022	2021
Total	**52,384**	**40,299**	**5,596**	**10,231**
Of which: Agency channel	17,896	24,866	5,242	10,043
Bancassurance channel	19,554	2,553	341	170

V. Analysis of change in embedded value

The following table shows the change in the Group Embedded Value from 31 December 2021 to 30 June 2022.

Unit: RMB million

No.	Item	Value	Comments
1	Embedded Value of the life business at 31 December 2021	**376,643**	
2	Expected Return on Embedded Value	16,090	Expected returns on the 2021 embedded value of CPIC Life and the value of half year's sales of CPIC Life in first half of 2022
3	Value of Half Year's Sales	5,596	Value of half year's sales in respect of new business written in the 6 months prior to 30 June 2022
4	Investment Experience Variance	(6,445)	Reflects the difference between actual and assumed investment return in first half of 2022
5	Operating Experience Variance	(180)	Reflects the difference between actual and assumed operating experience
6	Diversification effects	919	Changes in diversification benefits on cost of required capital from new business and different business mix
7	Change in market value adjustment	769	Reflects the change in value of certain assets not valued on a market value basis
8	Shareholder Dividends	(6,989)	Shareholder dividends distributed to shareholders of CPIC Life
9	Others	(160)	
10	Embedded Value of the life business at 30 June 2022	**386,244**	
11	Adjusted net worth of businesses other than CPIC Life as at 31 December 2021	**132,080**	
12	Change in Adjusted Net Worth before payment of shareholder dividends to shareholders of CPIC Group	9,934	
13	Shareholder dividends	(9,620)	Dividend distributed to shareholders of CPIC Group
14	Change in market value adjustment	917	Reflects the change in value of assets not valued on a market value basis
15	Adjusted net worth of businesses other than CPIC Life as at 30 June 2022	**133,311**	

No.	Item	Value	Comments
16	Minority interests relating to equity and market value adjustments	(10,477)	Minority interests on Embedded Value as at 30 June 2022
17	Group Embedded Value as at 30 June 2022	**509,078**	
18	Embedded Value as at 30 June 2022 per share (RMB)	**52.92**	

Note: Figures may not be additive due to rounding

VI. 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 2022 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	**216,817**	**5,596**
Risk discount rate "+50 basis points"	209,052	5,349
Risk discount rate "-50 basis points"	225,217	5,860
Investment return "+50 basis points"	253,261	6,801
Investment return "-50 basis points"	179,962	4,382
Mortality "+10%"	215,705	5,552
Mortality "-10%"	217,927	5,639
Morbidity "+10%"	209,769	5,327
Lapse and surrender rates "+10%"	218,254	5,495
Lapse and surrender rates "-10%"	215,279	5,699
Expenses "+10%"	213,783	5,216

Corporate governance

1

Implementation of profit distribution plan

The Company distributed a cash dividend of RMB1.0 per share (tax included) in accordance with the "Resolution on Profit Distribution Plan for the Year of 2021" approved at the 2021 annual general meeting. The implementation of this distribution plan was completed in July 2022.

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 CSRC.

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 11 July 2022, the Company entered into a framework agreement in respect of the continuing connected transactions with Hwabao Trust Co., Ltd. (華寶信托有限責任公司), 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. (華寶證券股份有限公司) (collectively referred to as the "Hwabao Parties"), with an initial term from 1 January 2022 to 31 December 2022. 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 and 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 were USD1,965,361,921.60. The differences between the beginning and ending balance of proceeds unused are mainly the proceeds used during the reporting period and the interest income generated by the raised funds. As of the end of the reporting period, the use of proceeds was as stated in the prospectus.

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

<table>
<tr><th>Total proceeds raised</th><th>Proceeds unused as at the beginning of the reporting period</th><th>The intended use of proceeds raised</th><th>Proceeds used during the reporting period</th><th>Proceeds unused as at the end of the reporting period</th><th>Plan for use of the unused funds</th></tr>
<tr><td rowspan="3">USD 1,965,361,921.60</td><td rowspan="3">USD 1,704,570,965.27</td><td>(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.</td><td>-</td><td rowspan="3">USD 1,051,736,734.18</td><td rowspan="3">(i) Less than USD150 million will be used to subscribe to the fund interests of HTCP CAPITAL LPF (泰保新经济有限合伙基金)[note 1];
(ii)Approximately RMB1 billion will be used for the establishment of a new company (上海市健康养老发展(集团)有限公司) conducting health and retirement business[note 2].
(iii) The remaining will be used in line with the Company's business development and market situation.</td></tr>
<tr><td>(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.</td><td>(i) Approximately USD50.4 million (about 2.6% of the total proceeds) has been used to invest in CICFH New Dynamics Investment SPC and further participate in the privatization of the New Frontier Health Corporation(新风医疗集团)on the New York Stock Exchange;
(ii) Approximately USD125 million (about 6.4% of the total proceeds) has been used to subscribe for the newly issued preferred A shares of New Frontier Vitality Limited (新风健康集团).</td></tr>
<tr><td>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.</td><td>(i)Approximately USD 110,204,547.60 (RMB 700 million, or 5.6% of the total proceeds) was injected as capital into CPIC Technology.
(ii)Approximately USD 368,066,794.84 (RMB 2,457,783,255.34, or 18.7% of the total proceeds) was injected as capital into CPIC Life.</td></tr>
</table>

Notes:

1. In August 2022, the Company signed agreements on the subscription of the fund interests of HTCP CAPITAL LPF (泰保新经济有限合伙基金)

2. As of the end of the reporting period, the Company had not signed a legally binding agreement regarding the project.

14

Appointment of auditors

According to the requirement of the "Administrative Measures for State owned Financial Enterprises to Select and Appoint Accounting Firms" (《國有金融企業選聘會計師事務所管理辦法》) (Cai Jin [2020] No.6) issued by the Ministry of Finance of the PRC in relation to the service term of auditors continuously engaged by a financial institution, after the completion of audit work for the year 2021, the service term of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers (collectively "PwC") had reached the prescribed time limit of 8 consecutive years. PwC has retired as auditors of the Company. As approved by the 2021 AGM, Ernst&Young Hua Ming LLP was appointed as the auditor of the Company's financial statements and the auditor for the internal control for the year ended 31 December 2022, whilst undertaking duties required of auditors in accordance with Hong Kong Listing Rules. The Company's interim financial report for 2022 prepared in accordance with the China Accounting Standards for Business Enterprises has been reviewed (unaudited) by Ernst&Young Hua Ming LLP.

15

Adoption of the CAS to prepare financial statements

The Company had been preparing financial statements in accordance with the China Accounting Standards for Business Enterprises and Hong Kong Financial Reporting Standards respectively and disclosing corresponding financial information since the listing of its H shares on the SEHK. In order to improve efficiency, save information disclosure costs and audit fees, as approved by the 2021 AGM, the Company has adopted the China Accounting Standards for Business Enterprises to prepare financial statements and disclose corresponding financial reports starting from 2022.

16

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 2022, 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 RMB5,144 million as at 30 June 2022 and profit before tax decreased by approximately RMB5,144 million for the six months ended 30 June 2022.

17

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 2022 in the presence of internal and external auditors.

18

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 2022, the following directors, supervisors or senior management of the Company had an interest or short position in shares, underlying shares or debentures of the Company 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 SEHK pursuant to the Model Code for Securities Transactions.

Name	Position	Capacity	Type of shares	Number of shares	Percentage of shareholdings in the class of shares issued (%)	Percentage of the total shares issued (%)
KONG Qingwei	chairman and an executive director	Beneficial owner	H shares	21,800 (L)	0.00 (L)	0.00 (L)
		Beneficial owner	A shares	28,800 (L)	0.00 (L)	0.00 (L)
FU Fan	executive director and president	Beneficial owner	H shares	107,400 (L)	0.00 (L)	0.00 (L)

(L) denotes a long position

The detailed shareholdings of directors, supervisors and senior management are set out in the section "Directors, Supervisors and Senior Management" of this report. Save as disclosed in this report, as at 30 June 2022, the directors of the Company were not aware that there was any directors, supervisors or senior management of the Company who 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 SEHK pursuant to the Model Code for Securities Transactions.

19

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 2022, 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 (%) note 1	Percentage of the total shares issued (%) note 1
Schroders Plc note 2	Investment manager	H shares	388,144,192 (L)	13.99 (L)	4.03 (L)
JPMorgan Chase & Co. note 3	Interest of corporation controlled by JPMorgan Chase & Co.	H shares	19,252,533 (L) 11,759,384 (S)	0.69 (L) 0.42 (S)	0.20 (L) 0.12 (S)
	Investment manager	H shares	41,740,134 (L)	1.50 (L)	0.43 (L)
	Person having a security interest in shares	H shares	3,637,997 (L)	0.13(L)	0.04 (L)
	Approved lending agent	H shares	81,572,701 (L) 81,572,701 (P)	2.94 (L) 2.94 (P)	0.85 (L) 0.85 (P)
中国人寿保险(集团)公司 note 4	Interest of corporation controlled by 中国人寿保险(集团)公司	H shares	193,909,800 (L)	6.99 (L)	2.02(L)
中国人寿保险股份有限公司	Beneficial owner	H shares	193,759,800 (L)	6.98 (L)	2.01(L)
上海國際集團有限公司 note 5	Beneficial owner	H shares	192,068,400 (L)	6.92 (L)	2.00 (L)
	Interest of corporation controlled by 上海国际集团有限公司	H shares	6,428,400 (L)	0.23 (L)	0.07(L)
BlackRock, Inc. note 6	Interest of corporation controlled by BlackRock, Inc.	H shares	163,112,612 (L) 3,600 (S)	5.88 (L) 0.00(S)	1.70 (L) 0.00(S)

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

Notes:

1. As at 30 June 2022, the Company issued a total of 9,620,341,455 shares, including 6,845,041,455 A shares and 2,775,300,000 H shares.
2. Pursuant to Part XV of the SFO, as at 30 June 2022, Schroders Plc is deemed or taken to be interested in a total of 388,144,192 H shares (long position) of the Company. The details of the shareholding interests of the companies directly or indirectly controlled by Schroders Plc are set out below:

Name of controlled company	Number of shares
Schroder Administration Limited	388,144,192 (L)
Schroder International Holdings Limited	387,763,792 (L)
Schroder Investment Management (Hong Kong) Limited	172,597,618 (L)
Schroder Investment Management (Singapore) Ltd.	85,353,011 (L)
Schroder Investment Management Limited	81,746,000 (L)
Schroder Investment Management Limited	48,067,163 (L)
Schroder Investment Management North America Limited	48,067,163 (L)
Schroder Wealth Holdings Limited	380,400 (L)
Schroder & Co. Limited	380,400 (L)

(L) denotes a long position

3. Pursuant to Part XV of the SFO, as at 30 June 2022, JPMorgan Chase & Co. is deemed or taken to be interested in a total of 146,203,365 H shares (long position), 11,759,384 H shares (short position) and 81,572,701 H shares (lending pool) of the Company. The details of the shareholding interests of the companies directly or indirectly controlled by JPMorgan Chase & Co. are set out below:

Name of controlled company	Number of shares
China International Fund Management Co., Ltd.	277,400(L)
JPMorgan Asset Management (Taiwan) Limited	316,000 (L)
J.P. Morgan SE	31,240 (L)
J.P. Morgan Securities LLC	2,423,997 (L) 22,600 (S)
JPMORGAN CHASE BANK, N.A. - LONDON BRANCH	81,572,701 (L)
JPMORGAN ASSET MANAGEMENT (UK) LIMITED	9,135,200 (L)
J.P. Morgan Investment Management Inc.	21,431,934 (L)
JPMorgan Chase Bank, National Association	3,423,000 (L)
JPMorgan Asset Management (Asia Pacific) Limited	7,156,600 (L)
J.P. MORGAN SECURITIES PLC	20,435,293 (L) 11,736,784 (S)
JPMORGAN ASSET MANAGEMENT (UK) LIMITED	277,400(L)
JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED	9,412,600 (L)
JPMorgan Asset Management Holdings Inc.	38,317,134 (L)
JPMorgan Chase Holdings LLC	40,741,131 (L) 22,600 (S)
JPMorgan Asset Management (Asia) Inc.	7,472,600(L)
J.P. Morgan International Finance Limited	20,466,533 (L) 11,736,784 (S)
JPMorgan Chase Bank, National Association	102,039,234 (L) 11,736,784 (S)
J.P. Morgan Broker-Dealer Holdings Inc.	2,423,997 (L) 22,600 (S)
J.P. MORGAN CAPITAL HOLDINGS LIMITED	20,435,293 (L) 11,736,784 (S)

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

4. Pursuant to Part XV of the SFO, as at 30 June 2022, 中国人寿保险（集团）公司 is deemed or taken to be interested in a total of 193,909,800 H shares (long position) of the Company. The details of the shareholding interests of the companies directly or indirectly controlled by 中国人寿保险（集团）公司 are set out below:

Name of controlled company	Number of shares
中国人寿保险股份有限公司	193,759,800 (L)
中国人寿保险（海外）股份有限公司	150,000 (L)

(L) denotes a long position

5. Pursuant to Part XV of the SFO, as at 30 June 2022, 上海国际集团有限公司 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 company directly or indirectly controlled by 上海国际集团有限公司 are set out below:

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

(L) denotes a long position

6. Pursuant to Part XV of the SFO, as at 30 June 2022, BlackRock, Inc. is deemed or taken to be interested in a total of 163,112,612 H shares (long position) and 3,600 H shares (short position) of the Company. The details of the shareholding interests of the companies directly or indirectly controlled by BlackRock, Inc. are set out below:

Name of controlled company	Number of shares
Trident Merger, LLC	2,836,482 (L)
BlackRock Investment Management, LLC	742,082 (L)
BlackRock Investment Management, LLC	2,094,400 (L)
BlackRock Holdco 2, Inc.	160,276,130 (L) 3,600 (S)
BlackRock Financial Management, Inc.	155,205,764 (L) 3,600 (S)
BlackRock Financial Management, Inc.	5,070,366 (L)
BlackRock Holdco 4, LLC	99,883,605 (L)
BlackRock Holdco 6, LLC	99,883,605 (L)
BlackRock Delaware Holdings Inc.	99,883,605 (L)
BlackRock Institutional Trust Company, National Association	34,266,405 (L)
BlackRock Fund Advisors	65,617,200 (L)
BlackRock Capital Holdings, Inc.	1,068,400 (L)
BlackRock Advisors, LLC	1,068,400 (L)
BlackRock International Holdings, Inc.	54,253,759 (L) 3,600 (S)
BR Jersey International Holdings L.P.	54,253,759 (L) 3,600 (S)
BlackRock Lux Finco S.à r.l.	3,327,442 (L)
BlackRock Japan Holdings GK	3,327,442 (L)
BlackRock Japan Co., Ltd.	3,327,442 (L)
BlackRock Holdco 3, LLC	45,150,914 (L) 3,600 (S)
BlackRock Canada Holdings LP	337,400 (L)
BlackRock Canada Holdings ULC	337,400 (L)
BlackRock Asset Management Canada Limited	337,400 (L)
BlackRock Australia Holdco Pty. Ltd.	1,806,400 (L)
BlackRock Investment Management (Australia) Limited	1,806,400 (L)
BlackRock (Singapore) Holdco Pte. Ltd.	7,296,445 (L)
BlackRock HK Holdco Limited	6,457,245 (L)
BlackRock Asset Management North Asia Limited	3,129,803 (L)
BlackRock Cayman 1 LP	44,813,514 (L) 3,600 (S)
BlackRock Cayman West Bay Finco Limited	44,813,514 (L) 3,600 (S)
BlackRock Cayman West Bay IV Limited	44,813,514 (L) 3,600 (S)

Name of controlled company	Number of shares
BlackRock Group Limited	44,813,514 (L) 3,600 (S)
BlackRock Finance Europe Limited	21,652,582 (L)
BlackRock (Netherlands) B.V.	172,200 (L)
BlackRock (Netherlands) B.V.	7,985,472 (L)
BlackRock Advisors (UK) Limited	223,800 (L)
BlackRock International Limited	1,664,454 (L)
BlackRock Group Limited-Luxembourg Branch	21,496,478 (L) 3,600 (S)
BlackRock Luxembourg Holdco S.à r.l.	21,496,478 (L) 3,600 (S)
BlackRock Investment Management Ireland Holdings Limited	20,751,678 (L)
BlackRock Asset Management Ireland Limited	20,751,678 (L)
BLACKROCK (Luxembourg) S.A.	738,600 (L) 3,600 (S)
BlackRock Investment Management (UK) Limited	8,324,637 (L)
BlackRock Investment Management (UK) Limited	4,946,473 (L)
BlackRock (Netherlands) B.V. – German Branch – Frankfurt BlackRock	172,200 (L)
BlackRock Asset Management Deutschland AG	172,200 (L)
BlackRock Fund Managers Limited	8,324,637 (L)
BlackRock Life Limited	1,664,454 (L)
BlackRock (Singapore) Limited	839,200 (L)
BlackRock UK Holdco Limited	6,200 (L)
BlackRock Asset Management Schweiz AG	6,200 (L)
EG Holdings Blocker, LLC	742,082 (L)
Amethyst Intermediate, LLC	742,082 (L)
Aperio Holdings, LLC	742,082 (L)
Aperio Holdings, LLC	742,082 (L)
Aperio Group, LLC	742,082 (L)

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

Save as disclosed above, as at 30 June 2022, 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 10 shareholders are set out in the section "Changes in the Share Capital and Shareholders' Profile" of this report.

20

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: 167,787 (including 163,637 A share holders and 4,150 H share holders)							
Shares held by top 10 shareholders as at the end of the reporting period							
Name of shareholders	Nature of shareholders	Percentage of the shareholding	Total number of shares held	Increase or decrease (+ or -) of shareholding during the reporting period	Number of shares held with selling restriction	Number of shares subject to pledge or lock-up period	Type of shares
HKSCC Nominees Limited	Overseas legal entity	28.82%	2,772,506,227	-173,802	-	-	H Share
Shenergy (Group) Co., Ltd.	Domestic legal entity	14.05%	1,352,129,014	+25,352,232	-	-	A Share
Hwabao Investment Co., Ltd.	Domestic legal entity	13.35%	1,284,277,846	-	-	-	A Share
Shanghai State-Owned Assets Operation Co., Ltd.	Domestic legal entity	6.09%	585,814,739	+1,702,400	-	-	A Share
Shanghai Haiyan Investment Management Company Limited	Domestic legal entity	4.87%	468,828,104	-	-	-	A Share
China Securities Finance Co., Ltd.	Others	2.82%	271,089,843	-	-	-	A Share
HKSCC	Others	1.93%	185,763,999	-11,964,542	-	-	A Share
Shanghai International Group	Domestic legal entity	1.66%	160,000,000	-	-	-	A Share
Citibank, National Association	Others	1.56%	149,838,515	-202,390	-	-	A Share
China Structural Reform Fund Corporation Limited	Domestic legal entity	1.19%	114,913,440	-267,700	-	-	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:

1. As at the end of the reporting period, the Company did not issue any preferred shares.
2. 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 nature of A shareholders is the same as the nature of their accounts registered with China Securities Depository and Clearing Corporation Limited Shanghai Branch.
3. 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.
4. HKSCC is the nominal holder of shares traded through Shanghai-Hong Kong Connect Programme.
5. 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 29,967,703, which is 26.84% of the number of GDRs issued under approval by the China Securities Regulatory Commission.

(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
KONG Qingwei	Chairman, Executive Director	A share	0	28,800	-	28,800	Secondary market transaction
		H share	0	21,800	-	21,800	
FU Fan	Executive Director, President	H share	0	107,400	-	107,400	Secondary market transaction
YU Bin	Vice President	A share	5,900	-	-	5,900	-
		H share	26,600	88,600	-	115,200	Secondary market transaction
MA Xin	Vice President	A share	4,300	10,700	-	15,000	Secondary market transaction
		H share	58,400	30,600	-	89,000	
SUN Peijian	Chief Risk Officer	A share	20,125	-	-	20,125	-
SHENG Yafeng	Director of Greater Bay Area Development	A share	10,800	-	-	10,800	-

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.

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. SHENG Yafeng, Director of Greater Bay Area Development, Mr. CHEN Wei, Administrative Director, Mr. SU Shaojun, Board Secretary and Deputy Director on Transformation Matters, and Mr. SU Gang, Chief Investment Officer. The relevant changes are as follows:

Name	New Position	Notes
SU GANG	Chief Investment Officer	In November 2021, the 13th session of the 9th Board of Directors of the Company agreed to appoint Mr. SU Gang as the Company's Chief Investment Officer. In January 2022, Mr. SU Gang's appointment qualification was approved by the CBIRC.

Name	Cessation of office	Notes
QIAN Zhonghua	Chief Internal Auditor and Internal Audit Responsible Person	In July 2022, Mr. QIAN Zhonghua no longer served as Chief Internal Auditor and Internal Audit Responsible Person of the Company due to reasons pertaining to his age.

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.

4

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

During the reporting period, Mr. WU Junhao, Director of the Company, ceased to be Director of Chengdu Xinshen Venture Capital Co., Ltd. Mr. CHEN Ran, Director of the Company, ceased to be Chairman of Shanghai Ouyeel Pawn Co., Ltd. Ms. LU Qiaoling, Director of the Company, ceased to be Director of Baowu Group Zhongnan Iron and Steel Co., Ltd. Ms. LIANG Hong, Director of the Company, ceased to be President of the Institute of Innovation and Industry Studies of Hillhouse Group. Mr. WOO Ka Biu, Jackson, Director of the Company, was appointed by the Chief Executive of the Hong Kong Special Administrative Region as a panel member of the Resolution and Compensation Tribunal under the Financial Institutions (Resolution) Ordinance (Cap. 628). Mr. ZHU Yonghong, Chairman of the Board of Supervisors of the Company, ceased to be Chairman of Hwabao WP Fund Management Co., Ltd. Mr. LU Ning, Supervisor of the Company, ceased to be Head of the Financial Assets Department of Yunnan Hehe (Group) Co., Ltd., Director of Hongta Innovation Investment Co., Ltd. Mr. YU Bin, Vice President of the Company, newly assumed the role of Chairman of CPIC Technology. Mr. ZHANG Yuanhan, Chief Actuary and Finance Responsible Person of the Company, no longer served as Chief Actuary of CPIC Health.

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 and has formed operational mechanisms with 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 is accountable to the SGM and exercise, among others, the following powers: to convene annual general meetings, 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 or dismissal 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 their remunerations, 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 of directors and composition 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 sessions 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 of supervisors and composition 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 annual general meeting, 3 Board meetings, and 2 meetings of the Board of Supervisors. Relevant resolutions were announced on the websites of the SSE, SEHK and LSE, and relevant information disclosure media in accordance with regulatory requirements.

On 8 June 2022, the Company held the 2021 AGM, at which resolutions including The Resolution on the Report the Board of Directors of China Pacific Insurance (Group) Co., Ltd. for 2021, The Resolution on the 2021 Annual Report of China Pacific Insurance (Group) Co., Ltd., The Resolution on the Annual Financial Report of China Pacific Insurance (Group) Co., Ltd. for 2021, 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 5,796,913,895 voting shares, accounting for 60.26% 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).

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 topics and put forward recommendations to the Board of Directors.

During the reporting period, the Strategic and Investment Decision-Making & ESG Committee held 3 meetings and provided comments and suggestions on such matters as profit distribution, and the Sustainable Development Report for 2021.

During the reporting period, the Audit Committee held 5 meetings to review, among other things, the 2021 Annual Report, the first quarter report for 2022, and the 2021 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 2021 in accordance with the requirements for the preparation of the annual report of the Company. It held a meeting to review the financial statements prepared by the Company and issued a written opinion on such statements before the external auditors commenced their work on-site. 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. It 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 3 meetings to review such matters as The Resolution on Performance Appraisal Results for 2021, and heard the report on performance evaluation metrics for 2022.

During the reporting period, the Risk Management and Related Party Transactions Control Committee convened 3 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 2021 Consumer Rights Protection Work Report and Priorities for Consumer Rights Protection for 2022.

The Company's 9th Board of Directors consists of 5 Independent Non-executive Directors comprising professionals in accounting, finance, 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 all shareholders, particularly minority shareholders.

During the reporting period, based on its actual situation, the Company amended its Articles of Association, the Procedural Rules for Shareholders' General Meeting, the Procedural Rules for the Board of Directors, and the Procedural Rules for the Board of Supervisors, in accordance with the latest regulatory requirements issued by the State Council, CSRC, and CBIRC, etc.

During the reporting period, the Company was in compliance with all code provisions set out in Part 2 of Corporate Governance Code and substantially all of the recommended best practices in Part 2 of the Corporate Governance Code except for the deviation from code provision C.1.6. Pursuant to code provision C.1.6, generally, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders.

Mr. HUANG Dinan and Mr. ZHOU Donghui, the non-executive Directors, did not attend the 2021 annual general meeting of the Company due to other business arrangements. However, there were sufficient Directors, including executive Directors, independent non-executive Directors and non-executive Directors, present to enable the Board to develop a balanced understanding of the views of the shareholders.

The Company has adopted and implemented the Model Code for Securities Transactions for the securities transactions of its directors and supervisors. After specific inquiry by the Company, all of its directors and supervisors confirmed that they 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 its directors or supervisors that were not in full compliance with the Model Code for Securities Transactions. There is no mutual directorship among the Company’s board directors.

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 Company has formulated and implemented relevant regulations such as the Investor Relations Management Measures and the Shareholder Communication Regulations. The investor relations (IR) programme of the Company focuses on market value management and seeks to establish a comprehensive and investor-oriented platform with diversified channels of communication to improve the reach and effectiveness of investor communication.

At a time of pandemic control, the Company conducted pro-active communication with the market in a timely manner, especially when there were new regulatory rules or the release of regular reports. It held an investor meeting for C-ROSS II, the 2021 Annual Results Announcement, and global road show via video and conference call. In the first half of 2022, the Company hosted nearly 30 conference calls and visits from analysts and investors, participated in a dozen global investor strategy meetings, forums and summits, and communicated the Company's business performance and strategies to the capital market in a timely and effective way; it prepared 7 issues of monthly Investor Newsletters in both Chinese and English which were published on the IR section of the Company's official website; employed other means of communications with investors/analysts including official WeChat account, WeChat version of regular reports, etc., with updates on industry, the Company, monthly premiums and investors' Q & A. Those initiatives were well received by the capital market.

In response to the call of the securities regulator to strengthen the protection of retail investors, the Company issued announcements and publicly solicited questions from investors before results releases, which management would reply to at the results presentation. Meanwhile, retail investors can access the event on-line and ask questions through the live streaming platform, which would be answered on the same day. Moreover, the Company assigned personnel for the IR hotline and the E-communication platform of the SSE, conveying information to the market in a balanced and all-around way to help investors understand the Company's investment value.

Moreover, leveraging IR as a channel for two-way communication, the Company actively relays the voice of the capital market to management in forms of capital market updates and special reports to help with decision-making.

3

Information disclosure

The Company strictly abides by the regulatory rules of its various listing venues, continues to enhance its transparency via efficient, well-organised information disclosure. During the reporting period, it prepared and released regular reports and interim announcements in accordance with the principles of truthfulness, accuracy, completeness, timeliness and fairness. In response to investors' needs, it continued to expand the scope of voluntary information disclosure, adopted innovative ways of disclosure and dissemination of non-financial information so that both its major business development strategies and results and its corporate social responsibility efforts can be communicated to investors and other stakeholders in a clear, concise, complete and effective manner, thus improving the relevance and effectiveness of information disclosure. During the reporting period, it also paid close attention to new industry policies and regulatory developments, and based on the latest corporate governance and information disclosure requirements for the insurance industry, enriched the information disclosure content.

4

Risk management

Risk management is a core element of the Company's operation and management. The Company has established an overarching risk management framework that covers all organizations and positions in which the Board of Directors bears the ultimate responsibility, management provides direct leadership, risk management departments execute and coordinate, and relevant functional departments closely work together. The board of directors of the subsidiaries shoulders the ultimate responsibility for their respective risk management systems and status of operation.

The Company takes a centralized approach to risk management - coordinating efforts in establishing unified risk management objectives, key risk calculation tools, risk management planning and information systems, while guiding and overseeing subsidiaries in their 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.

In the first half of 2022, in accordance with latest regulatory requirements such as C-ROSS II, the Company continuously optimised its risk management system covering Group-specific risks and all major categories of risks, pushed for integration of risk management and business management to substantially enhance the effectiveness of integrated risk management.

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 pro-actively tackle climate change and mitigate its impact on the environment. It promotes green insurance, green financing, enhances green operation, implements carbon emissions reduction and carbon neutrality actions to protect the ecosystem.

(I) Green insurance

The Company formulated a green insurance strategic plan, focusing on ensuring the construction of a clean and efficient energy system, reducing pollution consumption, and effectively responding to climate change risks, etc., to promote innovation in insurance products and services, and to support green transformation and high-quality development of the economy and society.

Strategic plan for green (sustainable) insurance. As per with the requirements of the Guidelines for Green Finance in Banking and Insurance Industry issued by the China Banking and Insurance Regulatory Commission, CPIC P/C implemented its "Strategic Planning of and Implementation Plan for Green Insurance (Sustainable Insurance)" to promote the development of green and sustainable insurance on a strategic level. It formulated sustainable (green) insurance standards and coding systems in July 2022.

Environmental liability insurance. The Company was active in providing cover for environmental liability. As of June 2022, it cumulatively provided insurance for environmental pollution to more than 7,000 companies, with SA exceeding RMB13.2 billion. It emphasizes the role environmental liability insurance plays in strengthening supervision and management of enterprises to protect the environment and prevent environmental damage.

Clean energy insurance. The Company provided full life cycle risk protection and professional risk prevention management services in photovoltaic, wind power, nuclear power and other clean energy fields. In photovoltaic power, it was closely involved in the photovoltaic projects of the five major power groups and other large groups such as Shenergy Group and China National Nuclear Corporation, with SA exceeding RMB200 billion; for wind power, it provided coverage for over 60 offshore wind power engineering and operation projects, with SA of nearly RMB600 billion; in hydropower, we, for many years, have been the chief underwriter in property insurance for the top 5 hydropower projects in China such as the Three Gorges, Baihetan, and Wudongde; in nuclear power, we underwrote projects such as Sanmen Nuclear Power Plant, and the CAP1000 unit project of Haiyang Nuclear Power.

Water quality insurance. The Company provides water quality insurance for the Taipu River Project, which was the first water quality insurance project in the Yangtze River Delta Demonstration Area.

Protection of biodiversity. Our wildlife liability insurance covers the whole Yunnan Province, benefiting more than 150,000 farmers over the past 10 years.

(II) Green investment

CPIC participates in green investments in fields such as energy, environmental protection, water affairs, and pollution prevention in the form of debt investment, equity investment, asset support, and industrial funds; it issued ESG insurance asset management products, and launched carbon-neutrality themed products.

ESG insurance asset management products. In August 2021, the Company's asset management company launched the first ESG-themed product, the CPIC Excellence Carbon-neutrality themed product, and in March and June 2022, the CPIC Excellence Low-carbon themed product and CPIC Excellence ESG Bonds Selected asset management product successively. Investment in ESG-themed products strictly follows the investment scope of products to focus on green and low carbon promotion.

Innovative green financing products to boost green investment. The CPIC-HNIC Lushan Yuneng Debt Investment Plan and the CPIC-Zhongyuan Yuzi Infrastructure Debt Investment Plan, both issued by the CPIC AMC, obtained the highest level (G-1) standard certification. The former was the first of its kind in Henan Province filed and green certified in China; and the latter becoming the first insurance debt investment plan successfully issued and green certified in Henan Province.

The total investment in the Zhongyuan Yuzi Infrastructure Debt Investment Plan is RMB2.2 billion. The funds were mainly used for the PPP project on the ecological environment governance in the middle branch of the Shenshui River in Zhengyang County and the lower reaches of the Qingshui River (formerly Weijiagou), and the PPP project relating to the comprehensive administration and supporting service facilities of the Four Lakes Recreation Area in Ningling County. This ecological environment management project will dredge the urban river channels in the area, so as to restore the ecological self-purification capacity of the water body, improve the processing capacity of the water environment, help the construction of green space, and boost long-term sustainable development of the county.

Changjiang Pension, a subsidiary of the Company, actively explored market investment opportunities created by the “dual-carbon goals”, incorporated ESG factors into its investment decision-making process and product development system, and set up an ESG bond pool. It currently holds over RMB26 billion in green financing products, thus helping the green and low-carbon transformation of the real economy.

(III) Green operation

Reducing greenhouse gas emissions

Strictly following the 13th Five-Year Plan Work Plan for Controlling Greenhouse Gas Emissions issued by the State Council, the Company strengthened the management of greenhouse gases emission and wastes. It regularly monitored and analysed greenhouse gas emission and waste, optimised the emission management of greenhouse gases and air pollutants at the source, and formulated and implemented relevant pollutant management measures.

Promoting paperless operation

Paperless underwriting. The Company empowered smart and paperless underwriting with technology. CPIC Life's Hedongli (smart) underwriting model automatically handled 125,000 manual underwriting tasks and 209,000 paperless underwriting cases. We continued to promote electronic policy for long-term insurance, and optimise and upgrade the function of personalised electronic policy, so that customers can view and download electronic policy through our official WeChat account and website anytime and anywhere. A total of 740,000 long-term insurance electronic policies were issued, saving 37 million sheets of A4 paper.

Paperless policy owner service. We kept improving online POS, with online replacement ratio reaching 93.5%; continued to replace paper-based confirmations with electronic ones and with 24.009 million electronic confirmations issued.

Electronic letters. We continuously promoted the application of electronic letters to replace traditional paper notifications. The subscription rate of electronic letters reached 85.3%, and 473.949 million electronic letters were sent out.

Efficient use of resources and energy

We actively promoted the use of energy-saving technology products to replace high-energy-consuming facilities and equipment, regularly inspected and replaced substandard faucets and piping devices below the national standards, and installed infrared sensor switch devices to become more water-saving.

The lighting of public places such as corridors, stairwells and halls is under centralised control and optimised. We used LED energy-saving lamps for all the lighting, and made rules stipulating that "the lights must be turned off when people leave, and electrical equipment must be turned off when people leave."; and that the office temperature in winter should not be higher than 20℃ , or lower than 26℃ in summer. Our employees are encouraged to take environmental protection actions, such as reducing the brightness of computer screens, reducing the use of indoor lights, and promptly turning off electrical equipment.

Advocating a green lifestyle

CPIC Life developed an online marathon event based on the Fun Health WeChat mini program. The 7 cities where our Pacific Care Home program runs are used as the map scenes, and the number of actual steps of customers are converted into online virtual journeys. The map is embedded in the introduction of CPIC's value-added services such as Pacific Care Home and Life Bank as well as brand image promotion to advocate a green and healthy lifestyle. So far, more than 2 million users had participated.

(IV) Green charity

The 2,000 mu (approximately 133 hectares) CPIC Sanjiangyuan Public Welfare Forest. The Company started the construction of public welfare forests in Sanjiangyuan, Qinghai Province in 2020. As of June 2022, the Company and its employees donated a total of RMB33.3 million to the project, and the third phase was under construction, building employee forests, partner forests, and customer forests totaling about 2,000 mu, which greatly contributes to the local ecological conservation. It's estimated that the forest will absorb more than 48,000 tons of carbon dioxide 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

Rural revitalization support

Responding to the overall requirements (on industry, ecology, ethos, governance and lifestyle) of the national Rural Revitalization strategy, the Company is committed to developing products and services and innovation models that can help Rural Revitalization and promote the high-quality development of "agriculture, rural areas and farmers"- related insurance by 2025, and forming an industry-leading advantage in this market.

Targeted assistance. The Company continuously carried out targeted assistance work in Kashgar, Xinjiang, Chayou Middle Banner, Inner Mongolia, and Dali, Yunnan, provided personal accident risk protection for all the members of the poverty-alleviation team stationed in Kashgar for the fourth consecutive year, as well as protection against travel risks for tourists from all over the country to Kashgar; donated RMB1 million Chayou Middle Banner, Ulanqab City, Inner Mongolia for the construction of Huitengxile Grassland Mongolian Horse Culture Industrial Park; and RMB150,000 to Zhuopan Village and Heidouchang Village,Yongping County, Dali each for their "one village, one product" planting project.

Rural village poverty-alleviation. The Company has been sending employees to impoverished villages for many years to help with local poverty-alleviation. As of June 2022, there were 273 employees stationed in more than 200 designated villages in 23 provinces, autonomous regions, and municipalities directly under the Central Government, including Yunnan, Sichuan, Xinjiang, Tibet, and Shanghai.

Agriculture, rural areas and farmers-related work. As of June 2022, CPIC Anxin Agricultural developed more than 3,900 agricultural insurance products, covering more than 240 crop varieties, and built 3,750 agriculture, rural areas and farmers-related service stations across the country equipped with more than 10,000 staff to serve the rural region of the country all year round.

The Company will keep serving national strategies, assisting rural revitalization, and practicing the dual-carbon concept, and will make systematic and comprehensive arrangements for key areas crucial to social and economic resilience such as serving green and low-carbon industries, environmental protection, poverty reduction, and risk reduction management. It also will closely follow the trends of national green technology development, cooperate with more promising enterprises in the field of green energy saving, innovate new models of sustainable insurance and services, and help the green transition of the economy and society in an all-round way.

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

Review Reoprt

Ernst & Young Hua Ming (2022) Zhuan Zi No.60603963_B02
China Pacific Insurance (Group) Co., Ltd.

To the Shareholders of China Pacific Insurance (Group) Co., Ltd.,
(A joint stock company incorporated in the People's Republic of China with limited liability)

We have reviewed the accompanying interim financial statements of China Pacific Insurance (Group) Co., Ltd. (hereinafter "CPIC"), which comprise the consolidated and company balance sheets as at 30 June 2022, the consolidated and company income statements, the consolidated and company statements of changes in equity and the consolidated and company cash flow statements for the six-month period then ended, and the notes to the interim financial statements. Management of CPIC is responsible for the preparation of these interim financial statements in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs"). Our responsibility is to issue a review report on these interim financial statements based on our review.

We conducted our review in accordance with Review Standard for Chinese Certified Public Accountants No.2101, " Review of Financial Statements ". This Standard requires that we plan and perform the review to obtain limited assurance as to whether the interim financial statements are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared in accordance with CASs, or do not fairly reflect the consolidated and company financial position of CPIC as at 30 June 2022 and the consolidated and company operating results and consolidated and company cash flow of CPIC for the six-month period then ended in any material respect.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Guo, Hangxiang

Chinese Certified Public Accountant: Wang, Ziqing

Beijing,
The People's Republic of China

26 August 2022

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2022

(All amounts expressed in RMB million unless otherwise specified)

ASSETS	Note VII	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Cash at bank and on hand	1	33,718	32,545
Financial assets at fair value through profit or loss	2	14,655	12,353
Derivative financial assets	3	228	259
Securities purchased under agreements to resell	4	9,300	13,432
Premium receivables	5	49,014	25,803
Reinsurance receivables	6	8,549	11,091
Interest receivables	7	18,740	20,427
Reinsurers' share of unearned premium reserves	28	9,015	7,914
Reinsurers' share of claim reserves	29	10,361	9,164
Reinsurers' share of life insurance reserves	30	2,030	1,910
Reinsurers' share of long-term health insurance reserves	31	12,180	11,884
Policy loans		68,677	66,950
Term deposits	8	218,354	196,519
Available-for-sale financial assets	9	664,761	645,381
Held-to-maturity financial assets	10	488,801	396,428
Investments classified as loans and receivables	11	398,416	406,276
Long-term equity investments	12	25,265	26,984
Restricted statutory deposits	13	7,368	7,428
Investment properties	14	11,624	7,514
Fixed assets	15	16,540	17,504
Construction in progress	16	1,961	1,714
Right-of-use assets	17	3,191	3,475
Intangible assets	18	5,985	5,509
Goodwill	19	1,372	1,372
Deferred income tax assets	20	4,212	1,998
Other assets	21	16,999	14,330
TOTAL ASSETS		2,101,316	1,946,164

The accompanying notes from Page 13 to Page 144 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET (continued)
AS AT 30 JUNE 2022

(All amounts expressed in RMB million unless otherwise specified)

LIABILITIES AND EQUITY	Note VII	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Derivative financial liabilities	3	54	1
Securities sold under agreements to repurchase	23	94,374	73,441
Premium received in advance		8,368	25,154
Commission and brokerage payable		4,917	3,695
Reinsurance payables	24	9,510	7,638
Employee benefits payable	25	5,933	7,386
Taxes payable	26	5,097	4,138
Interest payable		552	517
Claims payable		21,852	21,526
Policyholder dividend payable		22,942	24,176
Policyholders' deposits and investment contract liabilities	27	117,345	102,843
Unearned premium reserves	28	88,736	71,493
Claim reserves	29	68,393	58,420
Life insurance reserves	30	1,217,441	1,129,622
Long-term health insurance reserves	31	143,547	125,798
Insurance premium reserves		597	207
Bonds payable	32	9,997	9,995
Lease liabilities		2,884	3,105
Deferred income tax liabilities	20	1,949	3,601
Other liabilities	33	44,632	41,003
Total liabilities		1,869,120	1,713,759
Issued capital	34	9,620	9,620
Capital reserves	35	79,657	79,662
Other comprehensive income	60	15,910	19,655
Surplus reserves	36	5,114	5,114
General reserves	37	19,589	19,521
Retained profits	38	96,782	93,169
Equity attributable to shareholders of the parent		226,672	226,741
Non-controlling interests	39	5,524	5,664
Total equity		232,196	232,405
TOTAL LIABILITIES AND EQUITY		2,101,316	1,946,164

The financial statements from Page 2 to Page 144 are signed by the persons below:

KONG Qingwei	ZHANG Yuanhan	XU Zhen
Legal representative	Principal in charge of accounting	Head of accounting department

The accompanying notes from Page 13 to Page 144 form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts expressed in RMB million unless otherwise specified)

	Note VII	For the six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Operating income		255,114	252,512
Net premiums earned		213,044	200,071
Gross written premiums	40	242,493	224,518
Including: Premiums from reinsurance assumed		949	909
Less: Premiums ceded to reinsurers	40	(13,304)	(13,717)
Net change in unearned premium reserves	41	(16,145)	(10,730)
Other income		77	121
Investment income	42	40,304	50,453
Including: Share of profits of associates and joint ventures		395	178
Losses arising from changes in fair value	43	(1,065)	(277)
Exchange gains/(losses)		788	(197)
Other operating income	44	1,966	2,340
Gains on disposal of assets	45	-	1
Operating expenses		(240,460)	(231,154)
Surrenders	46	(11,238)	(11,684)
Claims	47	(70,756)	(73,415)
Less: Claim recoveries from reinsurers		6,693	6,103
Changes in insurance contract reserves	48	(118,012)	(101,689)
Less: Insurance contract reserves recovered from reinsurers	49	1,565	1,569
Changes in insurance premium reserves		(390)	(265)
Policyholder dividends		(6,391)	(6,664)
Expenses for reinsurance assumed		(179)	(138)
Taxes and surcharges	50	(562)	(516)
Commission and brokerage expenses	51	(14,683)	(18,673)
Operating and administrative expenses	52	(23,878)	(23,792)
Less: Expense recoveries from reinsurers		3,471	4,552
Interest expenses	53	(1,664)	(1,634)
Other operating expenses	54	(3,082)	(3,183)
Asset impairment losses	55	(1,354)	(1,725)
Operating profit		14,654	21,358
Add: Non-operating income	56	45	104
Less: Non-operating expenses	57	(63)	(62)

The accompanying notes from Page 13 to Page 144 form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts expressed in RMB million unless otherwise specified)

	Note VII	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Profit before tax		14,636	21,400
Less: Income tax	58	(1,005)	(3,605)
Net profit		13,631	17,795
Classified by continuity of operations			
Net profit from continuing operations		13,631	17,795
Net profit from discontinued operations		-	-
Classified by ownership of the equity			
Attributable to shareholders of the parent		13,301	17,304
Non-controlling interests		330	491
Earnings per share (RMB Yuan)	59		
Basic earnings per share		1.38	1.80
Diluted earnings per share		1.38	1.80
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss			
Exchange differences on translation of foreign operations		52	(6)
Changes in fair value of available-for-sale financial assets and related impact on insurance liabilities		(5,242)	(1,843)
Income tax relating to these items		1,361	465
Other comprehensive income/(loss)	60	(3,829)	(1,384)
Total comprehensive income		9,802	16,411
Attributable to shareholders of the parent		9,556	15,947
Attributable to non-controlling interests		246	464

The accompanying notes from Page 13 to Page 144 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts expressed in RMB million unless otherwise specified)

	For the six months ended 30 June 2022 (Unaudited)								
	Attributable to shareholders of the parent							Non-controlling interests	Total equity
	Issued capital	Capital reserves	Other comprehensive income	Surplus reserves	General reserves	Retained profits	Sub-total		
Balance at the beginning of the period	9,620	79,662	19,655	5,114	19,521	93,169	226,741	5,664	232,405
Movements in the current period	-	(5)	(3,745)	-	68	3,613	(69)	(140)	(209)
Net profit	-	-	-	-	-	13,301	13,301	330	13,631
Other comprehensive income/(loss) (Note VII 60)	-	-	(3,745)	-	-	-	(3,745)	(84)	(3,829)
Total comprehensive income	-	-	(3,745)	-	-	13,301	9,556	246	9,802
Impact of capital injection to subsidiaries, etc.	-	(5)	-	-	-	-	(5)	5	-
Profit distribution	-	-	-	-	68	(9,688)	(9,620)	(391)	(10,011)
Appropriations to general reserves	-	-	-	-	68	(68)	-	-	-
Profit distribution to shareholders	-	-	-	-	-	(9,620)	(9,620)	(391)	(10,011)
Balance at the end of the period	9,620	79,657	15,910	5,114	19,589	96,782	226,672	5,524	232,196

	For the six months ended 30 June 2021 (Unaudited)								
	Attributable to shareholders of the parent							Non-controlling interests	Total equity
	Issued capital	Capital reserves	Other comprehensive income	Surplus reserves	General reserves	Retained profits	Sub-total		
Balance at the beginning of the period	9,620	79,788	22,340	5,114	16,829	81,533	215,224	5,611	220,835
Movements in the current period	-	(131)	(1,357)	-	75	4,723	3,310	(276)	3,034
Net profit	-	-	-	-	-	17,304	17,304	491	17,795
Other comprehensive income/(loss) (Note VII 60)	-	-	(1,357)	-	-	-	(1,357)	(27)	(1,384)
Total comprehensive income	-	-	(1,357)	-	-	17,304	15,947	464	16,411
Equity transactions with non-controlling interests	-	(131)	-	-	-	-	(131)	(315)	(446)
Profit distribution	-	-	-	-	75	(12,581)	(12,506)	(425)	(12,931)
Appropriations to general reserves	-	-	-	-	75	(75)	-	-	-
Profit distribution to shareholders	-	-	-	-	-	(12,506)	(12,506)	(425)	(12,931)
Balance at the end of the period	9,620	79,657	20,983	5,114	16,904	86,256	218,534	5,335	223,869

The accompanying notes from Page 13 to Page 144 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts expressed in RMB million unless otherwise specified)

	Note VII	For the six months ended 30 June 2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Cash received from premium income from direct insurance contracts		206,231	188,500
Net cash received from reinsurance contracts		1,504	-
Net increase in policyholders' deposits and investments contract liabilities		10,771	9,232
Refund of taxes and surcharges		75	15
Cash received relating to other operating activities		4,686	2,999
Sub-total of cash inflows		223,267	200,746
Cash paid for claims under direct insurance contracts		(69,257)	(72,933)
Net cash paid under reinsurance contracts		-	(329)
Cash paid for commission and brokerage expenses		(14,089)	(18,389)
Cash paid for policyholder dividends		(5,430)	(5,919)
Cash paid to and on behalf of employees		(13,823)	(14,192)
Payments of taxes and surcharges		(6,464)	(5,066)
Cash paid relating to other operating activities	61	(25,349)	(24,814)
Sub-total of cash outflows		(134,412)	(141,642)
Net cash flows from operating activities	63	88,855	59,104
Cash flows from investing activities			
Cash received from disposal of investments		181,280	182,582
Cash received from returns on investments		39,965	37,302
Net cash received from disposal of subsidiaries and other business entities		2,147	3,635
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		17	8
Sub-total of cash inflows		223,409	223,527
Cash paid to acquire investments		(322,719)	(266,282)
Net increase in policy loans		(1,749)	(2,621)
Net cash paid to acquire subsidiaries and other business entities		(225)	(2,505)
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(5,923)	(1,211)
Cash paid relating to other investing activities		(73)	(27)
Sub-total of cash outflows		(330,689)	(272,646)
Net cash flows used in investing activities		(107,280)	(49,119)

The accompanying notes from Page 13 to Page 144 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts expressed in RMB million unless otherwise specified)

	Note VII	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
Cash flows from financing activities			
Net increase in securities sold under agreements to repurchase		20,863	12,669
Cash received relating to other financing activities	61	1,267	2,362
Sub-total of cash inflows		22,130	15,031
Cash repayments of borrowings		(4,675)	(4,050)
Cash payments for distribution of dividends, profits or interest expenses		(1,397)	(14,084)
Cash paid relating to other financing activities	61	(984)	(1,347)
Sub-total of cash outflows		(7,056)	(19,481)
Net cash flows from/(used in) financing activities		15,074	(4,450)
Effects of exchange rate changes on cash and cash equivalents		334	(28)
Net (decrease)/increase in cash and cash equivalents	63	(3,017)	5,507
Add: Cash and cash equivalents at the beginning of the period	62,63	45,627	34,767
Cash and cash equivalents at the end of the period	62,63	42,610	40,274

The accompanying notes from Page 13 to Page 144 form an integral part of these financial statements.

COMPANY BALANCE SHEET

AS AT 30 JUNE 2022

(All amounts expressed in RMB million unless otherwise specified)

ASSETS	Note IX	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Cash at bank and on hand	1	1,960	5,261
Financial assets at fair value through profit or loss	2	4	9
Securities purchased under agreements to resell	3	-	10
Interest receivables		664	631
Term deposits	4	14,882	14,278
Available-for-sale financial assets	5	33,021	29,442
Investments classified as loans and receivables	6	15,787	17,086
Long-term equity investments	7	67,141	64,985
Investment properties	8	3,354	2,992
Fixed assets		815	1,338
Construction in progress		3	3
Right-of-use assets		317	350
Intangible assets		188	236
Other assets	9	14,161	2,613
Total assets		152,297	139,234
LIABILITIES AND EQUITY			
Securities sold under agreements to repurchase	10	2,090	1,120
Commission and brokerage payable		1	1
Employee benefits payable		207	339
Taxes payable		240	8
Lease liabilities		311	362
Deferred income tax liabilities		233	356
Other liabilities	11	10,189	556
Total liabilities		13,271	2,742
Issued capital		9,620	9,620
Capital reserves	12	79,312	79,312
Other comprehensive income	14	1,005	1,354
Surplus reserves		4,810	4,810
Retained profits		44,279	41,396
Total equity		139,026	136,492
TOTAL LIABILITIES AND EQUITY		152,297	139,234

The accompanying notes from Page 13 to Page 144 form an integral part of these financial statements.

COMPANY INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts expressed in RMB million unless otherwise specified)

	Note IX	For the six months ended 30 June 2022 (Unaudited)	2021 (Unaudited)
Operating income		13,743	14,801
Other income		5	3
Investment income	13	12,825	14,430
Exchange gains/(losses)		463	(144)
Other operating income		450	512
Operating expenses		(940)	(1,216)
Taxes and surcharges		(45)	(42)
Operating and administrative expenses		(878)	(1,003)
Interest expenses		(13)	(25)
Other operating expenses		(76)	(70)
Assets impairment gains/(losses)		72	(76)
Operating profit		12,803	13,585
Add: Non-operating income		1	52
Less: Non-operating expenses		(10)	(18)
Profit before tax		12,794	13,619
Less: Income tax		(291)	(231)
Net profit		12,503	13,388
Classified by continuity of operations			
Net profit from continuing operations		12,503	13,388
Net profit from discontinued operations		-	-
Other comprehensive income/(loss)	14		
Other comprehensive income/(loss) to be reclassified to profit or loss			
Changes in fair value of available-for-sale financial assets		(465)	(226)
Income tax relating to available-for-sale financial assets		116	57
Other comprehensive income/(loss)		(349)	(169)
Total comprehensive income		12,154	13,219

The accompanying notes from Page 13 to Page 144 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts expressed in RMB million unless otherwise specified)

	For the six months ended 30 June 2022 (Unaudited)					
	Issued capital	Capital reserves	Other comprehensive income	Surplus reserves	Retained profits	Total equity
Balance at the beginning of the period	9,620	79,312	1,354	4,810	41,396	136,492
Movements in the current period	-	-	(349)	-	2,883	2,534
Net profit	-	-	-	-	12,503	12,503
Other comprehensive income/(loss) (Note IX 14)	-	-	(349)	-	-	(349)
Total comprehensive income	-	-	(349)	-	12,503	12,154
Profit distribution	-	-	-	-	(9,620)	(9,620)
Profit distribution to shareholders	-	-	-	-	(9,620)	(9,620)
Balance at the end of the period	9,620	79,312	1,005	4,810	44,279	139,026

	For the six months ended 30 June 2021 (Unaudited)					
	Issued capital	Capital reserves	Other comprehensive income	Surplus reserves	Retained profits	Total equity
Balance at the beginning of the period	9,620	79,312	1,548	4,810	40,323	135,613
Movements in the current period	-	-	(169)	-	882	713
Net profit	-	-	-	-	13,388	13,388
Other comprehensive income/(loss) (Note IX 14)	-	-	(169)	-	-	(169)
Total comprehensive income	-	-	(169)	-	13,388	13,219
Profit distribution	-	-	-	-	(12,506)	(12,506)
Profit distribution to shareholders	-	-	-	-	(12,506)	(12,506)
Balance at the end of the period	9,620	79,312	1,379	4,810	41,205	136,326

The accompanying notes from Page 13 to Page 144 form an integral part of these financial statements.

COMPANY CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts expressed in RMB million unless otherwise specified)

	Note IX	For the six months ended 30 June 2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Cash received relating to other operating activities		459	303
Sub-total of cash inflows		459	303
Cash paid to and on behalf of employees		(605)	(558)
Payments of taxes and surcharges		(149)	(181)
Cash paid relating to other operating activities		(228)	(275)
Sub-total of cash outflows		(982)	(1,014)
Net cash flows used in operating activities	15	(523)	(711)
Cash flows from investing activities			
Cash received from disposal of investments		5,808	7,157
Cash received from returns on investments		1,948	13,518
Net cash received from disposal of subsidiaries and other business entities		160	43
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		13	-
Sub-total of cash inflows		7,929	20,718
Cash paid to acquire investments		(8,613)	(8,292)
Net cash paid to acquire subsidiaries and other business entities		(3,158)	(155)
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(20)	(50)
Sub-total of cash outflows		(11,791)	(8,497)
Net cash flows (used in)/from investing activities		(3,862)	12,221
Cash flows from financing activities			
Net increase in securities sold under agreements to repurchase		970	2,286
Cash received relating to other financing activities		-	52
Sub-total of cash inflows		970	2,338
Cash payments for distribution of dividends, profits or interest expenses		(7)	(12,525)
Cash paid relating to other financing activities		(14)	(10)
Sub-total of cash outflows		(21)	(12,535)
Net cash flows from/(used in) financing activities		949	(10,197)
Effect of exchange rate changes on cash and cash equivalents		125	(4)
Net (decrease)/increase in cash and cash equivalents	15	(3,311)	1,309
Add: Cash and cash equivalents at the beginning of the period	15	5,271	381
Cash and cash equivalents at the end of the period	15	1,960	1,690

The accompanying notes from Page 13 to Page 144 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts expressed in RMB million unless otherwise specified)

I. GENERAL INFORMATION

China Pacific Insurance (Group) Co., Ltd. (the "Company") was restructured from China Pacific Insurance Co., Ltd. in October 2001 pursuant to the approval of the State Council of the People's Republic of China (the PRC) and Circular [2001] No. 239 issued by the former China Insurance Regulatory Commission (the "CIRC"). After the restructuring, the Company obtained a business licence (No. 1000001001110) on 24 October 2001 newly issued by the former State Administration for Industry and Commerce of the PRC, and had an original issued capital of RMB2,006.39 million, with its registered address and headquarters in Shanghai. The Company increased its issued capital to RMB6,700 million through issuance of new shares to its then existing shareholders and new shareholders in 2002 and from February to April 2007.

In December 2007, the Company conducted a public offering of 1,000 million A shares on the Shanghai Stock Exchange to increase its issued capital to RMB7,700 million. On 25 December 2007, the Company's A shares were listed and traded on the Shanghai Stock Exchange.

In December 2009, the Company conducted a global offering of overseas listed foreign shares ("H shares"). Upon the completion of the H share offering, the issued capital was increased to RMB8,600 million. On 23 December 2009, the Company's H shares were listed and traded on the Hong Kong Stock Exchange.

In November 2012, the Company conducted a non-public offering of 462 million H shares. Upon completion of the H share offering, the issued capital was increased to RMB9,062 million, and the Company received the approval from the former CIRC in December 2012 for the change of its registered capital. The Company obtained the business licence (registration No. 100000000011107) on 5 February 2013. The Company renewed its business licence on 15 December 2015, and its unified social credit code is No. 91310000132211707B.

In June 2020, the Company issued 102,873,300 Global Depositary Receipts ("GDRs") on the London Stock Exchange (the "LSE") and became 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 the GDR issuance, the issued capital of the Company was increased to approximately RMB9,620 million.

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.

Major subsidiaries included in the consolidation scope in the current period are detailed in Note VI.

II. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Accounting Standard for Business Enterprises - Basic Standard, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as "the Accounting Standards for Business Enterprises" or "CASs"), and in accordance with the disclosure requirements set out in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 - General Rules on Financial Reporting issued by the China Securities Regulatory Commission (the "CSRC"), Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

II. BASIS OF PREPARATION (continued)

The financial statements have been prepared on a going concern basis.

They have been prepared under the historical cost convention other than financial instruments that have been measured at fair values and insurance contract liabilities that have been measured primarily based on actuarial methods. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant regulations.

Standards effective but not yet adopted for the current period

In 2017, the Ministry of Finance released the revised Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standard for Business Enterprises No. 23 - Transfer of Financial Assets, Accounting Standard for Business Enterprises No. 24 - Hedge Accounting (collectively hereinafter referred to as the "new financial instruments standards") and the Circular on the Transitional Measures Related to the Implementation of the Accounting New Financial Instruments Standards (Cai Kuai [2017] No. 20) ("the Circular"). In 2020, the Ministry of Finance released the Circular on the Further Implementation of the New Financial Instruments Standards (Cai Kuai [2020] No. 22) ("the Supplementary Circular"). The new financial instruments standards came into effect on 1 January 2018. As an insurance company listed in A and H share markets, the Group's principal activities mainly relate to insurance business where:

(1) the carrying amounts of liabilities arising from insurance contracts (including deposits of hybrid contracts and embedded derivatives) are significant compared to the total carrying amounts of all liabilities; and

(2) the carrying amounts of insurance-related liabilities account for more than 90% of the total carrying amounts of all liabilities.

As it meets the "conditions for insurance companies to postpone the adoption of the new financial instruments standards" as stipulated in the second part of the Circular, the Group shall postpone its adoption of new financial instruments standards until 1 January 2023 according to the Supplementary Circular, and shall instead provide additional disclosures in accordance with the requirements set out in the third part of the Circular.

The associates and joint ventures of the Group have adopted the new financial instruments standards. The Group has elected not to make accounting adjustments for the consistency with accounting policies relating to financial instruments when using the equity method.

With respect to financial assets included 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, additional disclosures are as follows:

	As at 30 June 2022 Fair value	For the six months ended 30 June 2022 Changes in fair value
Financial assets held for trading (A)	3,765	41
Financial assets managed and assessed for performance on a fair value basis (B)	10,890	(1,022)
Financial assets other than A or B		
- Financial assets that meet SPPI (C)	1,200,057	8,272
- Financial assets that do not meet SPPI	396,222	(11,881)
Total	1,610,934	(4,590)

Operating results
Corporate governance
Other information
Financial report

II. BASIS OF PREPARATION (continued)

Standards effective but not yet adopted for the current period (continued)

Credit risk rating grades of financial assets that meet SPPI (C)	As at 30 June 2022 Carrying amount
Domestic	
Exempt from rating[Note]	507,905
AAA	616,259
A-1	10
AA+	27,477
AA (inclusive) or below	3,093
Overseas	
A- (inclusive) or above	584
BBB+	104
BBB	107
BBB-	141
BB+ (inclusive) or below	115
Total	1,155,795

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 that meet SPPI are those which generate contractual cash flows on a specific date that are solely payments of principal and interest on the principal amount.

Financial assets not having low credit risks	As at 30 June 2022	
	Carrying amount	Fair value
Domestic	3,093	3,093
Overseas	115	82
Total	3,208	3,175

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.

Standards issued but not yet effective for the current period

In 2020, the Ministry of Finance issued the revised Accounting Standard for Business Enterprises No. 25 - Insurance Contracts (hereinafter referred to as the "new insurance standard"). It applies to insurance contracts issued (including reinsurance contracts assumed), reinsurance contracts held, and such insurance contracts acquired in a transfer of insurance contracts or in a business combination involving enterprises not under common control. It also applies to investment contracts with discretionary participating features, if they are issued by enterprises that also issue insurance contracts. It requires the measurement should be applied to groups of contracts, and the insurance contract liabilities should be measured at the total of fulfilment cash flows and contractual service margin.

The fulfilment cash flows comprise:

- estimates of future cash flows that relate directly to the fulfilment of the insurance contracts;
- an adjustment to reflect the time value of money and the financial risks;
- a risk adjustment for non-financial risks, and

The contractual service margin represents the unrealised profit which will be recognised as the insurance contract services are provided in the future.

II. BASIS OF PREPARATION (continued)

Standards issued but not yet effective for the current period (continued)

Enterprises are permitted by the new insurance standard to choose, for each portfolio of contracts, to recognise all the changes in carrying amounts of insurance liabilities arising from the effects of time value of money and financial risks in the profit or loss or to disaggregate them and recognise some in the profit or loss and some in other comprehensive income. The enterprise can make appropriate use of such accounting policy choice to achieve a better match of the accounting for financial assets and insurance contract liabilities.

For certain short-term contracts, the enterprises are permitted to simplify their measurement by choosing the premium allocation approach. For insurance contracts with direct participation features issued by the enterprise, the "variable fee approach" is required to be used. The use of the variable fee approach may reduce the volatility of the financial position and results of operations.

The Company should apply new insurance standard from annual periods beginning on or after 1 January 2023. Its implementation may have a material impact on the Group's consolidated financial statements, and the Group is in the process of assessing the impact of adoption of the new insurance standard.

No other Accounting Standard for Business Enterprises that is not yet effective is expected to have a material impact on the financial statements of the Group.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Group and the Company as at 30 June 2022 and their financial performance, cash flows and other information for the six months then ended.

Financial information in the financial statements of the Company and the Group for the six months ended 30 June 2022 is prepared in accordance with the following significant accounting policies and accounting estimates as determined under the Accounting Standards for Business Enterprises.

The Group determines its accounting policies and accounting estimates that best reflect its operating characteristics, mainly in relation to the recognition and measurement of financial instruments (Note III 17), testing of significant insurance risks (Note III 22), measurement of insurance contract reserves (Notes III 23), and recognition of revenue (Note III 28).

Details of the Group's critical judgements used in determining significant accounting policies are set forth in Note III 36.

1. Accounting year

The Group adopts the calendar year as its accounting year, i.e. from 1 January to 31 December. The actual period of the financial statements is from 1 January 2022 to 30 June 2022.

2. Reporting currency

The Company, its subsidiaries, joint ventures and associates in Mainland China selected RMB as their reporting currency. The subsidiaries of the Company incorporated in other countries or regions outside Mainland China selected their reporting currencies based on the primary economic environment where they operate, and convert their presentation currencies into RMB for the preparation of the Group's financial statements.

The presentation currency of the Group is RMB. All amounts are expressed in RMB million unless otherwise specified.

3. Basis of accounting and measurement bases

The financial statements have been prepared on an accrual basis using the historical cost as the basis of measurement, except for certain financial instruments and insurance contract reserves. If assets are impaired, provisions for asset impairments are accrued in accordance with relevant requirements.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

3. Basis of accounting and measurement bases (continued)

When the Company's subsidiaries China Pacific Property Insurance Co., Ltd. ("CPIC Property") and China Pacific Life Insurance Co., Ltd. ("CPIC Life") were established, the assets and liabilities invested into these subsidiaries by the Company and those they acquired from the Company were recorded at amounts determined by the state-owned asset administration authority. For the purpose of the consolidated financial statements, the Group has adjusted with the valuation amounts of these assets to their historical costs.

4. Business combinations

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations include those involving enterprises under common control and those involving enterprises not under common control.

Business combinations involving enterprises under common control

Business combinations are classified as business combinations involving enterprises under common control when the enterprises involved are ultimately controlled by the same party or parties both prior and subsequent to the combination and the control is not temporary. For a business combination involving entities under common control, the party that, on the combination date, obtains control of another entity participating in the combination is the acquirer, while that other entity participating in the combination is the acquiree. The "combination date" refers to the date on which the acquirer actually obtains control over the acquiree.

Assets and liabilities that are obtained by the acquirer in a business combination are measured at their carrying amounts at the combination date as recorded by the acquiree. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) is applied to the capital reserves to adjust the share premium, or applied to retained earnings if the capital reserves is not sufficient to absorb the difference.

Direct costs incurred by the acquirer for the purpose of the business combination are expensed as incurred in the current period.

Business combinations involving enterprises not under common control

Business combinations involving enterprises not under common control is a business combination in which all combining enterprises are not ultimately controlled by the same party or the same parties both prior and subsequent to the business combination. In a business combination involving enterprises not under common control, the enterprise which obtains control over the other enterprise on the acquisition date is the acquirer, and the other enterprise is the acquiree. The "acquisition date" refers to the date on which the acquirer obtains effective control over the acquiree.

For a business combination involving enterprises not under common control, the cost of combination refers to the assets paid, liabilities incurred or assumed and the fair value of the equity securities issued by the acquirer to acquire the control over the acquiree at the acquisition date. The expenses of audit, legal services, valuation consulting and other administration fees incurred by acquirer for the purpose of business combination are expensed as incurred. The fee and commission expenses of equity securities or debt securities issued as the consideration for business combination are included in the initial recognition of the equity or debt securities.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

4. Business combinations (continued)

Business combinations involving enterprises not under common control (continued)

Where business combinations are accomplished through multiple transactions in phases, they are accounted for differently in the separate financial statements and the consolidated financial statements:

(1) For the purpose of the separate financial statements, the initial investment cost is the sum of the carrying amount of the equity investment in the acquiree before the acquisition date and the additional investment cost incurred on the acquisition date; where the equity interest in the acquiree before the acquisition date involves other comprehensive income components, the relevant other comprehensive income components shall be transferred to investment income for the current period upon disposal of such investment.

(2) For the purpose of the consolidated financial statements, the equity interest in the acquiree held before the date of acquisition should be remeasured at fair value at the acquisition date, with the difference between the fair value and its carrying amount included in the investment income for the current period. Where the equity interest in the acquiree before the acquisition date involves other comprehensive income components, the relevant other comprehensive income components shall be recycled to current investment income arising on the acquisition date.

The acquirer shall consider the contingent consideration as agreed in the combination agreement as part of the consideration for the business combination, and include it at its fair value on the acquisition date in the combination cost of the business combination. If, within 12 months of the acquisition date, there is any new or further evidence in connection with a condition existing on the acquisition date that requires adjustments to the contingent consideration, the adjustments shall be recognised, and the amount included in the consolidated goodwill shall be adjusted accordingly. With respect to changes and adjustments to the contingent consideration under other circumstances, if the contingent consideration is recognised as an asset or a liability, the subsequent changes in fair value are recorded in profit or loss for the current period or other comprehensive income; if the contingent consideration is classified as equity, it is not required to be subsequently measured at fair value, and its subsequent settlement is recorded in equity.

The acquiree's identifiable assets, liabilities and contingent liabilities acquired in a business combination are measured at their fair values at the acquisition date. Identifiable assets and liabilities acquired by the acquirer on the acquisition date shall be classified and designated in light of the contract terms, business policies, M&A policies and other related factors existing on the acquisition date, mainly including the classification of acquiree's financial assets and financial liabilities, designation of a hedging relationship, and the separation of embedded derivatives, among others. However, where the combination involves a lease contract or an insurance contract and the contract terms are modified at the acquisition date, the contract shall be reclassified in light of the modified terms and other factors.

The difference by which the combination cost exceeds the fair value of the net identifiable assets acquired from the acquiree is recognised as goodwill. If the combination cost is lower than the fair value of the net identifiable assets acquired from the acquiree, the acquirer shall first review the fair value of the individual identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the measurement of the combination cost, and if the reviewed combination cost is still lower than the fair value of the net identifiable assets acquired from the acquiree, the difference is recorded in profit or loss for the current period.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

4. Business combinations (continued)

Business combinations involving enterprises not under common control (continued)

In a business combination, the deductible temporary differences acquired by the acquirer are not recognised as deferred income tax assets if they do not meet the recognition criteria on the acquisition date. If, within 12 months after the acquisition date, there is new or further information to indicate the existence of relevant circumstances at the acquisition date that the economic benefits is expected to be realised by the deductible temporary differences of the acquiree on the acquisition date, the relevant deferred income tax assets shall be recognised with goodwill being reduced by the same amount; and if goodwill is lower than the recognised amount, the difference shall be recognised in profit or loss in the current period. In all other circumstances, the deferred income tax assets related to business combination are recognised in profit or loss in the current period.

5. Consolidated financial statements

The scope of consolidated financial statements is determined based on control and the consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the six months ended 30 June 2022. A subsidiary is an entity (including structured entities) over which the Company has control. Structured entities are entities where voting rights or other similar rights are not used as factors to determine the controlling party, such as when voting rights only relate to administrative tasks while related operation activities are arranged according to contractual agreements.

Structured entities include trust products, debt investment plans, equity investment plans, project asset-backed plans, and wealth management products issued by financial institutions. Trust products, equity investment plans and project asset-backed plans are managed by related or unrelated trust companies or asset managers, and the funds raised are invested in loans to or equity interests in other companies. Wealth management products issued by financial institutions are managed by related or unrelated asset managers, and the funds raised are invested in agreement deposits, funds, stocks, and bonds, among others. Debt investment plans are managed by related or unrelated asset managers, and are mainly invested in infrastructure projects and real estate fund backed projects. To finance their operations, the relevant trust products, debt investment plans, equity investment plans, project asset-backed plans, and wealth management products issued by institutions enter into product contracts with and grant product holders the right to receive profits, as agreed, from the trust products, debt investment plans, equity investment plans, project asset-backed plans, and wealth management products issued by financial institutions. The Group has entered into product contracts for all its trust products, debt investment plans, equity investment plans, project asset-backed plans, and wealth management products issued by financial institutions.

All trust products, debt investment plans, equity investment plans, project asset-backed plans, and wealth management products issued by institutions are not consolidated structured entities if they are not under the control of the Group.

For the purpose of preparing consolidated financial statements, the subsidiaries adopt the same accounting period and accounting policies as the Company.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. Consolidated financial statements (continued)

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The subsidiaries' shareholders' equity, net profit or loss of the period, and the portion in their comprehensive income not attributable to the Company are presented separately as non-controlling interests, net profit attributable to non-controlling interests, and total comprehensive income attributable to non-controlling interests in the consolidated financial statements under equity, net profits and total comprehensive income respectively. However, a liability is recognised to reflect the corresponding shares of net assets in the consolidated entity when non-controlling interests arise from the structured entities they have invested in. Unrealised profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealised profits and losses on internal transactions resulting from the sale of assets by a subsidiary to the Company are allocated and offset between net profit attributable to shareholders of the parent and the net profit or loss attributable to non-controlling interests in accordance with the allocation ratio between the parent and the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are allocated and offset between the net profit attributable to shareholders of the parent and net profit or loss attributable to non-controlling interests in accordance with the allocation ratio between the parent and the selling subsidiary.

If the accounting treatments of a transaction are inconsistent in the financial statements at the Group level and at the Company or its subsidiary level, adjustments regarding the transaction will be made from the perspective of the Group.

For a subsidiary acquired through a business combination involving an enterprise not under common control, the financial performance and cash flows of the acquiree are included in the scope of the consolidated financial statements from the day the Group obtains control over the subsidiary until the Group ceases to control the subsidiary. In preparing the consolidated financial statements, the financial statements of the subsidiaries are adjusted based on the fair value of the identifiable assets, liabilities and contingent liabilities on the acquisition dates.

For a subsidiary acquired through a business combination involving an enterprise under common control, the financial performance and cash flows of the acquiree are included in the scope of the consolidated financial statements from the beginning of the period in which the combination takes place. In preparing the comparative consolidated financial statements, the related items on the financial statements of prior periods are adjusted as if the reporting entity formed after combination had existed since the ultimate controlling party started to exert control.

When changes in relevant facts and circumstances cause changes to one or more of the control elements, the Group reassesses whether it still controls the investee.

In the consolidated financial statements, when the amount of loss in the current period attributable to the non-controlling interests of a subsidiary exceeds their share of equity in the subsidiary at the beginning of the period, the excess shall be still allocated against the non-controlling interests.

Purchases of equity interests by the Group from the non-controlling interests of a subsidiary are accounted for using the following methods:

(1) Long-term equity investments arising from the purchases of non-controlling interests by the parent from the subsidiary are accounted for in accordance with the accounting policies applicable to long-term equity investments.

(2) For the purpose of the consolidated financial statements, the difference between the long-term equity investments newly acquired from the non-controlling interests and the parent's share, as per additional shareholding, of the net assets of the subsidiary calculated on an ongoing basis from the acquisition date (or combination date) is applied to adjust the shareholders' equity (capital reserves), and if the capital reserves is lower than the difference, the remaining balance is applied against retained earnings.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. Consolidated financial statements (continued)

Subsidiaries included in the consolidation scope are detailed in Note VI.

If control over a subsidiary is lost due to partial disposal of equity investment or other reasons, relevant accounting treatments are applied differently in the separate financial statements and consolidated financial statements:

(1) In the separate financial statements, the remaining equity is recognised as long-term equity investments or other related financial assets at the carrying amount; if, after partial disposal of equity investment, the remaining equity interest enables the Group to exercise joint control or significant influence over the original subsidiary, the equity investment is accounted for using the equity method in accordance with the relevant requirements for change of the accounting method from the cost method;

(2) In the consolidated financial statements, the remaining equity is remeasured at the fair value at the date when the control is lost; the difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity and the portion of net assets calculated continuously from the acquisition date of the original subsidiaries based on the original shareholding proportion is recognised as investment income for the current period in which the control is lost; and other comprehensive income related to the original subsidiaries' equity investment is transferred into investment income for the period in which the control is lost.

6. Cash equivalents

Cash equivalents comprise short-term, highly liquid investments, which are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and have a short maturity of generally within three months from the date of purchase.

7. Foreign currency transactions

Foreign currency transactions are converted into the reporting currency.

Foreign currency transactions are translated into the reporting currency on initial recognition using the spot exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary items denominated in foreign currencies are translated into the reporting currency using the spot exchange rates on the balance sheet date, which creates exchange differences. For a debt instrument investment, exchange differences are broken down into those arising from changes in the amortised cost and those arising from other changes in the carrying amount. Exchange differences arising from changes in the amortised cost are included in profit or loss for the current period, while those arising from other changes in the carrying amount are recorded in other comprehensive income. Monetary items denominated in foreign currencies are recorded in the profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated using the spot exchange rates prevailing at the dates of the transactions, without changing their amounts in the reporting currency. Non-monetary items denominated in foreign currencies at fair value are translated using the spot exchange rates at the dates on which their fair values are determined, and the exchange differences arising therefrom are included into profit or loss for the current period or other comprehensive income.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Foreign currency transactions (continued)

For foreign operations, the Group translates its functional currency into RMB for the purpose of the financial statements: assets and liabilities on the balance sheet are translated using the spot exchange rates at the balance sheet date; the equity items, excluding "retained profits", are translated using the spot exchange rates at the dates the transactions take place; and the income and expense items on the income statement are translated using the average exchange rates on the transaction dates. Exchange differences arising from translation of foreign currency financial statements as described above are recognised as other comprehensive income. In accounting for the disposal of a foreign operation, the exchange difference arising from the translation of foreign currency financial statements in connection with the foreign operation is recognised in the profit or loss for the period in which the disposal takes place, and in the case of partial disposals, the exchange difference is calculated proportionately.

Foreign currency cash flows and cash flows of overseas operations are translated using the average exchange rates of the period when the cash flows occur. The effect of exchange rate changes on cash is separately presented as a reconciling item on the cash flow statement.

8. Securities purchased under agreements to resell and securities sold under agreements to repurchase

Securities purchased under agreements to resell refer to funds duly lent to finance repurchase transactions, and are recorded at the actual cost of the securities purchased, with income from securities purchased under agreements to resell accrued using the effective interest method over the period from the acquisition date to the maturity date and recognised in profit or loss for the current period. The Group does not take physical possession of securities purchased under agreements to resell. In case of default by the counterparty to repay the loan, the Group has the right to the underlying securities.

Securities sold under agreements to repurchase refer to funds duly borrowed to enter into repurchase transactions, and are recorded at the actual amount received from the sale of the securities, with an expense for securities sold under agreements to repurchase accrued using the effective interest method over the period from the selling date to the maturity date and recognised in profit or loss for the current period. The Group may be required to provide additional collateral based on the fair value of the underlying securities and such collateral assets continue to be presented on the balance sheet.

9. Policy loans

A policy loan refers to a loan provided by the Group to its policyholder within the life of the insurance policy against the cash value of the policy and for an amount that does not exceed a certain percentage of the cash value of the insurance policy at the time when the policyholder applies for the loan. According to the terms of the insurance products that vary from one to another, the maximum amount of a policy loan may range from 70% to 98% of the cash value of an insurance policy. The loan period begins from the day of drawdown by the policyholder, with a maximum length of 6 months.

During the loan period, if termination of a policy, decrease in coverage, claim, maturity or annuity payment results in a refund or payment to a policyholder, the amount shall be first used to repay the interest and principal on the loan before any payment is made to the policyholder.

10. Long-term equity investments

Long-term equity investments include equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures. Long-term equity investments are measured at initial investment cost on acquisition.

Long-term equity investments with which the Company is able to exercise control over the investee shall be accounted using the cost method in the individual financial statement. Control means having power over an investee, enjoying variable returns through involvement in relevant activities of the investee, and being able to impact the amount of such variable returns by using the power over the investee.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Long-term equity investments (continued)

When the Company directly or indirectly holds half or less of the voting rights or similar rights of the investee, the Group comprehensively considers all relevant facts and circumstances to judge whether the investor has power over the investee, including:

(1) Contractual arrangements with other holders of voting rights of the investee;

(2) The power of other contractual arrangements; and

(3) Voting rights and potential voting rights of the Group.

Long-term equity investments are measured at initial investment cost, and cash dividends or profits distribution declared by the investee are recognised as investment income for the current period. The Group recognises the cash dividends or profits distributed to the investee in accordance with the above provisions, and considers whether the long-term equity investments are impaired.

Considering whether the long-term equity investments are impaired, the Group shall pay attention to whether the carrying amount of the long-term equity investment is higher than the share of the carrying amount of the net assets (including relevant goodwill) of the investee and other situations.

Long-term equity investments are accounted under the equity method as the investee over which the Group has joint control or significant influence. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. In determining whether to exercise joint control or significant influence over the investee, based on the voting shares of the investee hold directly or indirectly by the Group, the Group takes into account of the impact of assuming that conversion of the current executable potential voting rights held by the Group and other parties to equity in the investee.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

Under the equity method, after the Company has acquired a long-term equity investment, it will recognise its share of the investee's net profits or losses as investment income or losses, and adjust the carrying amount of the long-term investment accordingly. The Group recognises its share of the investee's net profits or losses after making appropriate adjustments to the investee's net profits or losses based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its associates and joint ventures, attributable to the investing entity according to its share ratio (but impairment losses for assets arising from internal transactions are recognised in full). The carrying amount of the long-term equity investment is reduced by the Group's share of the profit distribution or cash dividends declared by the investees. The Group does not recognise further losses when the carrying amounts of the long-term equity investment together with any long-term interests that, in substance, form part of the Group's net investment in investees are reduced to zero. However, the Group's obligations for additional losses are not included. The changes of the equity other than those arising from the net profit or loss, other comprehensive income and profit distribution, are recognised in equity with a corresponding adjustment to the carrying amounts of the long-term equity investment, and are transferred to profit or loss for the current period on pro rata basis when disposing of this investment.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Long-term equity investments (continued)

For disposed long-term equity investment, the difference between its carrying amount and the actual proceeds received is recognised in profit or loss for the current period. For disposal of long-term equity investment accounted for using the equity method, the portion previously included in other comprehensive income is accounted for on pro rata basis using the same basis as that used by the investee for disposal of relevant assets or liabilities.

11. Investment properties

An investment property is real estate property held with the intention of earning a return on the investment either through rental income or capital appreciation, or both, including buildings that have been leased.

Investment properties are initially measured at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured. Otherwise, the expenditures are recognised in profit or loss for the current period in which they are incurred.

Investment properties are subsequently measured using the cost model. Investment properties are depreciated using the straight-line method. The useful lives, the estimated net residual values and the annual depreciation rates of investment properties are as follows:

Category	Useful lives	Estimated net residual values	Annual depreciation rates
Buildings	30 to 70 years	3%	1.39% to 3.23%

The useful lives, estimated net residual values and depreciation methods of investment properties are reviewed and adjusted as appropriate at least at each year-end.

The transfer from/to investment properties are recognised only when there is conclusive evidence that the use of the investment properties has changed.

12. Fixed assets

Fixed assets are tangible assets that are held for rendering of services, leasing or operational management, and have useful lives of more than one accounting year.

Fixed assets are recognised when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when meeting the criteria for recognition; or are included in the profit or loss for the current period.

Fixed assets are initially measured at cost. The cost of purchasing fixed assets comprises the purchase price, related taxes, and any directly attributable expenditure before the assets are ready for their intended use.

Fixed assets are depreciated using the straight-line method. The useful lives, the estimated net residual values and the annual depreciation rates of fixed assets are as follows:

Category	Useful lives	Estimated net residual values	Annual depreciation rates
Buildings	24 to 70 years	3%	1.39% to 4.04%
Transportation equipment	3 to 8 years	3% to 5%	12.13% to 32.33%
Other equipment	3 to 10 years	0% to 5%	10.00% to 33.33%

The useful lives, estimated net residual values and depreciation methods of fixed assets are reviewed and adjusted as appropriate at least at each year-end.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Construction in progress

The cost of construction in progress is determined based on actual project expenditure, including all necessary construction expenditures incurred during the construction period, borrowing costs to be capitalised before the project becomes ready for its intended use, and other related expenses.

Construction in progress is transferred to fixed assets when it is ready for its intended use.

14. Intangible assets

Intangible assets of the Group are initially measured at cost.

The useful lives of intangible assets are determined as the period that the assets are expected to generate economic benefits for the Group, and when there is no foreseeable limit on the period of time over which the asset is expected to generate economic benefits for the Group, the intangible assets are regarded as having indefinite useful life. Licence is regarded as an intangible asset with indefinite useful life as there is no foreseeable limit on the period of time over which it is expected to generate economic benefits for the Group.

The useful lives of major intangible assets are as follows:

Category	Useful lives
Land use rights	30 to 50 years
Software use rights	3 to 10 years
Licence	Uncertain

The land use rights acquired by the Group are generally accounted for as intangible assets. If the costs paid for the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the costs are recognised as fixed assets.

Intangible assets with finite useful lives are amortised on a straight-line basis over the useful period. The useful lives and amortisation method of the intangible assets with finite useful lives are reviewed by the Group at least at each financial year-end, and adjusted as appropriate. Intangible assets with an indefinite useful life are not amortised and need to be tested annually for impairment.

The internal research and development expenses are classified as research phase expense and development phase expense. Expenditure on research phase is recognised in profit or loss in the period in which it is incurred. Development phase expense can be capitalised only when an entity can demonstrate all of the following:

(a) The technical feasibility of completing the intangible asset so that it will be available for use or for sale;

(b) Its intention to complete the intangible asset and use or sell it;

(c) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or for the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

(d) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

(e) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The development phase expenses that do not meet above conditions are recognised in profit or loss when incurred.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Long-term deferred expenses

Long-term deferred expenses are amortised by straight lines, with the amortisation period as follows:

Category	Amortisation period
Lease improvement	Contracted lease term or 5 years (whichever is shorter)

16. Debt assets

Debt assets refer to the physical possession of a borrower, a guarantor or a third party that compensate the Group in the exercise of creditor's rights or security interests.

Debt assets are accounted for at the fair value at the time of acquisition. The difference between the carrying amount of the restructured debts and the fair value of the acquired debt assets is offset against the provision for impairment of the restructured debts with the net change recognised in profit or loss for the current period. The debt assets are not depreciated or amortised. The recoverable amount of debt assets is assessed at the balance sheet date, tested for impairment, and adjusted as appropriate. The recoverable amount of a debt asset is the higher of an asset's fair value less costs of disposal and the present value of the estimated future cash flow expected to be derived from the asset.

17. Financial instruments

Financial instruments are contracts which become one enterprise's financial assets, and at the same time become other undertaking's financial liabilities or equity instruments.

Recognition and derecognition of financial instruments

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the financial instrument.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised, when:

(1) the contractual rights to receive the cash flows from the financial assets have expired;

(2) the financial asset has been transferred and (a) the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (b) the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

If the Group has transferred the right to collect the cash flow of the financial assets or signed a "pass-through" arrangement, but has neither transferred or retained the majority of risks and returns of the asset, nor transferred the control of the asset, the asset will be recognised to the extent the Group is involved in the asset. In the above circumstances, the Group recognises the relevant liabilities accordingly. The assets and liabilities are measured based on the rights and obligations retained by the Group.

If the Group continues to be involved by providing a guarantee for the transferred assets, it is measured by the original book value or the cap of the consideration amount that might be repayable by the Group, whichever is less.

A financial liability is derecognised when the contractual obligation under the financial liability is fulfilled, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such a replacement or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference is recognised in profit or loss for the current period.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Financial instruments (continued)

Recognition and derecognition of financial instruments (continued)

All purchases or sales of financial assets in regular ways are recognised and derecognised using trade date accounting. Purchases or sales of financial assets in regular ways refer to receipt or delivery of financial assets within the period generally established by regulation or convention in the marketplace in accordance with contractual terms. Trade date is the date that the Group is committed to purchasing or selling the financial assets.

Classification and measurement of financial assets

The Group classifies its financial assets into four categories at initial recognition: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Group determines the classification of its financial assets at initial recognition. The financial assets are measured at fair value at initial recognition. In case of financial assets at fair value through profit or loss, the related transaction costs are directly recognised in profit or loss for the current period. For other categories of financial assets, transaction costs are included in their initially recognised amounts.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated at fair value through profit or loss at initial recognition. Financial assets held for trading refer to financial assets satisfying one of the following conditions: the financial assets are acquired with the intention to sell in the near future; they belong to a part of identifiable financial instruments group under the centralised management, and there is objective evidence that the Group has recently managed the financial instruments group using short-term profit method; they belong to derivative instruments, excluding the derivative instruments that are designated with effective hedging, and those belong to financial guarantee contract, as well as the derivative instruments that are linked to equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured, and has to be settled by delivery of such equity instruments. These financial assets are subsequently measured using fair value, and all realised (such as dividends or interest income, etc.) and unrealised profits or losses are recorded in profit or loss for the current period.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed maturity and fixed or determinable payments that the Group has the positive intention and ability to hold to maturity. These financial assets are subsequently measured at amortised cost using the effective interest method, with gains or losses arising from derecognition, impairment or amortisation recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables mainly include various types of receivables, policy loans, term deposits, refundable capital deposits, securities purchased under agreements to resell, and investments classified as loans and receivables, etc. These financial assets are subsequently measured at amortised cost using the effective interest method, with gains or losses arising from derecognition, impairment or amortisation recognised in profit or loss.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Financial instruments (continued)

Classification and measurement of financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories at initial recognition. This type of financial assets is subsequently measured at fair value. The discount or premium on available-for-sale investments in debt instruments is amortised using the effective interest method and included in interest income. Gains or losses arising from change in fair value of available-for-sale financial assets are recognised as other comprehensive income, except for impairment losses and foreign exchange differences arising from translation of monetary financial assets. When such financial assets are derecognised or impaired, the cumulative gains or losses previously recognised in other comprehensive income are recycled into profit or loss for the current period. Interests on available-for-sale debt investments calculated using the effective interest method during the period in which such investments are held and cash dividends declared by the investee on available-for-sale investments in equity instruments are recognised in profit or loss for the current period as investment income.

Classification and measurement of financial liabilities

The Group's financial liabilities are classified into two categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition. In the case of financial liabilities at fair value through profit or loss, the related transaction costs are recognised directly in profit or loss for the current period. For other financial liabilities, the related transaction costs are included in their initially recognised amounts.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist of financial liabilities held for trading and those designated at fair value through profit or loss. Financial liabilities held for trading refer to financial liabilities satisfying one of the following conditions: the financial liabilities are assumed with the intention to repurchase in the near future; they belong to a part of identifiable financial instruments group under the centralised management, and there is objective evidence that the Group has recently managed the financial instruments group using short-term profit method; they belong to derivative instruments, excluding the derivative instruments that are designated with effective hedging, and those belong to financial guarantee contract, as well as the derivative instruments that are linked to equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured and has to be settled by delivery of such equity instruments. These financial liabilities are subsequently measured at fair value, and all realised and unrealised profit or loss are recorded in profit or loss for the current period.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Charges, transaction costs and premiums or discounts that are paid or collected by parties to the financial liability contracts and attributable to effective interest rate are considered when determining effective interest rate. Transaction costs refer to incremental expenses that are directly attributable to the purchase, issuance, or disposal of financial instruments, that is, expenses that would otherwise not occur.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Financial instruments (continued)

Derivative financial instruments

Derivative financial instruments are initially measured at fair value on the date when a derivative contract is entered into and are subsequently measured at their fair value. Gains or losses arising from changes in fair value that do not meet the hedge accounting requirements are recognised directly in profit or loss. The derivative financial instrument with a positive fair value is recognised as an asset, otherwise, it is recognised as a liability. However, derivative financial instruments are measured at cost if they are linked to and should be settled through the delivery of equity instruments, of which quoted price is not available in an active market and fair value cannot be reliably measured.

Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised. Objective evidence indicating impairment of financial assets refers to the matter that actually occurs after the initial recognition of financial assets and will affect estimated future cash flows of financial assets, and whose impact can be reliably measured.

The objective evidences used to determine whether impairment exists are as follows:

- significant financial difficulty of the issuer or debtor;
- a breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- the creditor, for economic or legal reasons relating to the debtor's financial difficulty, grants to the debtor a concession;
- the debtor is likely to go bankrupt or face other financial restructuring;
- the disappearance of an active market for that financial asset because of financial difficulties faced by the issuer;
- it cannot be identified or confirmed if the cash flow of an asset in a group of financial assets has decreased. However, after the overall assessment based on the data on the market, the estimated future cash flow of the group of the financial assets, subsequent to its initial recognition, has decreased and can be measured, for example, the debtor's ability to pay gradually deteriorates, or the unemployment rate of the country or region where the debtor locates at increases, the price of the collateral in its region drops rapidly and the industry is depressed, etc.;
- the equity instrument investors may not be able to recover investment cost due to material adverse changes in technological, market, economic or legal environment where the equity instrument issuer operates;
- significant or prolonged decline in fair value of equity investment; and
- other objective evidences indicating financial assets are impaired.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Financial instruments (continued)

Impairment of financial assets (continued)

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets has been incurred, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The amount of reduction is recognised in profit or loss for the current period. The present value of estimated future cash flows shall be calculated with the financial asset's original effective interest rate (i.e., the prevailing effective interest rate calculated at initial recognition or prescribed in the contract in case of floating rate) and the related collateral value shall also be taken into account.

For a financial asset that is individually significant, the Group assesses the asset individually for objective evidence of impairment. For a financial asset that is not individually significant, the Group assesses the asset individually or collectively for objective evidence of impairment. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether the financial asset is individually significant or not, the financial asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

If, subsequent to the recognition of impairment loss of financial assets measured at amortised cost, there is objective evidence that the value of the financial asset is recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss. However, the carrying amount of the financial asset after reversal shall not exceed what the amortised cost would have been had the impairment not been recognised at the date when the impairment was reversed.

Available-for-sale financial assets

If objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss arising from the decrease in fair value and previously recognised in other comprehensive income is reclassified to profit or loss and is measured at the initiation acquisition cost (net of any principal repayment and amortisation, the current fair value, and any impairment loss on that financial asset previously recognised in profit or loss). The Group uses the weighted average method to calculate the initial investment cost of available-for-sale equity investments.

A provision for impairment is made for available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement. The Group collectively considers the magnitude of the decline in fair value relative to the cost, volatility, and the duration of the decline in evaluating whether a decline in fair value is significant. The Group considers the period and consistency of the decline in evaluating whether a decline in fair value is prolonged. The Group usually considers a significant decline to be one in which the fair value is below the weighted average cost by more than 50% or a prolonged decline to be one in which fair value is below the weighted average cost for a continuous period of more than twelve months.

For available-for-sale debt instrument on which the impairment loss has been recognised, if, in a subsequent accounting period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss for the current period. Impairment losses of available-for-sale equity investment are not reversed through profit or loss. Increases in their fair value subsequent to impairment losses are recognised directly in other comprehensive income.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Financial instruments (continued)

Transfer of financial assets

The financial assets are derecognised when the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; the financial assets are not derecognised when the Group retains substantially all the risks and rewards of ownership of the financial asset.

If the Group neither transfers nor retains substantially all risks and rewards of ownership of the financial asset, the Group will account for the following situations in different ways: (i) if the Group does not retain the control over the financial asset, the financial asset is derecognised and related assets and liabilities occurred hereby are recognised; or (ii) if the Group retains the control over the financial asset, related financial assets and liabilities are recognised to the extent of the Group's continuing involvement in the transferred financial asset.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

18. Asset impairment

The Group determines the impairment of assets (except for deferred income tax assets and financial assets which have been described in their respective accounting policies) in the following methods:

The Group assesses at each balance sheet date whether there is objective evidence that assets are impaired. Where there is objective evidence, the Group estimates the recoverable amount and tests for impairment. For goodwill acquired from business combination and intangible assets with indefinite useful life not ready for intended use, no matter there is objective evidence of impairment or not, impairment should be tested at each year-end.

The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the estimated future cash flow expected to be derived from the asset. The Group estimates the recoverable amount on the basis of individual asset. When it is difficult to estimate the recoverable amount individually, the recoverable value of the cash generating units which the asset belongs to will be estimated. The recognition of an asset group is based on whether the main cash flow generated by the asset group is independent from those generated by other assets or groups of assets.

When recoverable amounts of assets or groups of assets are lower than their carrying amounts, the Group decreases the carrying amount to recoverable amount. The decreased amounts are recognised in profit or loss and corresponding provisions are made.

For impairment test of goodwill, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units when being unable to be allocated to each of the cash-generating units. Cash-generating units or groups of cash-generating units refer to those that can benefit from the synergies of the combination and are not larger than the reportable segment determined by the Group.

When performing impairment test for the (groups of) cash-generating unit to which goodwill is allocated, if there is indication of impairment, the Group firstly tests the (groups of) cash-generating unit excluding goodwill, calculates the recoverable amount and recognises relevant impairment losses. The Group then tests the (groups of) cash-generating units including goodwill, and compares the carrying amount and recoverable amount. If the carrying amount exceeds the recoverable amount, the amount of impairment loss is firstly deducted from the carrying amount of goodwill allocated to the (groups of) cash-generating unit, and then from the carrying amount of each of other assets (other than goodwill) within the (groups of) cash-generating unit, on pro rata basis.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Asset impairment (continued)

Once the above asset impairment loss is recognised, it will not be reversed in the subsequent periods.

19. Insurance security fund

The Group draws insurance security funds in accordance with the Administrative Measures for Insurance security funds (Bao Jian Hui Ling [2008] No. 2) in the following proportions:

0.8% of the premium income for non-investment property and casualty insurances, 0.08% (if return is guaranteed) or 0.05% (if return is not guaranteed) of the business income for investment property and casualty insurances;

0.15% of the business income for life insurances with guaranteed return, and 0.05% of the business income for life insurances without guaranteed return;

0.8% of the premium income for short-term health insurances, and 0.15% of the premium income for long-term health insurances;

0.8% of the premium income for non-investment accident insurances, 0.08% (if return is guaranteed) or 0.05% (if no return is guaranteed) of the business income for investment accident insurances.

Simultaneously, in accordance with the "Notice by the General Office of the China Banking and Insurance Regulatory Commission (the “CBIRC”) on Clarifying the Implementation Standards for the Suspension and Resumption of the Payment of insurance security fund by Insurance Companies" (No. 129 [2018] issued by the General Office of CBIRC) , if the balance of insurance security fund of a property and casualty insurance company on April 30 per annum reaches 6% of the average amount of the total assets at the beginning and the end of the previous full fiscal year or if the balance of insurance security fund of a life insurance company on April 30 per annum reaches 1% of the counterpart, the payment of insurance security fund can be suspended.

20. Policyholders’ deposits and investments

Policyholders’ deposits business refers to the business in which the Group charges a portion of the added value of the deposits received from the policyholders as premium and returns the deposit principal and pays the added value (non-premium portion) as agreed in the contract to the policyholders when the contract expires.

Policyholders’ investments are mainly corresponding liabilities to the portion of the insurance hybrid contract that can be separately measured after being unbundled and assumes other risks, and the policies that do not transfer significant insurance risk. For changes in the fair value of available-for-sale financial assets in accounts related to policyholder investments, the Group uses a reasonable method to recognise the portion attributable to the policyholders as policyholders’ investments and recognise the portion attributable to the shareholders of the Group as other comprehensive income.

21. Definition of insurance contract

Insurance contracts are those contracts under which the Group assumes significant insurance risk arising from the policyholders by compensating the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders’ interests. Insurance contracts are classified as direct insurance contracts and reinsurance contracts.

Contracts under which the Group assumes the insurance risk after signing with the policyholders are treated as insurance contracts. If the contracts signed by the Group and the policyholders make the Group bears the insurance risks and also other risks, the treatments would depend on the following conditions:

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Definition of insurance contract (continued)

(1) If the insurance risk portion and other risk portion are distinct and separately measurable, the insurance risk portion and other risk portion should be unbundled. The portion with insurance risk should be treated as an insurance contract, while the portion with other risks should not be treated as an insurance contract.

(2) If the insurance risk portion and other risk portion cannot be distinct, or if they are distinct but cannot be separately measurable, the Group would test the significance of insurance risk at the initial recognition of such contracts. The whole contract should be treated as an insurance contract if the insurance risk is significant; and the whole contract should not be treated as an insurance contract if the insurance risk is insignificant.

22. Significant insurance risk test

The Group tests the significance of insurance risk at the initial recognition of such contracts signed with policyholders based on a group of contracts with a similar nature, and conducts necessary review in the subsequent financial reporting date.

When conducting the significant insurance risk test, the Group makes judgements in this sequence: whether the contract transfers insurance risk; whether the insurance risk transfer has commercial substance; whether the insurance risk transferred is significant.

When determining whether the contracts transfer significant insurance risk, the Group considers: (i) annuity contracts that transfer longevity risk are treated as insurance contracts; (ii) for non-annuity contracts, if the insurance risk ratio is greater than or equal to 5% at any points of time during the duration of the contracts, they are treated as insurance contracts. The insurance risk ratio of direct insurance contracts = (the amount paid by the insurance company when the insurance accident occurs / the amount paid by the insurance company in the absence of the insurance accident - 1) × 100%. For non-life insurance contracts that obviously transfer significant risk, the Group recognises them as insurance contracts directly.

When determining whether reinsurance contracts transfer significant insurance risk, the Group considers thoroughly the commercial substance and other relevant contracts and agreements, and if the insurance risk ratio of reinsurance policies is greater than 1%, they are treated as reinsurance contracts. The risk ratio of reinsurance contracts = [(∑the present value of the loss amount in the case of the net loss of the reinsurer × the probability of occurrence) / the present value of the reinsurer's expected premium income] × 100%. If the reinsurance contracts obviously transfer significant insurance risk, the Group directly recognises them as reinsurance contracts.

For the purpose of testing the significance of insurance risk, contracts of a similar nature are grouped together. Through considering the risk distribution and characteristics, the Group selects sufficient representative samples to test the significance of insurance risk. If most samples transfer significant insurance risk, all contracts in the group are treated as insurance contracts.

The assumptions used for testing the significance of insurance risk mainly include loss ratio, mortality and morbidity, loss distribution, etc. The Group determines a reasonable estimate based on historical experiences and the estimation on future development trends so as to reflect the Group's product characters and actual claim payments.

23. Insurance contract reserves

Insurance contract reserves could be divided into life insurance contract reserves and non-life insurance contract reserves. Life insurance contract reserves comprise unearned premium reserves and claim reserves, and could be divided into life insurance reserves and long term health insurance reserves; non-life insurance contract reserves comprise unearned premium reserves and claim reserves.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Insurance contract reserves (continued)

When measuring life insurance contract reserves, the Group classifies insurance contracts whose insurance risks are of a similar nature as a measurement unit. The Group mainly considers product characteristics, effective year and risk profile of contracts in this regard.

When measuring non-life insurance contract reserves, the Group uses a group of insurance contracts whose insurance risks are of a similar nature as a measurement unit, including commercial property insurance, family insurance, engineering insurance, liability insurance, credit insurance, guarantee insurance, compulsory automobile insurance, commercial automobile insurance, hull insurance, cargo transportation insurance, speciality insurance, agricultural insurance, accident insurance, short-term health insurance and other insurances.

Insurance contract reserves as at the balance sheet date are measured based on a reasonable estimate of the amount of payments when the Group fulfils relevant obligations under the insurance contracts, which represents the difference between expected future cash outflows and inflows under such contracts, that is, expected future net cash flow including:

- Expected future cash outflows represent reasonable cash outflows which are necessary for the Group to fulfil relevant obligations under the insurance contracts, and mainly include: (1) guaranteed benefits or claims under the insurance contracts, including mortality benefits, disability benefits, morbidity benefits, survival benefits, maturity benefits and claims payments, etc.; (2) non-guaranteed benefits under the insurance contracts in respect of constructive obligations, including policyholder dividends, etc.; and (3) reasonable expenses necessary for maintaining and serving the insurance contracts, claims handling, including policy maintenance expenses, claim expenses, etc.

- Expected future cash inflows represent cash inflows from assuming insurance contractual obligations, including premiums and other charges.

Reasonable estimate of expected net future cash flows is determined based on information currently available at the balance sheet date. Margin is considered and separately measured when determining insurance contract reserves as at the balance sheet date. Margins are released to profit or loss over the coverage period using systematic and reasonable approach. Initial recognition of an insurance contract issued should not result in the recognition of a day-one gain. However, a day-one loss should be recorded in profit or loss at inception when it occurs.

Margins for life insurance contract reserves include a risk adjustment and a residual margin. The risk adjustment represents provision for the uncertainty associated with the future cash flows. The residual margin is provided to eliminate any gain at inception of the contract and is amortised over the life of the contract in a certain way. Upon initial recognition, the residual margin is separately measured from reasonably estimated reserve and the risk adjustment reserve, and will not be adjusted for future changes in assumptions.

The risk adjustment for non-life insurance contract reserves is determined by reference to the industry benchmark and the Group's experience. When measuring insurance contract reserves as at the balance sheet date, time value of money is considered. The related future cash flows should be discounted when the impact of time value of money is significant. The discount rate used in the measurement of time value of money should be determined with reference to information currently available as at the balance sheet date.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Insurance contract reserves (continued)

The Group uses information currently available as at the balance sheet date to derive the following assumptions used for measuring unearned premium reserves:

- For insurance contracts whose future insurance benefits will not be affected by investment income of the corresponding investment portfolio, the discount rates are determined based on the market interest rate which is in line with the period and risk of liability cash outflows. For insurance contracts whose future insurance benefits will be affected by investment income of the corresponding investment portfolio, the discount rates are determined based on expected investment return rates of the underlying investment portfolios.

- The Group reasonably estimates the insurance incident occurrence rate, surrender rate and expense rate based on actual experience and future development trends.

- Policy dividend assumption is determined based on expected investment return rates of participating accounts, the Group's participating dividend policy, reasonable expectations of policyholders, etc.

When measuring unearned premium reserves, expected future net cash flows should cover the entire insurance period.

Non-life unearned premium reserves are those provisions when insurance liabilities have not been terminated at the assessment date, including the unearned premium reserves and premium deficiency reserves.

Unearned premium reserves are measured based on reserves for undue premiums received minus relevant undue acquisition costs of the insurance policies. The Group makes assessment by using the 365ths method, risk distribution method, etc.

The Group performs liability adequacy tests during the assessment of unearned premium reserves, additional insurance premium reserves should be made as part of the unearned premium reserves according to the test results.

Outstanding claim reserves include incurred and reported outstanding claim reserves, incurred but not reported ("IBNR") reserves and claim expense reserves.

Incurred and reported outstanding claim reserves represent insurance contract provisions for the outstanding claims incurred and reported to the Group. The Group uses case-by-case estimate method, average claim per case method, etc., to measure incurred and reported outstanding claim reserves based on a reasonable estimate of the ultimate claim amount and the margin factor.

IBNR reserves represent insurance contract provisions for the claims incurred but not reported to the Group, claims reported but not recorded, claims recorded but the loss is underestimated while the final compensation is expected to exceed the original estimated loss, and the claims related to insured accident that has been paid but it is possible to file a claim again. The Group considers factors including nature and distribution of insurance risks, claims developments, experience data, etc. and uses chain ladder method, average claim per case method, loss ratio method, Bornhuetter-Ferguson method, etc., to measure IBNR reserves based on a reasonable estimate of the ultimate claim amount and the margin factor.

Claim expense reserves represent provisions for the legal service fees, litigation fees, loss inspection fees, and compensations for related claims adjustors that may occur in the case of an outstanding insurance accident. The Group uses case-by-case estimate method and ratio allocation method to measure claim expense reserves.

When evaluating insurance contract reserves, the Group performs liability adequacy tests based on information currently available as at the balance sheet date. Additional insurance contract reserves should be made and recognised in profit or loss if any deficiency exists.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Reinsurance

The Group cedes the insurance risk in the normal course of business. Reinsurance agreements that transfer significant insurance risk are treated as reinsurance contracts; reinsurance agreements that do not transfer significant insurance risk are treated as non-reinsurance contracts.

Ceded reinsurance

The ceded reinsurance arrangements do not relieve the Group from liability to policyholders. For ceded reinsurances treated as reinsurance contracts, reinsurance premiums, reinsurance commissions and reinsurance claims that should be recovered from reinsurers are calculated and determined separately by the Group in accordance with relevant reinsurance contracts in the period in which related direct insurance premium income and claims are recognised, with a corresponding charge to profit or loss for the current period. When evaluating insurance contract reserves, the Group estimates the cash flows related to the reinsurance contracts in accordance with agreements in relevant reinsurance contracts. The insurance contract reserves that would be recovered from reinsurers will be recognised as corresponding reinsurers' share of reserves as assets.

An impairment test is performed for reinsurance assets at each balance sheet date. Impairment is recognised when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact can be measured reliably. The impairment loss is recorded in profit or loss.

As a reinsured, the Group lists the assets formed by the reinsurance contract and relevant direct insurance contract reserves separately in the balance sheet so they are not offset against each other; and lists the income or expenses formed by the reinsurance contract and relevant direct insurance contract income or expenses separately in the income statement so they are not offset against each other.

Reinsurance assumed

Reinsurance expenses are calculated, determined and charged to profit and loss by the Group in accordance with relevant reinsurance contracts in the period in which related premium from reinsurance assumed and reinsurance claims are recognised.

The Group will adjust relevant reinsurance income and expenses according to the amount indicated on the reinsurance slip once it is received, and the adjustment amount is included in profit or loss for the current period.

25. Non-insurance contract

The other risk portions unbundled from the insurance contracts and contracts that do not transfer significant insurance risk are determined by the Group as non-insurance contracts. The fees charged by the Group for these non-insurance contracts management, including policy management fees, are recognised as other operating income for the period in which the Group provides such management service.

Relevant liabilities under the non-insurance contracts are included in the policyholders' deposits and investments, and are initially recognised at fair value and subsequently measured at amortised cost, except for other risk portions unbundled from investment-linked contracts. Relevant liabilities under the non-insurance contracts that are unbundled from investment-linked contracts are included in separate account liabilities and initially recognised at fair value, relevant transaction expenses are included in profit or loss for the current period and subsequently measured at fair value.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Provisions

The obligations pertinent to contingencies are recognised as provisions when the following conditions are satisfied concurrently:

(1) it is a present obligation of the Group;

(2) it is probable that an outflow of economic benefits will be required to settle the obligation; and

(3) the amount of the obligation can be measured reliably.

When the discounting effect is material, the amount of a provision is the present value at the balance sheet date of the future cash flow expected to be required to settle the obligation. The increase in the discounted present value arising from the passage of time is included in interest expenses.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. The Group reviews the carrying amount of the provisions at the end of the reporting period. If there is substantial evidence that the carrying amount cannot actually reflect the current best estimate, the Group will adjust the carrying amount in accordance with the current best estimate.

27. Dividend distribution

The loss compensation and dividend distribution approved by the shareholders' meeting are recognised in the current period of approval.

28. Revenue

Premium income

Premium income and reinsurance premium income are recognised when all of the following criteria are met: (1) the insurance contracts have become effective and relevant insurance liabilities have been assumed; (2) it is probable that the economic benefits associated with the contracts will flow to the Group; and (3) the income associated with the contracts can be reliably measured.

With respect to life insurance contracts and long-term health insurance contracts where premiums are paid in instalments, premium income is recognised by the premiums receivable for the current period; with respect to single premium policies, premium income is recognised by the one-off premiums receivable. With respect to property and casualty insurance, short-term health insurance and accident insurance contracts, premium income is recognised by the amounts of total premiums as agreed in the contracts.

Reinsurance premium income assumed is calculated in accordance with the terms agreed in the reinsurance contracts.

Initial policy fee and account management fee

The initial policy fee and account management fee include policy management fee, investment management fee, surrender income and other charges, which are collected at a fixed amount or as a certain percentage of the balance of the contract account; they are calculated as per the time and methods stated in relevant contracts or agreements and are recognised as revenue in the current period when they occur. Charges relating to rendering of future services which should be deferred and be recognised at the time of rendering are not included. The Group's initial charges, for the initial fees charged on contracts measured at amortised cost, are amortised to profit or loss using the effective interest method.

Initial policy fee and account management fee are presented in other operating income.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Revenue (continued)

Interest income

Interest income is determined by using the effective interest method, based on the length of time for which the Group's cash is used by others. Effective interest rate is applied to discounts the estimated future cash flows through the expected life of the financial asset to the net carrying amount of the financial assets.

Management fee income

Management fee income is calculated in accordance with the calculation method specified in the contracts on an accrual basis. Management fees are recognised at agreed contractual basis rates if revenue recognition principles and fee accrual criteria are met.

29. Policy dividend expenditure

The policy dividend expenditure is the dividends payable by the Group to the policyholders based on the dividend distribution method for participating insurance products.

30. Leases

A contract is, or contains, a lease if it conveys the right to control the use of an asset for a period of time in exchange for consideration.

As the lessee, the Group shall recognise right-of-use assets and lease liabilities at the commencement date. The only exceptions are short-term leases and leases of low-value assets. Right-of-use assets are the assets that represent the Group's rights to use an underlying asset for the lease term. The commencement date is the date on which a lessor makes an underlying asset available for use by the Group.

The right-of-use assets of the Group are initially measured at cost. The cost of right-of-use asset shall comprise:

(1) the amount of the initial measurement of the lease liability;

(2) any lease payments made at or before the commencement date, less any lease incentives received;

(3) any initial direct costs incurred by the lessee; and

(4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term.

The Group measures the lease liabilities at the present value of the lease payments that are not paid at the commencement date. Lease payments includes fixed payments and the payments for terminating the lease with an option to terminate the lease, etc. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group use the incremental borrowing rate. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability, and is recognised in profit or loss.

Payments related to short-term leases and low-value asset leases are recognised in related asset costs or profit or loss on a straight-line basis over each lease term. Short-term lease is the lease that, at the commencement date, has a lease term of 12 months or less. Lease of low-value asset is the lease for which the individual underlying asset is of low value when it is new.

As the lessor, the income from operating lease is recognised as rental income on a straight-line basis over each lease period.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Government grants

Government grants are recognised when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants for purchasing, building or forming long-term assets in other methods regulated in government documents are recognised as government grants related to assets. Judgements should be made based on the necessary basic conditions for obtaining the government grants when government documents are unclearly stated. Government grants with purchasing, building or forming long-term assets in other methods as basic condition, are recognised, as government grants related to assets, whereas the rest as government grants related to income.

Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss, or deducted costs against related costs, expenses or losses in the period of recognising the related expenses or costs; government grants related to income that compensate the incurred costs, expenses or losses are recognised in profit or loss, or deducted against related costs directly in the current period. Government grants related to assets are either deducted against the carrying amount of the assets, or recorded as deferred income. Government grants related to assets and recorded as deferred income are recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants measured at their nominal amounts are directly recognised in profit or loss for the current period. Where the related assets are sold, transferred, scraped or destroyed before the end of their useful lives, the undistributed deferred revenue shall be transferred to profit or loss for the period in which the assets are disposed of. Government grants comprising of both assets-related portion and income-related portion are accounted separately, and those difficult to distinguish are classified as income-related as a whole.

Government grants related to daily activities of the Group are included in other income or deducted against related costs or expenses in accordance with business nature. Government grants not related to daily activities of the Group are included in non-operating income or expenses.

32. Income tax

Income tax comprises current and deferred income tax. Except to the extent that the tax arises from a transaction or event which is recognised directly in equity, all the income tax should be expensed or credited to profit or loss as appropriate.

The Group measures the current income tax liabilities or assets formed in the current period and previous periods according to the income tax amount which is required to pay or return expectedly under the regulations of tax law. It is based on tax rates applicable in the countries or regions where the Group operates at the balance sheet date, taking into consideration interpretations and practices prevailing in the countries or regions in which the Group operates. The Group measures deferred income tax using the statement of balance sheet liability method according to the temporary difference between the carrying amount of an asset or liability at the end of the reporting period and its tax base, and the temporary difference between the carrying amount of an item not recognised as an asset or liability at the end of the reporting period and its tax base.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

(1) The taxable temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither the accounting profit nor taxable income or deductible expenses.

(2) In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Income tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences, and the carry-forward of unused tax credits and any unused tax losses. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

(1) Where the deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither the accounting profit nor taxable profit or loss.

(2) In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

At the balance sheet date, the Group measures the deferred income tax assets and deferred income tax liabilities according to tax laws and regulations and based on applicable tax rate occurred in the period when the assets are repossessed or the liabilities are liquidated expectedly, which reflects the influence of the income tax on expectedly repossessed assets or liquidated liabilities at the balance sheet date.

At the balance sheet date, the Group reviews the carrying amount of the deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. At the balance sheet date, the Group reassesses the unrecognised deferred income tax assets and recognises deferred income tax assets within the limit that the amount of income tax payable is sufficient to reverse all of or part of deferred income tax assets.

If the Group has the legal right to settle current income tax assets and current income tax liabilities through net amount, and the deferred income tax is relevant to the same taxpayer and the same tax collection and administration department, the net amount, obtained after the deferred income tax assets and the deferred income tax liabilities are offset, is presented.

33. Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

According to relevant Chinese laws and regulations, all employees of the Group within the territory of China must participate in employee social security plans, including pension schemes, medical insurance, housing fund and other welfare benefits, organised and administered by the governmental authorities. For Hong Kong employees of the Group, the Group participates in the Mandatory Provident Fund Scheme in accordance with the contribution ratio required by corresponding regulations.

The Group's obligation to the above social securities is to pay social pooling insurance fees to social insurance authorities in accordance with the prescribed percentage of total wages. The contribution shall be managed and paid to retired employees through labour and social welfare authorities in accordance with the provisions. There are no forfeited contributions in the social security plans.

The Group's employees in some regions of China have also participated in the employer-sponsored enterprise annuity plan (the "Annuity Plan"). The Group shall contribute to the Annuity Fund in accordance with agreed base and percentage. Forfeited contributions by those employees who quit the Annuity Plan prior to the full vesting of their contributions are not used to reduce the existing level of contributions but are transferred to the public account of the Annuity Plan to be allocated to the members of the Annuity Plan after fulfilling the approval procedures by the Group.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Employee benefits (continued)

In addition, the Group is not liable for any significant legal obligation or constructive obligation to further pay employee retirement benefits. Above expenses are recognised in profit or loss as incurred. The above retirement benefit plan falls into the defined contribution plan.

The Group pays various benefit expenses for employees who accept voluntary retirement before the normal retirement date stipulated by the state as approved by the Group from the month after the early retirement through the normal retirement date stipulated by the state, including the retirement pensions, and various insurance coordination fees to local social insurance authorities, etc. For early retirement benefits qualified for recognition, the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are recognised by the Group as liabilities and charged to profit or loss for the current period.

The Group also operates deferred bonus plans for senior management and some of the key employees, which are accrued during the periods when employees provide services and are recognised as liabilities. The bonus is awarded based on the Group's annual performance appraisal indicators for the employees and the enterprises, and the payment is deferred.

34. Measured at fair value

Fair value is the price obtained from selling an asset or paid for transferring a liability in an orderly transaction among market participants on the measurement date. The Group measures relevant assets or liabilities at fair value. It is assumed that the sale of the assets or the transfer of liabilities is carried out in the principal market for the assets or liabilities. In case of no principal market, the Group assumes that the transaction is carried out in the most advantageous market for the assets or liabilities. The principal market (or the most advantageous market) is the trade market that the Group can enter on the measurement date. The Group adopts the assumptions that market participants use to maximise their economic benefits when pricing the assets or liabilities.

To measure non-financial assets at fair value, consider the ability of market participants to generate economic benefits by using the asset for optimal purpose, or to sell the asset to other market participants who are able to use it for optimal purpose.

The Group adopts the valuation technique that is applicable in the current circumstances and contains sufficient available data and other information supports, chooses inputs with features of assets or liabilities that are consistent with those market participants consider in related transactions of assets or liabilities, and should give priority to relevant observable inputs. Unobservable inputs are adopted only when relevant observable inputs are not available or feasible.

35. Contingent liabilities

Contingent liabilities are obligations arising from past events that may require the Group to assume. The Group does not recognise such obligations as they arise from events that cannot be fully controlled by the Group, or the outflow of economic benefits resulted from such obligations cannot be reliably measured. They are recognised as contingent liabilities when the above events that cannot be fully controlled by the Group occur or the outflow of economic benefits of such obligations can be reliably measured.

36. Summary of significant accounting judgements and accounting estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, the uncertainty of these assumptions and estimates may result in outcomes that may require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. Estimates and judgements are continually evaluated by the Group based on historical experience and other factors, including expectations of future events that are deemed to be reasonable under the circumstances.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

36. Summary of significant accounting judgements and accounting estimates (continued)

Significant judgements

In the process of applying the Group's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(1) Classification of financial assets

The Group classifies its financial assets as financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. These classifications require judgements of the management. In making these judgements, the Group considers the intention of holding these financial assets, the requirements of the Accounting Standards for Business Enterprises and their implications to the presentation in the financial statements.

(2) Unbundling and classification of hybrid contracts

The Group makes significant judgements on whether a written policy contains both insurance risk and other risks and whether the insurance risk and other risks are distinct and separately measurable. The result of such judgement affects the unbundling of insurance contracts.

In addition, the Group makes significant judgements on whether a written policy transfers insurance risk, whether transfer of insurance risk has commercial substance, and whether the transferred insurance risk is significant when performing significant insurance risk tests. The result of such judgement affects the classification of insurance contracts. Whether to unbundle a contract and different contract classifications would affect the accounting treatment and the Group's financial position and operating results.

(3) Measurement unit for insurance contracts

The Group shall make judgements on whether a group of insurance contracts' insurance risks are of the same nature. The result of such judgements affects the measurement results of insurance contract reserves.

(4) Provision for impairment of available-for-sale equity financial instruments

The Group determines that provision for impairment of available-for-sale equity financial instruments should be made when there is a significant or prolonged decline in the fair value. The determination of what is significant or prolonged requires judgement by the management. When making such judgement, the Group considers the normal volatility of the security price, the length of the period over which the fair value is lower than cost, the severity of the decline in fair value and the financial position of the investee, etc.

(5) Determination of control over structured entities

When determining whether the Group controls the structured entities in which it acts as an asset manager, the Group considers all relevant facts and circumstances in assessing whether it is acting as an agent or as a principal to make decisions. If the Group is acting as a principal, it controls the structured entities. In assessing whether the Group is acting as a principal, the Group considers factors such as scope of the asset manager's decision-making authority in structured entities; substantial rights held by other parties, remuneration to which it is entitled and exposure to variability of returns by holding interest in the structured entities. Once the factors change because of the changes of relevant facts and circumstances, the Group will reassess.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

36. Summary of significant accounting judgements and accounting estimates (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are detailed below:

(1) Measurement of insurance contract reserves

As at the balance sheet date, when measuring the insurance contract reserves, the Group needs to make a reasonable estimate of the amounts that the Group is required to pay in fulfilling the obligations under the insurance contracts. Such estimates are determined by calculating various possible outcomes and relevant probabilities based on information currently available as at the balance sheet date.

At the balance sheet date, the Group makes estimates of the assumptions used in the measurement of insurance contract reserves. The Group determines reasonable estimates of such assumptions based on information currently available as at the balance sheet date and certain risk margin is considered.

Unearned premium reserves

The main assumptions used in measuring unearned premium reserves include discount rates, insurance incident occurrence rates (mainly including mortality and morbidity), loss ratios, surrender rates, expense and policy dividend assumptions, etc.

(a) Discount rates

For insurance contracts whose future insurance benefits will not be affected by investment income of the corresponding investment portfolio, the discount rates are determined by base rate curve with comprehensive premium in consideration of the time value of money. The comprehensive premium is added by considering taxation impacts, the liquidity, conversion period, and other relevant factors. The ranges of discount rates used as at 31 December 2021 were from 2.84% to 4.80% and as at 30 June 2022 were from 2.75% to 4.80%.

For insurance contracts whose future insurance benefits will be affected by investment income of the corresponding investment portfolio, the discount rates are determined based on expected investment return rates of the corresponding investment portfolio in consideration of the time value of money. Discount rates used as at 31 December 2021 and 30 June 2022 were both 5.00%.

The discount rate assumption is affected by uncertain factors, such as future macro-economy, capital market, availability of investment channel of insurance funds, investment strategy and other factors. The Group determines discount rate assumption based on the information available as at the balance sheet date.

(b) Mortality and morbidity

Mortality assumption is determined based on the Group's historical mortality experiences as well as current and expected future development trends, etc. The Group presents its mortality assumptions using appropriate percentages of China Life Insurance Mortality Table (2010-2013).

Morbidity assumption is determined based on the industry's morbidity or the Group's product pricing assumption, analysis of historical morbidity experiences and expectations of current and future developments.

Mortality and morbidity assumptions are uncertain as they are affected by uncertain factors, such as national lifestyle changes in the future, future development of medical technologies, continuing advancements in social conditions and other factors. The risk margin is considered in the Group's mortality and morbidity assumptions.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

36. Summary of significant accounting judgements and accounting estimates (continued)

Estimation uncertainty (continued)

(1) Measurement of insurance contract reserves (continued)

Unearned premium reserves (continued)

(c) Loss ratios

The Group determines a reasonable estimate as its loss ratio assumption based on analysis of its historical claim experience and future development trends.

(d) Surrender rates

Surrender rate assumptions are determined based on product types, the Group's historical experiences, and estimates on current and future expectations, and vary by interest rate, product type and sale channel. The surrender rate assumption is affected by uncertain factors, such as future macro-economy and market competition. The Group determines surrender rate assumption based on the information available as at the balance sheet date and risk margin is considered.

(e) Expense

The Group develops its expense assumption based on its expense analysis and future expectation, including assumptions of acquisition costs, maintenance expenses and claim expenses.

The Group's expense assumption is affected by uncertain factors, such as inflation, and market competition. The Group uses information currently available as at the balance sheet date to determine expense assumption and a risk adjustment is considered.

(f) Policy dividend

Policy dividend assumption is determined based on expected investment return rates of participating accounts, the Group's dividend policy, reasonable expectations of policyholders, etc.

The Group's policy dividend assumption is affected by the above factors. The Group uses information available as at the balance sheet date to determine policy dividend assumption and risk margin is considered.

Claim reserves

The main assumption in measuring claim reserves is that the Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses (Note XIII 1), average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident period, but can also be further analysed by geographical area, as well as by significant business line and claim type. Large claims are usually separately addressed, either by being reserved at the face value of loss claim specialists estimated or separately projected in order to reflect their future development. In most cases, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future (for example, changes in external factors such as one-off events, public attitudes to claims, market factors such as economic conditions, judicial decisions and government legislation, as well as changes in internal factors such as portfolio mix, policy conditions and claims handling procedures). And a reasonable estimate on the ultimate cost of claims will be made after considering all uncertainties involved.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

36. Summary of significant accounting judgements and accounting estimates (continued)

Estimation uncertainty (continued)

(2) Fair values of financial assets determined using valuation techniques

Fair value, in the absence of an active market, is estimated by using valuation techniques, such as reference to prices used in the most recent market transactions between knowledgeable and willing parties, reference to the current fair value of another instrument which is substantially the same, a discounted cash flow analysis and option pricing models. For reference to other financial instruments, the instruments must have similar credit ratings.

For a discounted cash flow analysis, estimated future cash flows and discount rates are the best estimations made based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions, concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk-free interest rates and credit risk.

IV. 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 2022, 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 RMB5,144 million as at 30 June 2022 and profit before tax decreased by approximately RMB5,144 million for the six months ended 30 June 2022.

V. TAXES

The main types of taxes and tax rates applicable to the Group in China are set out below:

Corporate income tax	-	25% on its taxable income under current tax laws and relevant regulations
Value-added tax ("VAT")	-	The taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of the current period) determined under current tax laws and relevant regulations, applicable tax rates: 3%, 5%, 6%, 9% or 13%
City maintenance and construction tax	-	1%, 5% or 7% of the VAT actually paid
Educational supplementary tax	-	3% of the VAT actually paid
Local educational supplementary tax	-	2% of the VAT actually paid

The main types of taxes and tax rates of payable by the Group with regard to its overseas businesses are paid in accordance with relevant regulations of local tax laws.

The taxes to be paid by the Group will be verified by relevant tax authorities.

VI. SCOPE OF CONSOLIDATION

1. Particulars of the Company's incorporated subsidiaries as at 30 June 2022 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 /Paid-up capital (RMB thousand, unless otherwise specified)	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)	Note
							Direct	Indirect		
CPIC Property	Joint stock limited company	Property and casualty insurance	Shanghai	The PRC	19,470,000	19,470,000	98.50	-	98.50	
CPIC Life	Joint stock 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 liability company	Investment management	Shanghai	Shanghai	2,100,000	2,100,000	80.00	19.67	100.00	
China Pacific Insurance Co., (H.K.) Ltd. ("CPIC H.K.")	Limited liability 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 Management Co., Ltd. ("CPIC Real Estate")	Limited liability company	Real estate management	Shanghai	Shanghai	115,000	115,000	100.00	-	100.00	
Changjiang Pension Insurance Co., Ltd. ("Changjiang Pension")	Joint stock 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 liability company	Investment management	Hong Kong	Hong Kong	HK$ 200,000 thousand	HK$ 200,000 thousand	12.25	87.46	100.00	
City Island Developments Limited ("City Island")	Limited liability 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 liability 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 liability company	Investment holding	Hong Kong	Hong Kong	HK$ 10,000	HK$ 1	-	98.29	100.00	
Newscott Investments Limited *	Limited liability 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 liability company	Investment holding	Hong Kong	Hong Kong	HK$ 10,000	HK$ 1	-	98.29	100.00	
Shanghai Xin Hui Property Development Co.,Ltd. * ("Xin Hui Property")	Limited liability company	Real estate	Shanghai	Shanghai	US$ 15,600 thousand	US$ 15,600 thousand	-	98.29	100.00	
Shanghai He Hui Property Development Co., Ltd. * ("He Hui Property")	Limited liability 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 liability company	Consulting services, etc.	Shandong	The PRC	200,000	200,000	100.00	-	100.00	
Tianjin Trophy Real Estate Co., Ltd. ("Tianjin Trophy")	Limited liability 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 liability company	Senior living property investment and management, etc.	Shanghai	Shanghai	5,000,000	5,000,000	-	98.29	100.00	(1)

VI. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as at 30 June 2022 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 /Paid-up 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 Health Insurance Co., Ltd. ("CPIC Health")	Joint stock limited company	Health insurance	Shanghai	Shanghai	3,600,000	3,600,000	85.05	14.69	100.00	(2)
China Pacific Anxin Agricultural Insurance Co., Ltd. ("PAAIC")	Joint stock limited company	Property and casualty insurance	Shanghai	Shanghai	1,080,000	1,080,000	-	66.76	67.78	
Pacific Medical & Healthcare Management Co., Ltd. ("Pacific Medical & Healthcare")	Limited liability company	Medical consulting services, etc.	Shanghai	Shanghai	500,000	500,000	-	98.29	100.00	
Pacific Insurance Agency Co., Ltd. ("Pacific Insurance Agency")	Limited liability company	Insurance agency	Shanghai	Shanghai	50,000	50,000	-	100.00	100.00	
CPIC Fund Management Co., Ltd. ("CPIC Funds")	Limited liability company	Fund management	Shanghai	Shanghai	150,000	150,000	-	50.83	51.00	
CPIC Senior Living Development (Chengdu) Co., Ltd. ("Chengdu Project Company")	Limited liability company	Senior living property investment and construction, etc.	Chengdu	Chengdu	1,000,000	972,000	-	98.29	100.00	
CPIC Senior Living Development (Hangzhou) Co., Ltd. ("Hangzhou Project Company")	Limited liability company	Senior living property investment and construction, etc.	Hangzhou	Hangzhou	1,200,000	900,000	-	98.29	100.00	
CPIC Senior Living Development (Xiamen) Co., Ltd. ("Xiamen Project Company")	Limited liability company	Senior living property investment and construction, etc.	Xiamen	Xiamen	900,000	660,000	-	98.29	100.00	
Pacific Care Home (Chengdu) Senior Living Service Co., Ltd. ("Pacific Care Home at Chengdu")	Limited liability company	Seniors and disabled care, etc.	Chengdu	Chengdu	60,000	32,000	-	98.29	100.00	
CPIC Senior Living Development (Nanjing) Co., Ltd. ("Nanjing Project Company")	Limited liability company	Senior living property investment and construction, etc.	Nanjing	Nanjing	220,000	149,000	-	98.29	100.00	
Pacific Care Home (Dali) Co., Ltd. ("Pacific Care Home at Dali")	Limited liability company	"Migrant-style" senior living, etc.	Dali	Dali	608,000	438,000	-	74.70	76.00	
CPIC (Shanghai) Senior Care Development Co., Ltd. ("Shanghai (Putuo) Project Company")	Limited liability company	Senior living property investment and construction, etc.	Shanghai	Shanghai	250,000	230,000	-	98.29	100.00	

VI. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as at 30 June 2022 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 /Paid-up 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 Care Home (Hangzhou) Senior Living Service Co., Ltd. ("Pacific Care Home at Hangzhou")	Limited liability company	Seniors and disabled care, etc.	Hangzhou	Hangzhou	60,000	11,700	-	98.29	100.00	
CPIC Senior Living Development (Wuhan) Co., Ltd. ("Wuhan Project Company")	Limited liability company	Elderly service, real estate development and operation, etc.	Wuhan	Wuhan	980,000	573,078	-	98.29	100.00	
CPIC Capital Company Limited. ("CPIC Capital")	Limited liability company	Private equity investment fund management services	Shanghai	Shanghai	100,000	100,000	-	99.67	100.00	
Shanghai Fankun Real Estate Development Co., Ltd. ("Shanghai (Chongming) Project Company")	Limited liability company	Real estate development and operation, own house rental service, etc.	Shanghai	Shanghai	800,000	618,000	-	98.29	100.00	
Shanghai (Putuo) Pacific Care Home Senior Living Service Co., Ltd. ("Pacific Care Home at Shanghai (Putuo)")	Limited liability company	Seniors and disabled care, etc.	Shanghai	Shanghai	30,000	4,500	-	98.29	100.00	
Beijing Borui Heming Insurance Agency Co., Ltd. ("Borui Heming")	Limited liability company	Insurance agency	Beijing	The PRC	52,000	52,000	-	98.29	100.00	
China Pacific Life Insurance (H.K.) Company Limited ("CPIC Life (H.K.)")	Limited liability company	Life and health insurance	Hong Kong	Hong Kong	HK$ 1,000,000 thousand	HK$ 1,000,000 thousand	-	98.29	100.00	
CPIC Senior Living Development (Qingdao) Co., Ltd. ("Qingdao Project Company")	Limited liability company	Elderly service, real estate development and operation, etc.	Qingdao	Qingdao	227,000	3,000	-	98.29	100.00	
Pacific Care Home (Xiamen) Senior Living Service Co., Ltd. ("Pacific Care Home at Xiamen")	Limited liability company	Seniors and disabled care, etc.	Xiamen	Xiamen	40,000	1,500	-	98.29	100.00	(3)
CPIC Senior Living Development (Zhengzhou) Co., Ltd. ("Zhengzhou Project Company")	Limited liability company	Elderly service, real estate development and operation, etc.	Zhengzhou	Zhengzhou	650,000	183,500	-	98.29	100.00	(4)

VI. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as at 30 June 2022 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 /Paid-up capital (RMB thousand, unless otherwise specified)	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)	Note
							Direct	Indirect		
CPIC Senior Living Development (Beijing) Co., Ltd. ("Beijing Project Company")	Limited liability company	Elderly service, real estate development and operation, etc.	Beijing	Beijing	800,000	597,000	-	98.29	100.00	(5)
Pacific Insurance Technology Co., Ltd. ("CPIC Technology")	Limited liability company	Technical services, cloud computing services, big data services	Shanghai	Shanghai	700,000	700,000	100.00	-	100.00	(6)
Xinbaoyu (Guangzhou) Co., Ltd.	Limited liability company	Business service, property management, and lease of non-residential real estate	Guangzhou	Guangzhou	3,650,000	3,381,786	-	98.46	100.00	(7)
Pacific Insurance Technology Services (Wuhan) Co., Ltd. ("CPIC Technology Wuhan")	Limited liability company	Technical services, technical consulting services	Wuhan	Wuhan	100,000	100,000	-	100.00	100.00	(8)

* Subsidiaries of City Island

(1) Pension Investment Company

Approved by the resolution of the first Extraordinary General Meeting of Shareholders of CPIC Life in 2022, CPIC Life and Pension Investment Company signed a Capital Increase Agreement to increase the capital of RMB 2.000 billion to Pension Investment Company. And in May 2022, it was approved by the China Banking and Insurance Regulatory Commission (hereinafter referred to as "CBIRC"). After the completion of the capital increase, the registered capital of the pension investment company was changed from RMB 3.000 billion to RMB 5.000 billion, and the shareholding ratio of CPIC Life Insurance was 100%.

(2) CPIC Health

Approved by the resolution of the Fourth Extraordinary General Meeting of Shareholders of Pacific Health Insurance in 2021, the Company and CPIC Life Insurance intend to increase the capital of Pacific Health Insurance by RMB 1.900 billion, which was approved by the China Banking and Insurance Regulatory Commission on 11 May 2022. After the completion of the capital increase, the registered capital of CPIC Health Insurance was changed from RMB 1.700 billion to RMB 3.600 billion, and the Company held 85.05% of the shares of Pacific Health Insurance and CPIC Life Insurance held 14.95% of the shares of Pacific Health Insurance.

VI. SCOPE OF CONSOLIDATION (continued)

1. Particulars of the Company's incorporated subsidiaries as at 30 June 2022 are as follows: (continued)

(3) Xiamen Service Company

Xiamen Service Company, a wholly-owned subsidiary funded by a pension investment company, obtained the business licence of enterprise legal person with unified social credit code 91350200MA8URKE69D in March 2022, with a registered capital of RMB 0.04 billion. As of 30 June 2022, the pension investment company has paid up the investment amount of approximately RMB 0.002 billion.

(4) Zhengzhou Project Company

In January 2022, Zhengzhou Project Company, a wholly-owned subsidiary funded by CPIC Life Insurance, obtained a business licence as a corporate legal person with a unified social credit code of 91410100MA9KQ2A88M with a registered capital of RMB 650 million. As of 30 June 2022, CPIC Life had paid up approximately RMB 184 million in investment.

(5) Beijing Project Company

In February 2022, Beijing Project Company, a wholly-owned subsidiary funded by CPIC Life Insurance, obtained a business licence as an enterprise legal person with a unified social credit code of 91110400MA7JAAAB20 with a registered capital of RMB 800 million. As of 30 June 2022, CPIC Life had paid up approximately RMB 597 million in investment.

(6) CPIC Technology

On 15 March 2022, CPIC Technology, a wholly-owned subsidiary of the Company, obtained a business licence as an enterprise legal person with a unified social credit code of 91310101MA7LFKCR23 with a registered capital of RMB 700 million. As of 30 June 2022, CPIC Technology has actually invested RMB 700 million.

(7) Xinbaoyu (Guangzhou) Co., Ltd.

The Company, CPIC Life Insurance and CPIC Real Estate, through CPIC Xinyi No. 1 Private Equity Investment Fund (Shanghai) Partnership (Limited Partnership) (hereinafter referred to as "Xinyi No.1"), jointly with CPIC Capital invested in the establishment of Xinbaoyu (Guangzhou) Co., Ltd., and obtained a corporate legal person business licence with a unified social credit code of 91440101MA9Y9P5K7C on 11 January 2022, with a registered capital of RMB 3.65 billion. As of 30 June 2022, Xinyi No.1 had actually invested approximately RMB 3.382 billion.

(8) CPIC Technology (Wuhan)

On 27 May 2022, Wuhan, a wholly-owned subsidiary of CPIC Technology, obtained a business licence as an enterprise legal person with a unified social credit code of 91420105MABPJ897X0 with a registered capital of RMB 100 million. As of 30 June 2022, CPIC Technology has actually invested RMB 100 million.

VI. SCOPE OF CONSOLIDATION (continued)

2. As at 30 June 2022, material consolidated structured entities of 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 Debt Type Launching Securities Investment Fund	77.05	8,079,777	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 Debt Type Launching Securities Investment Fund	100.00	7,144,116	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-Shanxi Coking Coal Debt Investment Plan	69.93	7,150,000	Investing in Shanxi Li-Liu Mining Area Pangpangta Coal Mine Project operated by Shanxi Coking Coal Group Co., Ltd. through a debt investment plan.
Xinyi No.1	100.00	4,232,736	Investing in equity investments, investment management and asset management activities with private funds (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.

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

VII. NOTES TO THE FINANCIAL STATEMENTS

1. Cash at bank and on hand

	Currency	30 June 2022		
		Original currency	Exchange rate	RMB
Bank deposits	RMB	27,272	1.00000	27,272
	USD	589	6.71140	3,953
	HKD	2,266	0.85520	1,938
	Others			3
	Sub-total			33,166
Other cash balances	RMB	505	1.00000	505
	USD	7	6.71140	47
	Sub-total			552
Total				33,718

	Currency	31 December 2021		
		Original currency	Exchange rate	RMB
Bank deposits	RMB	23,966	1.00000	23,966
	USD	1,078	6.37570	6,873
	HKD	1,149	0.81760	939
	Sub-total			31,778
Other cash balances	RMB	760	1.00000	760
	HKD	9	0.81760	7
	Sub-total			767
Total				32,545

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Cash at bank and on hand (continued)

As at 30 June 2022, the Group's cash at bank and on hand deposited overseas amounted equivalent to RMB4,483 million (31 December 2021: amounted equivalent to RMB3,036 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.

As at 30 June 2022, RMB523 million in the Group's other cash balances are recorded as minimum settlement deposits (31 December 2021: RMB742 million).

As at 30 June 2022, RMB2,441 million are time deposits with original maturity of no more than three months (31 December 2021: RMB2,487 million).

As at 30 June 2022, RMB408 million in the Group's cash at bank and on hand balance are restricted for special-purpose use (31 December 2021: RMB350 million).

Bank deposits comprise current deposits and short-term time deposits. Current deposits earn interest at 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 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 at bank and on hand approximate their fair values.

2. Financial assets at fair value through profit or loss

	30 June 2022	31 December 2021
Listed		
Equity investments		
- Stocks	8	19
- Funds	5	-
Debt investments		
- Government bonds	43	39
- Finance bonds	570	276
- Corporate bonds	1,809	1,275
Sub-total	2,435	1,609
Unlisted		
Equity investments		
- Funds	2,910	271
- Wealth management products	436	404
- Other equity investments	8,641	9,663
Debt investments		
- Corporate bonds	193	365
- Finance bonds	10	10
- Wealth management products	8	15
- Debt investment plans	22	16
Sub-total	12,220	10,744
Total	14,655	12,353

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 2022 amounted to RMB10,890 million (31 December 2021: RMB10,098 million). The rest is trading assets, with no material limitation in realisation.

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Derivative financial instruments

The contract notional amount and fair value of derivative financial instruments held by the Group are as follows. The contract notional amount of derivative financial instruments is only the basis for comparing the fair value of assets or liabilities recognised in the balance sheet. It does not reflect the future cash flow nor present fair value, therefore cannot reflect the risk faced by the Group.

	30 June 2022		
	Nominal amount	Assets	Liabilities
Foreign exchange forward contracts	4,582	228	54

	31 December 2021		
	Nominal amount	Assets	Liabilities
Foreign exchange forward contracts	4,290	259	1

4. Securities purchased under agreements to resell

	30 June 2022	31 December 2021
Securities - bonds		
Inter-bank market	6,865	11,860
Stock exchange	2,435	1,572
Total	9,300	13,432

The Group does not sell or re-pledge the collateral underlying the securities purchased under agreements to resell.

5. Premium receivables

	30 June 2022	31 December 2021
Premium receivables	50,122	26,665
Less: Provision for bad debts	(1,108)	(862)
Net value	49,014	25,803

Premium receivables are analysed by category as follows:

	30 June 2022			
	Ending balance	% of total balance	Provision for bad debts	Percentage
Amounts that are not individually significant and provisions for impairment considered on the grouping basis	50,114	100%	(1,100)	2%
Amounts that are not individually significant but provisions for impairment considered on the individual basis	8	0%	(8)	100%
Total	50,122	100%	(1,108)	2%

	31 December 2021			
	Ending balance	% of total balance	Provision for bad debts	Percentage
Amounts that are not individually significant and provisions for impairment considered on the grouping basis	26,657	100%	(854)	3%
Amounts that are not individually significant but provisions for impairment considered on the individual basis	8	0%	(8)	100%
Total	26,665	100%	(862)	3%

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Premium receivables (continued)

Premium receivables include premium receivables from policyholders or agents. The credit terms for premium receivables from life insurance policyholders are 60 days. CPIC Property generally collects premium receivables from agents on a monthly or quarterly basis, and certain premiums are collected by CPIC Property in instalments. According to the Group's credit policy, the credit terms for premium receivables cannot be longer than the insurance coverage period. The Group's premium receivables relate to a large number of counterparties, and there is no significant concentration of credit risk. Premium receivables are non-interest-bearing.

The above premium receivables are not individually significant but individually determined to be impaired mainly because they are past due and were not collected before the end of the insurance coverage period. The Group does not hold any collateral or other enhancements over these balances.

The aging of premium receivables and related provisions for bad debts are analysed as below:

Aging	30 June 2022			
	Ending balance	% of total balance	Provision for bad debts	Net value
Within 3 months (inclusive)	21,786	43%	(37)	21,749
3 months to 1 year (inclusive)	19,888	40%	(122)	19,766
Over 1 year	8,448	17%	(949)	7,499
Total	50,122	100%	(1,108)	49,014

Aging	31 December 2021			
	Ending balance	% of total balance	Provision for bad debts	Net value
Within 3 months (inclusive)	7,542	28%	(25)	7,517
3 months to 1 year (inclusive)	12,891	49%	(56)	12,835
Over 1 year	6,232	23%	(781)	5,451
Total	26,665	100%	(862)	25,803

Premium receivables are analysed by line of products as follows:

Category	30 June 2022			
	Ending balance	% of total balance	Provision for bad debts	Net value
Property and casualty insurance:				
Guarantee insurance	12,247	24%	(503)	11,744
Agricultural insurance	9,289	19%	(98)	9,191
Health insurance	5,847	12%	(102)	5,745
Liability insurance	3,221	6%	(114)	3,107
Engineering insurance	2,088	4%	(70)	2,018
Commercial property insurance	1,503	3%	(82)	1,421
Speciality insurance	479	1%	(18)	461
Other insurances	1,632	3%	(117)	1,515
Sub-total	36,306	72%	(1,104)	35,202
Life and health insurance:				
Long-term insurance	6,909	14%	-	6,909
Short-term insurance	6,907	14%	(4)	6,903
Sub-total	13,816	28%	(4)	13,812
Total	50,122	100%	(1,108)	49,014

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Premium receivables (continued)

Category	31 December 2021			
	Ending balance	% of total balance	Provision for bad debts	Net value
Property and casualty insurance:				
Guarantee insurance	11,529	44%	(403)	11,126
Agricultural insurance	4,390	16%	(176)	4,214
Engineering insurance	2,156	8%	(53)	2,103
Health insurance	1,370	5%	(14)	1,356
Liability insurance	1,321	5%	(47)	1,274
Commercial property insurance	864	3%	(56)	808
Speciality insurance	312	1%	(21)	291
Other insurances	940	4%	(88)	852
Sub-total	22,882	86%	(858)	22,024
Life and health insurance:				
Long-term insurance	2,254	8%	-	2,254
Short-term insurance	1,529	6%	(4)	1,525
Sub-total	3,783	14%	(4)	3,779
Total	26,665	100%	(862)	25,803

The top five premium receivables of the Group are as follows:

	30 June 2022	31 December 2021
Total amount of the top five premium receivables	1,631	455
Total provision for bad debts	-	(14)
% of total balance of premium receivables	3%	2%

The account balance does not include any amount attributable to shareholders holding 5% or more of the voting rights of the Company.

6. Reinsurance receivables

	30 June 2022	31 December 2021
Reinsurance receivables	8,796	11,289
Less: Provision for bad debts	(247)	(198)
Net value	8,549	11,091

Reinsurance receivables are analysed by category as follows:

	30 June 2022			
	Ending balance	% of total balance	Provision for bad debts	Percentage
Amounts that are not individually significant and provisions for impairment considered on the grouping basis	8,504	97%	(202)	2%
Amounts that are not individually significant but provisions for impairment considered on the individual basis	292	3%	(45)	15%
Total	8,796	100%	(247)	3%

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Reinsurance receivables (continued)

	31 December 2021			
	Ending balance	% of total balance	Provision for bad debts	Percentage
Amounts that are not individually significant and provisions for impairment considered on the grouping basis	10,857	96%	(153)	1%
Amounts that are not individually significant but provisions for impairment considered on the individual basis	432	4%	(45)	10%
Total	11,289	100%	(198)	2%

Reinsurance receivables are receivables from reinsurers. The Group and reinsurers generally settle receivables and payables on a quarterly basis. The Group's reinsurance receivables relate to a large number of counterparties, and there is no significant concentration of credit risk. Reinsurance receivables are non-interest-bearing.

The above reinsurance receivables are not individually significant but provisions for impairment are made on the individual basis mainly because they are past due and were not collected before the end of the insurance coverage period. The Group does not hold any collateral or other enhancements over these balances.

The aging of reinsurance receivables and related provisions for bad debts are analysed as below:

Aging	30 June 2022			
	Ending balance	% of total balance	Provision for bad debts	Net value
Within 3 months (inclusive)	7,144	81%	-	7,144
3 months to 1 year (inclusive)	1,069	12%	-	1,069
Over 1 year	583	7%	(247)	336
Total	8,796	100%	(247)	8,549

Aging	31 December 2021			
	Ending balance	% of total balance	Provision for bad debts	Net value
Within 3 months (inclusive)	9,328	83%	-	9,328
3 months to 1 year (inclusive)	1,575	14%	-	1,575
Over 1 year	386	3%	(198)	188
Total	11,289	100%	(198)	11,091

The details of the top five reinsurers/brokers of the reinsurance receivables of the Group are as follows:

Reinsurer/Broker	30 June 2022		
	Ending balance (including accrual)	% of total balance	Provision for bad debts
Munich Reinsurance Company	1,403	16%	-
Swiss Reinsurance Company Ltd	1,344	15%	-
China Property & Casualty Reinsurance Company Ltd.	1,250	14%	-
China Agricultural Reinsurance Co., Ltd.	706	8%	-
China Life Reinsurance Company Ltd.	677	8%	-

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Reinsurance receivables (continued)

Reinsurer/Broker	31 December 2021		
	Ending balance (including accrual)	% of total balance	Provision for bad debts
Munich Reinsurance Company	3,235	29%	-
China Property & Casualty Reinsurance Company Ltd.	1,323	12%	-
China Life Reinsurance Company Ltd.	1,163	10%	-
Swiss Reinsurance Company Ltd	1,024	9%	-
China Agricultural Reinsurance Co., Ltd.	639	6%	-

The account balance does not include any amount attributable to shareholders holding 5% or more of the voting rights of the Company.

7. Interest receivables

	30 June 2022	31 December 2021
Interest receivables from debt investments	12,706	12,807
Interest receivables from deposits	4,134	5,829
Interest receivables from loans	1,943	1,830
Interest receivables from securities purchased under agreements to resell	1	5
Sub-total	18,784	20,471
Less: Provision for bad debts	(44)	(44)
Net value	18,740	20,427

The account balance does not include any amount attributable to shareholders holding 5% or more of the voting rights of the Company.

8. Term deposits

Term to maturity	30 June 2022	31 December 2021
Within 3 months (inclusive)	13,596	252
3 months to 1 year (inclusive)	72,103	23,585
1 to 2 years (inclusive)	56,807	75,220
2 to 3 years (inclusive)	25,103	48,357
3 to 4 years (inclusive)	12,800	21,900
4 to 5 years (inclusive)	37,945	27,205
Total	218,354	196,519

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Available-for-sale financial assets

Available-for-sale financial assets are summarised by category as follows:

	30 June 2022	31 December 2021
Listed		
Equity investments		
- Stocks	157,319	154,336
- Funds	11,329	8,710
- Other equity investments	104	88
Debt investments		
- Government bonds	8,259	8,474
- Finance bonds	4,337	5,058
- Corporate bonds	58,005	56,426
- Wealth management products	1,872	403
Sub-total	241,225	233,495
Unlisted		
Equity investments		
- Funds	65,889	64,191
- Wealth management products	2,246	2,066
- Preferred shares	12,584	12,519
- Other equity investments	116,484	108,207
Debt investments		
- Government bonds	93,697	89,352
- Finance bonds	39,900	34,613
- Corporate bonds	90,672	97,103
- Wealth management products	2,064	3,835
Sub-total	423,536	411,886
Total	664,761	645,381

Related information of available-for-sale financial assets is analysed as follows:

	30 June 2022	31 December 2021
Debt investments		
Fair value	298,806	295,264
Including: Amortised cost	287,100	283,870
Accumulated amount recognised in other comprehensive income	13,144	13,298
Total impairment provisions	(1,438)	(1,904)
Equity investments		
Fair value	365,955	350,117
Including: Cost	350,134	322,938
Accumulated amount recognised in other comprehensive income	23,053	33,680
Total impairment provisions	(7,232)	(6,501)
Total		
Fair value	664,761	645,381
Including: Amortised cost/Cost	637,234	606,808
Accumulated amount recognised in other comprehensive income	36,197	46,978
Total impairment provisions	(8,670)	(8,405)

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Held-to-maturity financial assets

	30 June 2022	31 December 2021
Listed		
Debt investments		
- Government bonds	2,103	1,754
- Finance bonds	5,552	5,556
- Corporate bonds	7,610	7,763
- Wealth management products	48	50
Sub-total	15,313	15,123
Unlisted		
Debt investments		
- Government bonds	365,881	263,622
- Finance bonds	53,247	60,034
- Corporate bonds	54,541	57,866
Sub-total	473,669	381,522
Less: Impairment provisions	(181)	(217)
Net value	488,801	396,428

As at the balance sheet date, the Group's intention and ability to hold these assets were evaluated by itself and proved unchanged.

11. Investments classified as loans and receivables

	30 June 2022	31 December 2021
Debt investments		
Finance bonds	500	2,000
Debt investment plans	236,720	230,813
Wealth management products	125,894	138,289
Preferred shares	32,000	32,000
Loans	3,635	3,454
Sub-total	398,749	406,556
Less: Provision for impairment	(333)	(280)
Net value	398,416	406,276

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Investments classified as loans and receivables (continued)

As at 30 June 2022, CPIC Asset Management, a subsidiary of the Company, had 108 existing debt investment plans issued by it with a total value of RMB163.899 billion. Among these, the existing of investments classified as loans and receivables with a book value of approximately RMB86.788 billion were recognised in the Group's consolidated financial statement. (As at 31 December 2021, CPIC Asset Management had 108 existing debt investment plans issued by it with a total value of RMB163.368 billion. Among these, book value of approximately RMB79.632 billion was recognised on the Group's consolidated financial statement as investments classified as loans and receivables assets). As at 30 June 2022, Changjiang Pension, a subsidiary of the Company, had 61 existing debt investment plans issued by it with a total value of RMB88.551 billion, and the book value of RMB35.856 billion was recognised on the Group's consolidated financial statement as investments classified as loans and receivables assets (As at 31 December 2021, Changjiang Pension had 68 existing debt investment plans issued by it with a total value of RMB111.683 billion. Among these, book value of approximately RMB47.531 billion was recognised on the Group's consolidated financial statement as investments classified as loans and receivables assets). Meanwhile, the Group also had invested in debt investment plans launched by other insurance asset management companies with book value of approximately RMB114.023 billion (As at 31 December 2021: approximately RMB103.650 billion). In the debt investment plans invested by the Group, the amount guaranteed by a third party or by pledge is RMB165.123 billion. For debt investment plans launched by CPIC Asset Management and Changjiang Pension and other debt investment plans invested by the Group, the Group did not provide any guarantees or financial support. The Group's maximum exposure in the debt investment plans is limited to their carrying amounts.

12. Long-term equity investments

	30 June 2022							
	Investment cost	Opening balance	Increase/ (Decrease) in current period	Share of net profit/ (loss) under equity method	Adjustment of other comprehensive income/ (loss)	Share of other changes in equity	Dividend distribution	Ending balance
Equity method:								
Joint venture								
Shanghai Binjiang-Xiangrui Investment and Construction Co., Ltd. ("Binjiang-Xiangrui")	11	12	-	-	-	-	-	12
Taiyi (Shanghai) Information Technology Co., Ltd. ("Taiyi Information Technology")	5	2	-	-	-	-	-	2
Hangzhou Dayu Internet Technology Co., Ltd. ("Dayu Technology")	3	22	-	(3)	-	-	-	19
Aizhu (Shanghai) Information Technology Co., Ltd. ("Aizhu Information")	1	-	-	-	-	-	-	-
Pacific Euler Hermes Insurance Sales Co., Ltd. ("Euler Hermes")	25	27	-	(3)	-	-	-	24
Shanghai Dabaoguisheng Information Technology Co., Ltd. ("Dabaoguisheng")	10	4	-	(1)	-	-	-	3
Pacific Orpea (Shanghai) Senior Care Management Co., Ltd. ("Pacific Orpea")	6	4	-	-	-	-	-	4
Shanghai Ruiyongjing Real Estate Development Co., Ltd. ("Ruiyongjing Real Estate")	9,835	9,823	-	(7)	-	-	-	9,816
Sub-total	9,896	9,894	-	(14)	-	-	-	9,880

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Long-term equity investments (continued)

	30 June 2022							
	Investment cost	Opening balance	Increase/ (Decrease) in current period	Share of net profit/ (loss) under equity method	Adjustment of other comprehensive income/ (loss)	Share of other changes in equity	Dividend distribution	Ending balance
Equity method (continued):								
Associate								
Shanghai Juche Information Technology Co.,Ltd. ("Juche")	3	12	-	-	-	-	-	12
Zhongdao Automobile Rescue Industry Co.,Ltd. ("Zhongdao")	17	42	-	2	-	-	-	44
Shanghai Proton and Heavy Ion Hospital ("Zhizhong Hospital")	100	89	-	1	-	-	-	90
Shanghai Dedao Co., Ltd. ("Dedao")	5	-	-	-	-	-	-	-
Shanghai Better Sharing Technology Co., Ltd. ("Better Sharing")	81	53	-	(1)	-	-	-	52
Shanghai Heji Business Management LLP. ("Heji")	200	169	-	39	-	-	-	208
Changjiang Pension - China National Chemical Corporation Infrastructure Debt Investment Plan ("CHEMCHINA Debt Investment Plan") (Note 1)	-	2,164	(2,160)	34	-	-	(38)	-
Changjiang Pension - Sichuan Railway Xugu Highway Investment Infrastructure Debt Investment Plan ("Sichuan Railway Investment Plan")	250	250	-	7	-	-	(7)	250
Ningbo Zhilin Investment Management LLP. ("Ningbo Zhilin")	2,416	2,639	-	56	-	-	(66)	2,629
Beijing More Health Technology Group Co., Ltd. ("Beijing Miaoyijia")	413	309	-	(10)	-	-	-	299
Jiaxing Yishang Equity Investment LLP. ("Jiaxing Yishang")	901	909	-	10	-	-	-	919
Lianren Digital Health Technology Co., Ltd. ("Lianren Digital Health")	500	355	-	(44)	-	-	-	311
Zhejiang Xin'an Shuzhi Technology Co., Ltd. ("Xin'an Technology")	9	11	-	(1)	-	-	-	10
Yangtze River Delta Synergy Industry Investment Fund ("Yangtze River Delta Fund") (Note 2)	1,979	2,515	(5)	43	-	-	(10)	2,543
Shanghai Lingang GLP International Logistics Development Co., Ltd. ("Lingang GLP")	1,057	1,053	-	20	-	-	(20)	1,053
Shanghai Hi-Tech Park United Development Co., Ltd. ("Hi-Tech")	1,856	1,873	-	33	-	-	(33)	1,873

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Long-term equity investments (continued)

	30 June 2022							
	Investment cost	Opening balance	Increase/ (Decrease) in current period	Share of net profit/ (loss) under equity method	Adjustment of other comprehensive income/ (loss)	Share of other changes in equity	Dividend distribution	Ending balance
Equity method (continued):								
Associate (continued)								
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	-	-	-	-	-	-	-
Taijiashan Health Industry Equity Investment Fund (Shanghai) LLP. ("Taijiashan")	2,500	2,552	-	194	-	-	-	2,746
Shanghai Sci-Tech Innovation Center Capital II LLP. ("Sci-Tech Innovation II") (Note 3)	675	449	225	25	-	-	-	699
China Insurance Rongxin Private Equity Fund Co., Ltd. ("China Insurance Rongxin")	1,500	1,500	-	1	-	-	-	1,501
Sub-total	14,648	17,090	(1,940)	409	-	-	(174)	15,385
Total	24,544	26,984	(1,940)	395	-	-	(174)	25,265

Note 1: China Chemical Industry Debt Investment Plan, invested by CPIC Life and its subsidiary Changjiang Pension, was terminated on April 20, 2022.

Note 2: CPIC Life signed the Yangtze River Delta Synergy Advantage Limited Partnership Agreement with Shanghai Guofang Fund of Funds Equity Investment Management Co., Ltd. and other companies jointly. CPIC Life subscribed RMB 2.000 billion, representing 27.75% of the investment. In 2022, Yangtze River Delta Fund has repaid the capital cost of about RMB 0.005 billion to CPIC Life, then the investment cost of CPIC Life has been changed to about RMB 1.979 billion.

Note 3: CPIC Life signed a phase II partnership agreement with Shanghai International Group Co., Ltd. and other companies, and CPIC Life Subscribed RMB 1.500 billion. As of June 30, 2022, CPIC Life has paid up a capital contribution of RMB 0.675 billion, representing 25.42% of investment share.

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Long-term equity investments (continued)

As at 30 June 2022, details of joint ventures of the Group are as follows:

Name	Type of enterprise	Place of registration/ Major business location	Legal represe-ntative	Nature of business	Registered capital (RMB thousand unless otherwise)	Paid-up capital (RMB thousand unless otherwise)	Unified social credit code	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)
								Direct	Indirect	
Binjiang-Xiangrui	Limited liability company	Shanghai	Gu Jun	Real estate	150,000	30,000	91310101062588014A	-	35.16	35.70
Taiyi Information Technology	Limited liability company	Shanghai	Yang Yong	Used car information service platform	10,000	10,000	91310113342291872F	-	48.00	48.00
Dayu Technology	Limited liability company	Hangzhou	Ji Wei	Technical development, technical service and technical consulting	14,979	14,979	913301083524659446	-	18.02	18.02
Aizhu Information	Limited liability company	Shanghai	Qiao Yifeng	Network technology, technical consulting and technical service	10,000	6,950	91310113MA1GKNGFXL	-	35.00	35.00
Euler Hermes	Limited liability company	Shanghai	Sun Haiyang	Insurance sales	50,000	50,000	91310000MA1FL24D4M	-	50.24	50.00
Dabaoguisheng	Joint stock limited company	Shanghai	Wu Aijun	Promotion and application of science and technology	100,000	22,200	91310000MA1FL3QM0A	-	33.42	34.00
Pacific Orpea (Note 2)	Limited liability company	Shanghai	Wu Guodong	Operation and management of pension industry, technical consulting	10,000	10,000	91310115MA1K48AQ73	-	55.04	60.00
Ruiyongjing Real Estate (Note 1)	Limited liability company	Shanghai	Wei Lin	Real estate	14,050,000	14,050,000	91310000MA1FL5MU6G	-	68.80	57.14

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Long-term equity investments (continued)

As at 30 June 2022, details of associates of the Group are as follows:

Name	Type of enterprise	Place of registration/ Major business location	Legal represe-ntative	Nature of business	Registered capital (RMB thousand unless otherwise)	Paid-up capital (RMB thousand unless otherwise)	Unified social credit code	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)
								Direct	Indirect	
Juche	Limited liability company	Shanghai	Dai Yang	Internet	5,882	5,882	91310113350805140T	-	37.42	37.80
Zhongdao	Limited liability company	Shanghai	Liu Yi	Road rescue	63,000	63,000	91310113069319140A	-	26.37	26.67
Zhizhong Hospital	Limited liability company	Shanghai	Chen Jianping	Oncology, medical laboratory, clinical fluid, etc.	500,000	500,000	91310115080068637C	-	19.95	20.00
Dedao	Limited liability company	Shanghai	Qiu Jianmin	Computer information technology, technical development in the field of automotive software technology, etc.	20,000	20,000	91310104MA1FR16T89	-	25.00	25.00
Better Sharing (Note 3)	Joint stock limited company	Shanghai	Zhang Wenjian	Technical development in the field of computer information technology, technical consulting, etc	60,000	60,000	91310104087809549Q	-	6.73	6.82
Beijing Miaoyijia	Limited liability company	Beijing	Kong Fei	Information transmission, software and information technology services	77,489	71,670	91110105MA0029NRX0	-	19.03	18.18
Lianren Digital Health	Joint stock limited company	Shanghai	Dai Zhong	Information technology services industry	2,000,000	2,000,000	91310000MA1FL70Y4L	-	24.57	25.00
Xin'an Technology (Note 4)	Limited liability company	Quzhou	Li Xin	Network technology development services	13,354	13,354	91330800798592681F	-	8.85	9.00
Lingang GLP.	Limited liability company	Shanghai	Zhao Mingqi	Real estate	US$ 119,990 thousand	US$ 119,990 thousand	913100007709009105	-	19.65	20.00
Hi-Tech	Limited liability company	Shanghai	Gu Lun	Business services	453,250	453,250	913100006072011086	-	19.65	20.00
Lingang Yunhui	Limited liability company	Shanghai	Chen Jiong	Real estate	275,000	275,000	91310115MA1HB4MF8F	-	19.65	20.00
Guangci Hospital	Limited liability company	Shanghai	Yu Yuping	Health care services: internal medicine, surgery, obstetrics and gynecology, pediatrics, etc	26,433	26,433	91310000607213328R	-	40.00	40.00
Shantai Healthcare	Limited liability company	Shanghai	Ma Xin	Health technology related services	100,000	70,000	91310000MA1H3A1C2Q	-	39.32	40.00

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Long-term equity investments (continued)

As at 30 June 2022, details of associates of the Group are as follows (continued):

Name	Type of enterprise	Place of registration/ Major business location	Legal represe-ntative	Nature of business	Registered capital (RMB thousand unless otherwise)	Paid-up capital (RMB thousand unless otherwise)	Unified social credit code	Percentage of equity attributable to the Company (%)		Percentage of voting rights attributable to the Company (%)
								Direct	Indirect	
China Insurance Rongxin (Note 5)	Limited liability company	Shanghai	Jia Biao	Capital market services	14,800,000	14,800,000	91310000MA7CQLY57Q	-	9.97	12.50
Heji (Note 6)	LLP	Shanghai	Not applicable	Enterprise management, industrial investment, investment management, asset management and consulting, etc.	Not applicable	202,000	91310109MA1G58GG51	-	97.53	
Sichuan Railway Investment Plan (Note7)	Debt investment plan	Not applicable	Not applicable	Debt investment plan	Not applicable	600,000	Not applicable	-	38.17	
Ningbo Zhilin (Note8)	LLP	Ningbo	Not applicable	Business service industry	Not applicable	2,684,798	91330206MA290G5B4K	-	88.46	
Jiaxing Yishang (Note 9)	LLP	Jiaxing	Not applicable	Business service industry	Not applicable	950,501	91330402MA2BCWUX4C	-	93.18	
Yangtze River Delta Fund	LLP	Shanghai	Not applicable	Capital market service	Not applicable	6,871,365	91310000MA1FL62E0U	-	27.28	
Taijiashan (Note 10)	LLP	Shanghai	Not applicable	Capital market service	Not applicable	2,525,000	91310000MA1FL7MH5H	-	97.32	
Sci-Tech Innovation II	LLP	Shanghai	Not applicable	Capital market service	Not applicable	2,655,450	91310000MA1FL7X9X1	-	24.99	

Note 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.

Note 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.

Note 3: CPIC Property has significant influence over Better Sharing by accrediting a director to the company. Therefore, Better Sharing is accounted under equity method.

Note 4: 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.

Note 5: CPIC Life has significant influence over China Insurance Rongxin by accrediting a director to the company. Therefore, China Insurance Rongxin is accounted under equity method.

Note 6: 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.

Note 7: 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.

Note 8: 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.

Note 9: 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.

Note 10: 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.

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Long-term equity investments (continued)

Summarised financial information for joint ventures:

	30 June 2022			31 December 2021		
	Total assets	Total liabilities	Net assets	Total assets	Total liabilities	Net assets
Binjiang-Xiangrui	2,105	1,875	230	2,094	1,876	218
Taiyi Information Technology	4	-	4	4	-	4
Dayu Technology	154	36	118	155	25	130
Aizhu Information	9	11	(2)	9	11	(2)
Euler Hermes	52	3	49	53	3	50
Dabaoguisheng	15	13	2	18	13	5
Ruiyongjing Real Estate	16,984	2,959	14,025	17,728	3,695	14,033
Pacific Orpea	7	-	7	7	-	7

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Net loss of joint ventures	(12)	(20)

For unrecognised commitments in relation to the investments in joint ventures, please refer to Note XII.

Summarised financial information for significant associates:

	As at 30 June 2022/ For the six months ended 30 June 2022			
	Total assets as at 30 June	Total liabilities as at 30 June	Total revenue for the current period	Net profit for the current period
Ningbo Zhilin	3,027	48	68	62
Yangtze River Delta Fund	9,314	149	188	155
Taijiashan	2,774	-	230	196

Summarised financial information for other associates:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Net profit/ (loss)	262	(352)
Other comprehensive income/ (loss)	-	-
Total comprehensive income/ (loss)	262	(352)
Total comprehensive income/ (loss) attributable to the Group	116	(54)
Total carrying amount of the Group’s investment	7,467	5,988

As at 30 June 2022, the Group’s long-term equity investments had no impairment.

13. Restricted statutory deposits

	30 June 2022	31 December 2021
Opening balance	7,428	6,858
Movements for the current period	(60)	570
Ending balance	7,368	7,428

In accordance with relevant provision of Insurance Law of the PRC, CPIC Property, CPIC Life, Changjiang Pension, CPIC Health and PAAIC should place 20% of its issued capital as restricted statutory deposits, respectively.

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Restricted statutory deposits (continued)

	30 June 2022		
	Amount	Storage	Period
CPIC Property			
China Zheshang Bank	1,040	Term Deposit	5 years
China Minsheng Bank	882	Term Deposit	5 years
Agricultural Bank of China	500	Term Deposit	3 years
Bank of Communications	368	Term Deposit	5 years
Industrial Bank	280	Term Deposit	5 years
China Minsheng Bank	274	Term Deposit	5 years and 1 month
Bank of Communications	250	Term Deposit	5 years and 1 month
Bank of Shanghai	200	Term Deposit	5 years
China CITIC Bank	100	Term Deposit	5 years
Sub-total	3,894		
CPIC Life			
China Guangfa Bank	500	Term Deposit	5 years
China Construction Bank	364	Term Deposit	3 years
Bank of Communications	320	Term Deposit	3 years
Bank of Nanjing	260	Term Deposit	5 years and 1 month
China Minsheng Bank	240	Term Deposit	5 years and 1 month
Sub-total	1,684		
Changjiang Pension			
Bank of Hangzhou	300	Term Deposit	5 years and 1 month
Bank of Communications	200	Term Deposit	5 years and 1 month
Bank of Nanjing	200	Term Deposit	5 years and 1 month
China CITIC Bank	100	Term Deposit	5 years and 1 month
Sub-total	800		
CPIC Health			
Industrial Bank	380	Term Deposit	5 years
China Zheshang Bank	200	Term Deposit	5 years
Bank of Communications	140	Term Deposit	5 years
Sub-total	720		
PAAIC			
China Minsheng Bank	130	Term Deposit	5 years
Agricultural Bank of China	60	Term Deposit	3 years
Shanghai Pudong Development Bank	50	Term Deposit	3 years
Bank of Shanghai	20	Term Deposit	3 years
Bank of Communications	10	Term Deposit	3 years
Sub-total	270		
Total	7,368		

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Restricted statutory deposits (continued)

	31 December 2021		
	Amount	Storage	Period
CPIC Property			
China Minsheng Bank	1,162	Term deposits	5 years
China Zheshang Bank	1,040	Term deposits	5 years
Agricultural Bank of China	500	Term deposits	3 years
Industrial Bank	440	Term deposits	5 years and 1 month
Bank of Communications	368	Term deposits	5 years
China Minsheng Bank	274	Term deposits	5 years and 1 month
Bank of Communications	250	Term deposits	5 years and 1 month
Bank of Shanghai	200	Term deposits	5 years
China CITIC Bank	100	Term deposits	5 years
Sub-total	4,334		
CPIC Life			
China Guangfa Bank	500	Term deposits	5 years
China Construction Bank	364	Term deposits	3 years
Bank of Communications	320	Term deposits	3 years
Bank of Nanjing	260	Term deposits	5 years and 1 month
China Minsheng Bank	240	Term deposits	5 years and 1 month
Sub-total	1,684		
Changjiang Pension			
Bank of Hangzhou	300	Term deposits	5 years and 1 month
Bank of Communications	200	Term deposits	5 years and 1 month
Bank of Nanjing	200	Term deposits	5 years and 1 month
China CITIC Bank	100	Term deposits	5 years and 1 month
Sub-total	800		
CPIC Health			
China Zheshang Bank	200	Term deposits	5 years
Bank of Communications	140	Term deposits	5 years
Sub-total	340		
PAAIC			
China Minsheng Bank	130	Term deposits	5 years
Agricultural Bank of China	60	Term deposits	3 years
Shanghai Pudong Development Bank	50	Term deposits	3 years
Bank of Shanghai	20	Term deposits	3 years
Bank of Communications	10	Term deposits	3 years
Sub-total	270		
Total	7,428		

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Investment properties

	Buildings
Cost:	
1 January 2021	10,558
Additions	26
Transfer to fixed assets, net	(41)
31 December 2021	10,543
Additions	3,935
Transfer from fixed assets, net	488
30 June 2022	14,966
Accumulated depreciation:	
1 January 2021	(2,692)
Charge for the year	(329)
Transfer from fixed assets, net	(8)
31 December 2021	(3,029)
Charge for the period	(222)
Transfer from fixed assets, net	(91)
30 June 2022	(3,342)
Carrying amount:	
30 June 2022	11,624
31 December 2021	7,514

The fair values of investment properties of the Group as at 30 June 2022 amounted to RMB16,052 million (31 December 2021: RMB11,538 million), which were estimated by the Group based on the independent appraisers' valuations.

15. Fixed assets

	Buildings	Motor vehicles	Other equipment	Total
Cost:				
1 January 2021	19,049	1,133	5,727	25,909
Procurement	67	26	433	526
Transfer from construction in progress	1,880	-	-	1,880
Transfer from investment properties, net	41	-	-	41
Decrease	(5)	(47)	(347)	(399)
31 December 2021	21,032	1,112	5,813	27,957
Procurement	17	32	80	129
Transfer from construction in progress	27	-	-	27
Transfer to investment properties, net	(488)	-	-	(488)
Decrease	(5)	(13)	(179)	(197)
30 June 2022	20,583	1,131	5,714	27,428
Accumulated depreciation:				
1 January 2021	(4,733)	(835)	(3,816)	(9,384)
Depreciation charge	(643)	(90)	(721)	(1,454)
Transfer to investment properties, net	8	-	-	8
Decrease	5	45	336	386
31 December 2021	(5,363)	(880)	(4,201)	(10,444)
Depreciation charge	(338)	(39)	(329)	(706)
Transfer to investment properties, net	91	-	-	91
Decrease	1	12	167	180
30 June 2022	(5,609)	(907)	(4,363)	(10,879)

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Fixed assets (continued)

	Buildings	Motor vehicles	Other equipment	Total
Provision for impairment loss:				
1 January 2021, 31 December 2021, and 30 June 2022	(9)	-	-	(9)
Carrying amount:				
30 June 2022	14,965	224	1,351	16,540
31 December 2021	15,660	232	1,612	17,504

As at 30 June 2022, the Group's motor vehicles and other equipment with costs of RMB3,324 million (31 December 2021: RMB3,281 million) are fully depreciated but still in use.

16. Construction in progress

The Group's construction in progress mainly comprises office building construction projects, and the movements are detailed as follows:

Item	30 June 2022								
	Budget	Opening balance	Increase in the current period	Transfer to fixed assets in the current period	Transfer to intangible assets in the current period	Transfer to long-term prepaid expenses in the current period	Disposal	Ending balance	% of project investment in budget
Zhejiang	696	567	61	-	-	-	-	628	90%
Shanghai	1,087	466	40	-	-	-	-	506	47%
Fujian	816	268	99	-	-	-	-	367	45%
Liaoning	165	157	-	-	-	-	-	157	95%
Jiangsu	427	99	19	-	-	-	-	118	28%
Guizhou	35	13	-	-	-	-	-	13	37%
Yunnan	462	12	1	-	-	-	-	13	3%
Henan	1,060	-	4	-	-	-	-	4	0%
Beijing	1,330	-	2	-	-	-	-	2	0%
Others	1,740	132	58	(27)	(10)	-	-	153	11%
		1,714	284	(27)	(10)	-	-	1,961	

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Construction in progress (continued)

Item	31 December 2021								
	Budget	Opening balance	Increase in the current year	Transfer to fixed assets in the current year	Transfer to intangible assets in the current year	Transfer to long-term prepaid expenses in the current year	Disposal	Ending balance	% of project investment in budget
Zhejiang	699	223	347	(3)	-	-	-	567	82%
Shanghai	1,083	35	494	(1)	-	(62)	-	466	49%
Fujian	816	7	261	-	-	-	-	268	33%
Liaoning	166	158	-	(1)	-	-	-	157	95%
Jiangsu	312	25	86	(12)	-	-	-	99	36%
Guangdong	984	868	9	(814)	-	-	-	63	89%
Guizhou	35	10	3	-	-	-	-	13	37%
Yunnan	462	83	107	(178)	-	-	-	12	41%
Sichuan	1,363	353	392	(745)	-	-	-	-	55%
Chengdu	57	27	15	(42)	-	-	-	-	74%
Others	966	33	167	(84)	(47)	-	-	69	21%
		1,822	1,881	(1,880)	(47)	(62)	-	1,714	

The capital sources of the Group's construction in progress are all self-owned funds, and there are no capitalised interest expenses in the balance of construction in progress.

There was no such case as the recoverable amount was lower than the carrying amount of the construction in progress at the end of the period, thus no provision for impairment of construction in progress was required.

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Right-of-use assets

	Buildings	Motor vehicles	Other equipment	Total
Cost:				
1 January 2021	6,099	6	17	6,122
Increase	1,182	-	8	1,190
Decrease	(938)	(2)	(5)	(945)
31 December 2021	6,343	4	20	6,367
Increase	561	1	4	566
Decrease	(528)	(1)	(9)	(538)
30 June 2022	6,376	4	15	6,395
Accumulated depreciation:				
1 January 2021	(2,317)	(3)	(4)	(2,324)
Depreciation charge	(1,479)	(3)	(3)	(1,485)
Decrease	914	2	1	917
31 December 2021	(2,882)	(4)	(6)	(2,892)
Depreciation charge	(827)	(1)	(1)	(829)
Decrease	515	1	1	517
30 June 2022	(3,194)	(4)	(6)	(3,204)
Carrying amount:				
30 June 2022	3,182	-	9	3,191
31 December 2021	3,461	-	14	3,475

There was no such case as the recoverable amount was lower than the carrying amount of the right-of-use assets at the end of the period, thus no provision for impairment of right-of-use assets was required.

18. Intangible assets

	Land use rights	Software use rights	Licence	Total
Cost:				
1 January 2021	1,420	7,329	646	9,395
Increase	707	928	-	1,635
Transfers from construction in progress	-	47	-	47
Decrease	-	(6)	-	(6)
31 December 2021	2,127	8,298	646	11,071
Increase	758	165	-	923
Transfers from construction in progress	-	10	-	10
30 June 2022	2,885	8,473	646	12,004
Accumulated Amortisation:				
1 January 2021	(50)	(4,652)	-	(4,702)
Amortisation	(47)	(819)	-	(866)
Decrease	-	6	-	6
31 December 2021	(97)	(5,465)	-	(5,562)
Amortisation	(34)	(423)	-	(457)
30 June 2022	(131)	(5,888)	-	(6,019)
Carrying amount:				
30 June 2022	2,754	2,585	646	5,985
31 December 2021	2,030	2,833	646	5,509

There was no such case as the recoverable amount was lower than the carrying amount of the intangible assets at the end of the period, thus no provision for impairment of intangible assets was required.

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Goodwill

	30 June 2022			
	Opening balance	Increase	Decrease	Ending balance
Changjiang Pension	149	-	-	149
City Island	813	-	-	813
CPIC Funds	395	-	-	395
Borui Heming	15	-	-	15
Sub-total	1,372	-	-	1,372
Less: Provision for impairment	-	-	-	-
Net value	1,372	-	-	1,372

	31 December 2021			
	Opening balance	Increase	Decrease	Ending balance
Changjiang Pension	149	-	-	149
City Island	813	-	-	813
CPIC Funds	395	-	-	395
Borui Heming	-	15	-	15
Sub-total	1,357	15	-	1,372
Less: Provision for impairment	-	-	-	-
Net value	1,357	15	-	1,372

The Group performs impairment test to goodwill annually. The recoverable amount of asset groups and groups of asset groups is the present value of the future cash flows expected to be derived from them. As at 30 June 2022, there is no indication that the recoverable amount of an asset group or a group of asset groups is less than its carrying amount, thus no impairment loss is recognised.

20. Deferred income tax assets and liabilities

	30 June 2022		31 December 2021	
Deferred income tax assets	Deferred income tax	Temporary differences	Deferred income tax	Temporary differences
Insurance contract reserves	3,862	15,451	1,989	7,956
Changes in fair value of financial instruments	(702)	(2,809)	(974)	(3,896)
Commissions and brokerage expenses	8	31	-	-
Provision for asset impairment	278	1,117	275	1,100
Others	766	3,091	708	2,832
Sub-total	4,212	16,881	1,998	7,992
Deferred income tax liabilities	Deferred income tax	Temporary differences	Deferred income tax	Temporary differences
Insurance contract reserves	1,226	4,900	1,038	4,152
Changes in fair value of financial instruments	(4,553)	(18,191)	(5,867)	(23,468)
Commission and brokerage expenses	519	2,078	360	1,440
Provision for asset impairment	2,077	8,308	2,014	8,056
Adjustment in fair value arising from acquisition of subsidiaries	(844)	(3,372)	(858)	(3,432)
Others	(374)	(1,499)	(288)	(1,152)
Sub-total	(1,949)	(7,776)	(3,601)	(14,404)
Net value	2,263	9,105	(1,603)	(6,412)

Deferred income tax assets and liabilities of the Group presented above reflect the net amount after each taxpayer's offsetting within their entity level.

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Deferred income tax assets and liabilities (continued)

Details of movements in deferred income tax assets and liabilities are as follows:

	Insurance contract reserves	Fair value	Commissions and brokerage expenses	Provision for asset impairments	Deductible losses	Adjustment in fair value arising from acquisition of subsidiaries	Others	Total
1 January 2021	1,684	(7,468)	402	1,491	-	(892)	573	(4,210)
Recognised in profit or loss	1,343	(263)	(42)	798	-	34	(153)	1,717
Recognised in equity	-	890	-	-	-	-	-	890
31 December 2021	3,027	(6,841)	360	2,289	-	(858)	420	(1,603)
Recognised in profit or loss	2,061	225	167	66	-	14	(28)	2,505
Recognised in equity	-	1,361	-	-	-	-	-	1,361
30 June 2022	5,088	(5,255)	527	2,355	-	(844)	392	2,263

As at 30 June 2022, there were no significant deductible temporary differences and deductible losses those were not recognised as deferred income tax assets.

21. Other assets

		30 June 2022	31 December 2021
Other receivables	(1)	12,704	11,413
Improvements of right-of-use assets	(2)	831	924
Others		3,464	1,993
Total		16,999	14,330

(1) Other receivables

	30 June 2022	31 December 2021
Receivable from securities sold but not settled	2,440	2,469
Due from external undertakings	1,804	1,976
Due from related parties*	1,774	1,774
Prepaid tax	71	779
Due from agents	186	205
Deposits	190	186
Co-insurance receivables	134	93
Others	6,292	4,114
Sub-total	12,891	11,596
Less: Provision for bad debts	(187)	(183)
Net value	12,704	11,413

* As at 30 June 2022, the payments made by the Group on behalf of Binjiang-Xiangrui for the purchase of land and related taxes and expenses amounted to approximately RMB1,774 million (31 December 2021: RMB1,774 million), which accounting for 14% (31 December 2021: 15%) of the total other receivables.

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Other assets (continued)

(1) Other receivables (continued)

The category of other receivables is analysed as below:

	30 June 2022			
	Ending balance	% of total balance	Provision for bad debts	Provision Percentage
Amounts that are not individually significant and provisions for impairment considered on the grouping basis	6,222	48%	(162)	3%
Amounts that are not individually significant but provisions for impairment considered on the individual basis	6,669	52%	(25)	0%
Total	12,891	100%	(187)	1%

	31 December 2021			
	Ending balance	% of total balance	Provision for bad debts	Provision Percentage
Amounts that are not individually significant and provisions for impairment considered on the grouping basis	4,809	41%	(157)	3%
Amounts that are not individually significant but provisions for impairment considered on the individual basis	6,787	59%	(26)	0%
Total	11,596	100%	(183)	2%

The aging of other receivables and related provisions for bad debts are analysed as follows:

Aging	30 June 2022			
	Ending balance	% of total balance	Provision for bad debts	Net value
Within 3 months (inclusive)	7,560	59%	-	7,560
3 months to 1 year (inclusive)	2,616	20%	(7)	2,609
1 to 3 years (inclusive)	818	6%	(46)	772
Over 3 years	1,897	15%	(134)	1,763
Total	12,891	100%	(187)	12,704

Aging	31 December 2021			
	Ending balance	% of total balance	Provision for bad debts	Net value
Within 3 months (inclusive)	8,087	70%	-	8,087
3 months to 1 year (inclusive)	1,337	12%	(15)	1,322
1 to 3 years (inclusive)	403	3%	(36)	367
Over 3 years	1,769	15%	(132)	1,637
Total	11,596	100%	(183)	11,413

The top five other receivables of the Group are as follows:

	30 June 2022	31 December 2021
Total amount of the top five other receivables	3,637	2,168
Total provision for bad debts	(3)	(4)
% of total other receivables	28%	19%

The account balance does not include any amount attributable to shareholders holding 5% or more of the voting rights of the Company.

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Other assets (continued)

(2) Improvement of right-of-use assets

	Improvement of right-of-use assets
Cost	
At 1 January 2021	3,811
Additions	288
Transfer from construction in progress	62
At 31 December 2021	4,161
Additions	93
At 30 June 2022	4,254
Accumulated amortisation:	
At 1 January 2021	(2,856)
Amortisation charge	(381)
At 31 December 2021	(3,237)
Amortisation charge	(186)
At 30 June 2022	(3,423)
Carrying amount:	
At 30 June 2022	831
At 31 December 2021	924

22. Provision for impairment of assets

	30 June 2022				
	Opening balance	Charge for the period	Reversal	Written-off and others	Ending balance
Provision for bad debts	1,287	556	(257)	-	1,586
- Premium receivables	862	503	(257)	-	1,108
- Reinsurance receivables	198	49	-	-	247
- Interest receivables	44	-	-	-	44
- Other receivables	183	4	-	-	187
Provision for impairment of available-for-sale financial assets	8,405	1,504	(466)	(773)	8,670
- Debt instruments	1,904	-	(466)	-	1,438
- Equity instruments	6,501	1,504	-	(773)	7,232
Provision for impairment of held-to-maturity financial assets	217	-	(36)	-	181
Provision for impairment of investments classified as loans and receivables	280	53	-	-	333
Provision for losses on loans	5	-	-	-	5
Provision for impairment of fixed assets	9	-	-	-	9
Provision for impairment of debt assets	20	-	-	-	20
Provision for impairment of other long-term assets	25	-	-	-	25
Total	10,248	2,113	(759)	(773)	10,829

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

22. Provision for impairment of assets (continued)

	31 December 2021				
	Opening balance	Charge for the year	Reversal	Written-off and others	Ending balance
Provision for bad debts	1,041	293	(30)	(17)	1,287
- Premium receivables	655	242	(18)	(17)	862
- Reinsurance receivables	165	33	-	-	198
- Interest receivables	44	-	-	-	44
- Other receivables	177	18	(12)	-	183
Provision for impairment of available-for-sale financial assets	5,134	4,396	(201)	(924)	8,405
- Debt instruments	1,895	285	(201)	(75)	1,904
- Equity instruments	3,239	4,111	-	(849)	6,501
Provision for impairment of held-to-maturity financial assets	191	26	-	-	217
Provision for impairment of investments classified as loans and receivables	323	-	(43)	-	280
Provision for losses on loans	5	-	-	-	5
Provision for impairment of fixed assets	9	-	-	-	9
Provision for impairment of debt assets	20	-	-	-	20
Provision for impairment of other long-term assets	41	-	-	(16)	25
Total	6,764	4,715	(274)	(957)	10,248

For the six months ended 30 June 2022, the provision for impairment written off due to disposal of available-for-sale financial assets approximately amounted to RMB773 million (in 2021: RMB924 million). The ending balance of the provision for impairment of available-for-sale financial assets has been included in the carrying amount of available-for-sale financial assets.

23. Securities sold under agreements to repurchase

	30 June 2022	31 December 2021
Securities - bonds		
Inter-bank market	83,613	63,591
Stock exchange	10,761	9,850
Total	94,374	73,441

As at 30 June 2022, the Group's bonds with par value of approximately RMB86,633 million (31 December 2021: approximately RMB67,942 million) were pledged for the inter-bank securities sold under agreements to repurchase.

As at 30 June 2022, the Group's bonds with par value of approximately RMB10,761 million (31 December 2021: approximately RMB9,850 million) were pledged for the stock exchange securities sold under agreements to repurchase.

Securities sold under agreements to repurchase are generally repurchased within 12 months from the date the securities are sold.

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Reinsurance payables

	30 June 2022	31 December 2021
Within 1 year (inclusive)	8,442	7,122
Over 1 year	1,068	516
Total	9,510	7,638

The details of the top five reinsurers/brokers of the reinsurance payables of the Group are as follows:

Reinsurer/Broker	30 June 2022	
	Ending balance (including accrual)	% of total balance
Swiss Reinsurance Company Ltd	1,358	14%
Munich Reinsurance Company	1,326	14%
China Property & Casualty Reinsurance Company Ltd.	691	7%
China Agricultural Reinsurance Company Ltd.	684	7%
China Life Reinsurance Company Ltd.	558	6%

Reinsurer/Broker	31 December 2021	
	Ending balance (including accrual)	% of total balance
Munich Reinsurance Company	1,027	13%
China Property & Casualty Reinsurance Company Ltd.	952	12%
China Life Reinsurance Company Ltd.	915	12%
Swiss Reinsurance Company Ltd	788	10%
Qianhai Reinsurance Co., Ltd.	613	8%

The account balance does not include any amount attributable to shareholders holding 5% or more of the voting rights of the Company.

25. Employee benefits payable

	1 January 2022	Increase	Decrease	30 June 2022
Wages and salaries, bonus, allowances and subsidies	5,789	8,859	(10,477)	4,171
Staff welfare	3	367	(363)	7
Social security contributions	78	1,840	(1,826)	92
Housing funds	9	604	(606)	7
Labour union funds	55	189	(152)	92
Employee education funds	737	103	(11)	829
Deferred bonus to management	53	-	-	53
Early retirement benefits	662	184	(164)	682
Total	7,386	12,146	(13,599)	5,933

Operating results
Corporate governance
Other information
Financial report

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Employee benefits payable (continued)

	1 January 2021	Increase	Decrease	31 December 2021
Wages and salaries, bonus, allowances and subsidies	5,446	19,274	(18,931)	5,789
Staff welfare	7	886	(890)	3
Social security contributions	77	3,637	(3,636)	78
Housing funds	9	1,243	(1,243)	9
Labour union funds	61	345	(351)	55
Employee education funds	614	196	(73)	737
Deferred bonus to management	67	-	(14)	53
Early retirement benefits	430	435	(203)	662
Total	6,711	26,016	(25,341)	7,386

The Group had no significant non-monetary benefits and compensation for termination of employment.

26. Taxes payable

	30 June 2022	31 December 2021
Corporate income tax	3,452	2,353
Unpaid VAT	618	550
Withholding individual income tax	131	125
Others	896	1,110
Total	5,097	4,138

27. Policyholders' deposits and investment contract liabilities

	30 June 2022	31 December 2021
Opening balance	102,843	87,126
Deposits received	19,248	21,328
Interest credited	2,387	4,007
Deposits withdrawn	(6,138)	(10,501)
Fees deducted for initial policy charge and account management	(234)	(382)
Others	(761)	1,265
Ending balance	117,345	102,843

	30 June 2022	31 December 2021
Expire within 1 year (inclusive)	2,357	2,562
Expire within 1 to 3 years (inclusive)	1,847	1,467
Expire within 3 to 5 years (inclusive)	8,788	5,748
Expire within more than 5 years	104,353	93,066
Total	117,345	102,843

The above policyholders' deposits and investment contract liabilities included the investment part unbundled from universal insurance contracts and significant contracts that had not been determined as insurance contracts as per insurance risk testing, and the majority of them had a maturity of more than five years and involved insignificant insurance liabilities.

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

28. Unearned premium reserves/ Reinsurers' share of unearned premium reserves

(1) Movement of short-term life insurance contracts

	Unearned premium reserves			Reinsurers' share of unearned premium reserves
	Direct insurance contracts	Assumed Reinsurance Contracts	Total	
As at 1 January 2021	4,206	-	4,206	358
Increase	18,179	-	18,179	(46)
Decrease	(19,076)	-	(19,076)	11
As at 31 December 2021	3,309	-	3,309	323
Increase	13,697	-	13,697	45
Decrease	(8,846)	-	(8,846)	(270)
As at 30 June 2022	8,160	-	8,160	98

(2) Movement of property and casualty insurance contracts

	Unearned premium reserves			Reinsurers' share of unearned premium reserves
	Direct insurance contracts	Assumed Reinsurance Contracts	Total	
As at 1 January 2021	64,096	498	64,594	7,179
Increase	153,289	1,322	154,611	19,414
Decrease	(149,710)	(1,311)	(151,021)	(19,002)
As at 31 December 2021	67,675	509	68,184	7,591
Increase	91,962	949	92,911	11,065
Decrease	(79,728)	(791)	(80,519)	(9,739)
As at 30 June 2022	79,909	667	80,576	8,917

The Group's unearned premium reserves split by term to maturity are listed below:

Term to maturity	30 June 2022		
	Direct insurance contracts	Assumed reinsurance contracts	Total
Within 1 year (inclusive)	71,656	244	71,900
Over 1 year	16,413	423	16,836
Total	88,069	667	88,736

Term to maturity	31 December 2021		
	Direct insurance contracts	Assumed reinsurance contracts	Total
Within 1 year (inclusive)	56,013	238	56,251
Over 1 year	14,971	271	15,242
Total	70,984	509	71,493

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

29. Claim reserves/ Reinsurers' share of outstanding claims reserves

(1) Movement of short-term life insurance contracts

	Claim reserves			Reinsurers' share of outstanding claims reserves
	Direct insurance contracts	Assumed Reinsurance Contracts	Total	
As at 1 January 2021	5,482	-	5,482	709
Increase	13,217	-	13,217	417
Decrease - claims	(12,478)	-	(12,478)	(682)
As at 31 December 2021	6,221	-	6,221	444
Increase	6,413	-	6,413	169
Decrease - claims	(5,552)	-	(5,552)	(251)
As at 30 June 2022	7,082	-	7,082	362

(2) Movement of property and casualty insurance contracts

	Claim reserves			Reinsurers' share of outstanding claims reserves
	Direct insurance contracts	Assumed Reinsurance Contracts	Total	
As at 1 January 2021	40,960	944	41,904	6,544
Increase	103,800	658	104,458	12,447
Decrease - claims	(93,556)	(607)	(94,163)	(10,271)
As at 31 December 2021	51,204	995	52,199	8,720
Increase	54,881	362	55,243	6,313
Decrease - claims	(45,867)	(264)	(46,131)	(5,034)
As at 30 June 2022	60,218	1,093	61,311	9,999

The Group's claim reserves split by term to maturity are listed below:

Term to maturity	30 June 2022		
	Direct insurance contracts	Assumed reinsurance contracts	Total
Within 1 year (inclusive)	54,000	733	54,733
Over 1 year	13,300	360	13,660
Total	67,300	1,093	68,393

Term to maturity	31 December 2021		
	Direct insurance contracts	Assumed reinsurance contracts	Total
Within 1 year (inclusive)	43,443	637	44,080
Over 1 year	13,982	358	14,340
Total	57,425	995	58,420

The claim reserves under direct insurance contracts are as follows:

	30 June 2022	31 December 2021
Incurred and reported claim reserves	36,215	36,105
IBNR reserves	29,201	19,813
Claim expense reserves	1,884	1,507
Total	67,300	57,425

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

30. Life insurance reserves/ Reinsurers' share of life insurance reserves

	Life insurance reserves			Reinsurers' share of life insurance reserves
	Direct insurance contracts	Assumed Reinsurance Contracts	Total	
As at 1 January 2021	1,008,254	1,940	1,010,194	1,812
Increase	169,273	2,128	171,401	540
Decrease				
- Claims	(31,609)	-	(31,609)	(442)
- Early termination	(18,420)	(1,944)	(20,364)	-
As at 31 December 2021	1,127,498	2,124	1,129,622	1,910
Increase	111,654	82	111,736	297
Decrease				
- Claims	(13,905)	-	(13,905)	(177)
- Early termination	(10,012)	-	(10,012)	-
As at 30 June 2022	1,215,235	2,206	1,217,441	2,030

The Group's life insurance reserves split by term to maturity are as follows:

Term to maturity	30 June 2022		
	Direct insurance contracts	Assumed reinsurance contracts	Total
Within 1 year (inclusive)	24,512	-	24,512
1 to 5 years (inclusive)	43,903	-	43,903
Over 5 years	1,146,820	2,206	1,149,026
Total	1,215,235	2,206	1,217,441

Term to maturity	31 December 2021		
	Direct insurance contracts	Assumed reinsurance contracts	Total
Within 1 year (inclusive)	31,555	-	31,555
1 to 5 years (inclusive)	29,048	-	29,048
Over 5 years	1,066,895	2,124	1,069,019
Total	1,127,498	2,124	1,129,622

31. Long-term health insurance reserves/ Reinsurers' share of long-term health insurance reserves

	Long-term health insurance reserves			Reinsurers' share of long-term health insurance
	Direct insurance contracts	Assumed Reinsurance Contracts	Total	
As at 1 January 2021	98,796	-	98,796	11,117
Increase	39,467	-	39,467	3,332
Decrease				
- Claims	(10,499)	-	(10,499)	(2,565)
- Early termination	(1,966)	-	(1,966)	-
As at 31 December 2021	125,798	-	125,798	11,884
Increase	24,142	-	24,142	1,359
Decrease				
- Claims	(5,167)	-	(5,167)	(1,063)
- Early termination	(1,226)	-	(1,226)	-
As at 30 June 2022	143,547	-	143,547	12,180

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

31. Long-term health insurance reserves/ Reinsurers' share of long-term health insurance reserves (continued)

The Group's long-term health insurance reserves split by term to maturity are as follows:

Term to maturity	30 June 2022		
	Direct insurance contracts	Assumed reinsurance contracts	Total
Within 1 year (inclusive)	317	-	317
1 to 5 years (inclusive)	488	-	488
Over 5 years	142,742	-	142,742
Total	143,547	-	143,547

Term to maturity	31 December 2021		
	Direct insurance contracts	Assumed reinsurance contracts	Total
Within 1 year (inclusive)	458	-	458
1 to 5 years (inclusive)	453	-	453
Over 5 years	124,887	-	124,887
Total	125,798	-	125,798

32. Bonds payable

On 23 March 2018, CPIC Property issued a 10-year capital replenishment bond with a total face value of RMB5 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 RMB5 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%.

Issuer	31 December 2021	Issuance	Amortisation of bond premium or discount	Redemption in current period	30 June 2022
CPIC Property	9,995	-	2	-	9,997

33. Other liabilities

		30 June 2022	31 December 2021
Other payables	(1)	29,540	35,713
Accrued expenses		2,616	2,238
Insurance security fund		871	1,138
Dividends Payable		9,957	551
Others		1,648	1,363
Total		44,632	41,003

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

33. Other liabilities (continued)

(1) Other payables

	30 June 2022	31 December 2021
Payables to third-party investors of consolidated structured entities	13,230	13,033
Payables related to asset-backed securities	7,688	11,775
Payables to be claimed by customers	2,064	1,957
Payables for purchases	974	1,311
Co-insurance payable	954	875
Deposits	875	922
Payables for securities purchased but not settled	489	2,699
Compulsory automobile insurance rescue fund	327	377
Reimbursement payables	188	300
Payables for construction and purchasing office building	490	674
Others	2,261	1,790
Total	29,540	35,713

The account balance does not include any amount attributable to shareholders holding 5% or more of the voting rights of the Company.

34. Issued capital

Shares of the Company as well as the percentages of shareholding are shown below.

	As at 1 January 2022		Increase of number of shares		As at 30 June 2022	
	Number of shares	Percentage of shareholding	Newly issued	Others	Number of shares	Percentage of shareholding
I. Shares with selling restrictions						
Shares held by domestic non-state-owned legal persons	-	0%	-	-	-	0%
Sub-total	-	0%	-	-	-	0%
II. Shares without selling restrictions						
Ordinary shares denominated in RMB	6,844	71%	-	-	6,844	71%
Foreign shares listed overseas	2,776	29%	-	-	2,776	29%
Sub-total	9,620	100%	-	-	9,620	100%
III. Total	9,620	100%	-	-	9,620	100%

As at 30 June 2022, the number of shares which the Company issued and fully paid at RMB1 each is 9,620 million. As at 31 December 2021, the number of shares which the Company issued and fully paid at RMB1 each is 9,620 million.

35. Capital reserves

	30 June 2022	31 December 2021
Capital premium	79,008	79,008
Impact of capital injection to subsidiaries, etc.	2,105	2,110
Impact of equity transactions with non-controlling interests	(131)	(131)
Impact of other changes in the equity of investees accounted for using the equity method	58	58
Transaction with non-controlling interests	(1,413)	(1,413)
Impact of phased business combinations	28	28
Others	2	2
Total	79,657	79,662

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

35. Capital reserves (continued)

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.

36. Surplus reserves

	Statutory surplus reserve (the "SSR")
As at 1 January 2021	5,114
Appropriations	-
As at 31 December 2021 and 30 June 2022	5,114

37. General reserves

In accordance with relevant regulations, general risk provisions should be made to cover catastrophic risks or losses as incurred by companies engaged in the insurance, banking, trust, securities, futures, fund management, leasing and financial guarantee businesses. Companies undertaking insurance activities are required to set aside 10% of their net profit to general reserves, while companies undertaking asset management activities are required to set aside 10% of their management fee income to the risk reserves until the balance reaches 1% of the balance of products under management.

In accordance with relevant regulations, as part of the profit distribution and as presented in their annual financial statements, the Group's subsidiaries engaged in the above-mentioned businesses make appropriations to their general reserves on the basis of their annual net profit, year-end risk assets or management fee income from products under management where appropriate. Such general reserves cannot be used for dividends distribution or conversion to capital.

	General reserves
As at 1 January 2021	16,829
Appropriations	2,692
As at 31 December 2021	19,521
Appropriations	68
As at 30 June 2022	19,589

38. Profit distribution and retained profits

According to the Articles of Association of the Company, the amount of retained profits available for distribution of the Company should be the amount determined under CASs, or determined under CASs if permissible by local rules where the Company is listed. According to the Articles of Association of the Company and applicable laws and regulations, the Company's profit distribution is made the following order:

(1) Making up for losses brought forward from prior years;

(2) Appropriating to SSR at 10% of the net profit;

(3) Making appropriation to the discretionary surplus reserve ("DSR") in accordance with the resolution of the general shareholders' meeting; and

(4) Paying dividends to shareholders.

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

38. Profit distribution and retained profits (continued)

The Company can cease the appropriation to SSR when SSR accumulates to more than 50% of the registered capital. The SSR may be used to make up for losses, if any, and, subject to the approval of the general shareholders' meeting, may also be converted into capital to make to fund an issue of new shares to shareholders on a proportionate basis. However, the conversion of SSR to capital should not bring the retained SSR to below 25% of the registered capital.

The balance of SSR reached 50% of the respective registered capital. The Company does not set aside SSR for the six months ended 30 June 2022.

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. The Company does not set aside DSR for the six months ended 30 June 2022.

Pursuant to the resolution of the 15th meeting of the 9th Board of Directors of the Company held on 25 March 2022, a final dividend of approximately RMB9,620 million (equivalent to annual cash dividend of RMB1.0 per share (including tax)) was proposed. The profit distribution plan was approved by the general shareholders' meeting on 8 June 2022.

Of the Group's retained profits in the consolidated financial statements, RMB17,588 million as at 30 June 2022 (31 December 2021: RMB16,388 million) represents the Company's share of its subsidiaries' surplus reserve fund.

39. Non-controlling interests

	30 June 2022	31 December 2021
CPIC Property	720	737
CPIC Life	1,708	1,735
Changjiang Pension	1,470	1,580
CPIC Funds	537	539
PAAIC	949	931
Pacific Care Home at Dali	140	142
Total	5,524	5,664

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

40. Gross written premiums

(1) The breakdown of the Group's insurance business income by line of products is as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Property and casualty insurance:		
Automobile insurance	48,193	44,633
Health insurance	10,546	8,230
Agricultural insurance	10,054	7,430
Liability insurance	8,440	6,860
Commercial property insurance	4,124	3,998
Other insurances	11,554	11,610
Sub-total	92,911	82,761
Long-term life insurance:		
Individual insurance		
- Life insurance	76,019	67,310
- Participating insurance	59,452	60,623
- Universal insurance	49	48
Group insurance		
- Life insurance	365	361
Sub-total	135,885	128,342
Short-term life insurance:		
Individual insurance		
- Short-term accident and health insurance	2,149	3,504
Group insurance		
- Short-term accident and health insurance	11,548	9,911
Sub-total	13,697	13,415
Total	242,493	224,518

(2) The Group's gross written premiums with the top five customers is listed below:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Gross written premiums of the top five customers	1,405	1,937
% of gross written premiums	0.6%	0.9%

(3) Premiums ceded to reinsurers

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Long-term life insurance premiums ceded to reinsurers	(2,194)	(2,034)
Short-term life insurance premiums ceded to reinsurers	(45)	(753)
Property and casualty insurance premiums ceded to reinsurers	(11,065)	(10,930)
	(13,304)	(13,717)

(4) Net written premiums

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Net written premiums	229,189	210,801

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

41. Net change in unearned premium reserves

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Unearned premium reserves		
- Direct insurance contracts	17,088	12,184
- Assumed reinsurance contracts	158	126
Sub-total	17,246	12,310
Unearned premium reserves recovered from reinsurers		
- Direct insurance contracts	(1,172)	(1,633)
- Assumed reinsurance contracts	71	53
Sub-total	(1,101)	(1,580)
Net	16,145	10,730

42. Investment income

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Net gains on disposal of stock investments	418	12,753
Net gains on disposal of fund investments	368	2,111
Net gains on disposal of bond investments	218	127
Interest on securities purchased under agreements to resell	86	105
Interest income from debt investments	25,692	24,793
Interest income from other fixed-interest investments	6,717	6,250
Fund dividend income	816	515
Stock dividend income	2,806	1,797
Income from other equity investments	2,753	1,806
Share of profits of associates and joint ventures	395	178
Others	35	18
Total	40,304	50,453

As at the balance sheet date, there was no significant restriction on the repatriation of the Group's investment income.

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

42. Investment income (continued)

(1) Interest and dividend income

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Financial assets at fair value through profit or loss		
- Fixed maturity investments	18	25
- Funds	-	10
- Stocks	-	1
- Other equity investments	394	(1)
Sub-total	412	35
Held-to-maturity financial assets		
- Fixed maturity investments	9,406	7,856
Loans and receivables		
- Fixed maturity investments	17,244	16,859
Available-for-sale financial assets		
- Fixed maturity investments	5,827	6,408
- Funds	816	505
- Stocks	2,806	1,796
- Other equity investments	2,352	1,765
Sub-total	11,801	10,474
Total	38,863	35,224

(2) Realised gains

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Financial assets at fair value through profit or loss		
- Fixed maturity investments	31	128
- Funds	(2)	(28)
- Stocks	5	(7)
- Other equity investments	6	6
- Derivative instruments	35	18
Subtotal	75	117
Available-for-sale financial assets		
- Fixed maturity investments	202	19
- Funds	370	2,139
- Stocks	413	12,760
- Other equity investments	1	36
Subtotal	986	14,954
Held-to-maturity financial assets		
- Fixed maturity investments	(15)	(20)
Total	1,046	15,051

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

43. Losses arising from changes in fair value

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Bond investments	44	70
Derivatives	(84)	36
Stock investments	(2)	3
Wealth management products and other equity instruments	(1,023)	(386)
Total	(1,065)	(277)

44. Other operating income

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Income from assets management fee	1,105	1,320
Rental income from investment properties	366	364
Amortisation of initial policy fee and account management fee	234	222
Others	261	434
Total	1,966	2,340

45. Gains on disposal of assets

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Gains on disposal of fixed assets	-	1

46. Surrenders

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Individual life insurance		
- Direct insurance contracts	11,223	9,727
- Reinsurance contracts	-	1,940
Group life insurance		
- Direct insurance contracts	15	17
Total	11,238	11,684

47. Claims

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Indemnity		
- Direct insurance contracts	51,419	48,231
- Assumed reinsurance contracts	264	313
Sub-total	51,683	48,544
Payment upon maturity - direct insurance contracts	5,089	9,854
Payment upon maturity - reinsurance contracts	-	3
Payment of annuity - direct insurance contracts	7,572	8,683
Payment upon death, injury or medical treatment - direct insurance contracts	6,411	6,329
Payment upon death, injury or medical treatment - reinsurance contracts	1	2
Sub-total	19,073	24,871
Total	70,756	73,415

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

47. Claims (continued)

The breakdown of the Group's claims by types of insurance is as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Property and casualty insurance:		
Automobile insurance	29,053	29,146
Health insurance	4,261	3,095
Agricultural insurance	3,950	2,718
Liability insurance	3,244	2,368
Commercial property insurance	1,556	1,798
Other insurances	4,067	4,085
Sub-total	46,131	43,210
Long-term life insurance:		
Individual insurance		
- Life insurance	9,425	9,495
- Participating insurance	9,293	15,027
- Universal insurance	35	33
Group insurance		
- Life insurance	281	273
- Participating insurance	38	42
- Universal insurance	1	1
Sub-total	19,073	24,871
Short-term life insurance:		
Individual insurance		
- Short-term accident and health insurance	1,024	1,514
Group insurance		
- Short-term accident and health insurance	4,528	3,820
Sub-total	5,552	5,334
Total	70,756	73,415

48. Changes in insurance contract reserves

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Changes in claim reserves		
- Direct insurance contracts	9,875	8,065
- Assumed reinsurance contracts	17	29
Sub-total	9,892	8,094
Changes in life insurance reserves		
- Direct insurance contracts	90,289	78,855
- Assumed reinsurance contracts	82	(1,940)
Sub-total	90,371	76,915
Changes in long-term health insurance reserves		
- Direct insurance contracts	17,749	16,680
Total	118,012	101,689

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

48. Changes in insurance contract reserves (continued)

The particulars of changes in claim reserves under direct insurance contracts are as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Incurred and reported claim reserves	110	(207)
IBNR reserves	9,388	7,886
Claim expense reserves	377	386
Total	9,875	8,065

49. Insurance contract reserves recovered from reinsurers

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Recovery of claim reserves		
- Direct insurance contracts	1,221	837
- Assumed reinsurance contracts	(71)	(1)
Recovery of life insurance reserves		
- Direct insurance contracts	120	161
Recovery of long-term health insurance reserves		
- Direct insurance contracts	295	572
Total	1,565	1,569

50. Taxes and surcharges

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
City maintenance and construction tax	200	188
Educational surcharge	145	137
Others	217	191
Total	562	516

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

51. Commission and brokerage expenses

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Fee		
Property and casualty insurance		
Automobile insurance	3,346	3,508
Liability insurance	1,211	927
Accident insurance	410	837
Commercial property insurance	523	563
Health insurance	397	450
Other insurances	859	623
Sub-total	6,746	6,908
Life insurance	1,150	582
Total	7,896	7,490
Commission		
Commission expenses for single premium policy	360	487
First-year commission expenses for regular premium policy	3,875	7,022
Renewal commission expenses for regular premium policy	2,552	3,674
Total	6,787	11,183
Total of fee and commission expenses	14,683	18,673

52. Operating and administrative expenses

The Group's operating and administrative fee details by items are as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Payroll and welfare benefits	11,038	11,056
Advertising expenses (including business publicity expenses)	2,335	2,222
Professional service fees	1,578	1,454
General office expenses	1,007	1,274
Extraction of insurance guarantee fund	944	749
Outsourcing service fees	940	813
Prevention expenses	679	596
Depreciation of right-of-use assets	674	725
Depreciation of fixed assets	670	708
Amortisation of intangible assets	436	414
Labour costs	364	372
Property management fees	345	327
Consulting fees	329	304
Entrusted management fees	276	127
Amortisation of other long-term assets	197	189
Compulsory automobile rescue fund	107	154
Rent for short-term and low-value asset leases	52	41
Travel expenses	37	79
Transportation expenses	34	33
Audit fee	12	16
Others	1,824	2,139
Total	23,878	23,792

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

53. Interest expenses

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
- Securities sold under agreements to repurchase	896	805
- Unclaimed policy dividend	303	324
- Debt	254	254
- Interest expenses on lease liabilities	52	64
- Others	159	187
Total	1,664	1,634

54. Other operating expenses

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Interest expenses for policyholders' investment contract liabilities	2,387	2,185
Depreciation of investment properties	222	164
Amortisation of fee and commission for acquiring policyholders' investment contract	93	40
Others	380	794
Total	3,082	3,183

55. Asset impairment losses

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Provision for available-for-sale financial assets impairment, net	1,038	1,080
Provision for held-to-maturity financial assets impairment, net	(36)	70
Provision for investments classified as loans and receivables impairment, net	53	69
Provision for bad debts, net	299	506
Total	1,354	1,725

56. Non-operating income

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Custody fees of entrusted operation	15	21
Government subsidies unrelated to ordinary activities	1	7
Others	29	76
Total	45	104

57. Non-operating expenses

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Charitable donations and commercial sponsorship	18	20
Government fines & confiscations and liquidated damages	12	6
Overdue tax payment and fines	-	3
Others	33	33
Total	63	62

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

58. Income tax

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Current income tax	3,510	5,332
Deferred income tax	(2,505)	(1,727)
Total	1,005	3,605

The relationship between income tax expenses and total profit is shown below:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Total profit	14,636	21,400
Taxes calculated at the statutory tax rate of 25%	3,659	5,350
Income tax adjustment for prior years	(75)	(74)
Non-taxable income	(2,654)	(2,056)
Non-deductible expenses	165	115
Others	(90)	270
Income tax calculated at applicable tax rates	1,005	3,605

The income tax of the Group is provided at applicable tax rate in accordance with the estimated taxable income obtained 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.

59. Earnings per share

(1) 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 2022.

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Consolidated net profit for the period attributable to shareholders of the parent	13,301	17,304
Weighted average number of ordinary shares in issue (million)	9,620	9,620
Basic earnings per share (RMB Yuan)	1.38	1.80

(2) Diluted earnings per share

The Company had no dilutive potential ordinary shares during the six-month period ended 30 June 2022 and 2021.

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Consolidated net profit for the period attributable to shareholders of the parent	13,301	17,304
Weighted average number of ordinary shares in issue (million)	9,620	9,620
Adjustment for:		
Assumed vesting of the over-allotment option	-	-
Weighted average number of ordinary shares for diluted earnings per share	9,620	9,620
Diluted earnings per share (RMB Yuan)	1.38	1.80

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

60. Other comprehensive income/ (loss)

	Other comprehensive income/ (loss) in balance sheet			Other comprehensive income/(loss) in income statement						
	As at 1 January 2022	Attributable to the Company - net of tax	As at 30 June 2022	Amount incurred before income tax	Less: Transfer out of other comprehensive income/(loss) in current period	Amount recognised in impairment loss of available-for-sale financial assets in current period	Changes in fair value of available-for-sale financial assets attributable to policyholders	Less: Income tax expenses	Attributable to the Company - net of tax	Attributable to Non-controlling interests - net of tax
Other comprehensive income/(loss) to be reclassified to profit or loss										
Gains or losses arising from changes in fair value of available-for-sale financial assets	19,709	(3,796)	15,913	(11,191)	(401)	1,038	5,312	1,361	(3,796)	(85)
Exchange differences on translation of foreign operations	(54)	51	(3)	52	-	-	-	-	51	1
Total	19,655	(3,745)	15,910	(11,139)	(401)	1,038	5,312	1,361	(3,745)	(84)

	Other comprehensive income/ (loss) in balance sheet			Other comprehensive income/(loss) in income statement						
	As at 1 January 2021	Attributable to the Company - net of tax	As at 30 June 2021	Amount incurred before income tax	Less: Transfer out of other comprehensive income/(loss) in current period	Amount recognised in impairment loss of available-for-sale financial assets in current period	Changes in fair value of available-for-sale financial assets attributable to policyholders	Less: Income tax expenses	Attributable to the Company - net of tax	Attributable to Non-controlling interests - net of tax
Other comprehensive income/(loss) to be reclassified to profit or loss										
Gains or losses arising from changes in fair value of available-for-sale financial assets	22,377	(1,351)	21,026	10,666	(14,954)	1,080	1,365	465	(1,351)	(27)
Exchange differences on translation of foreign operations	(37)	(6)	(43)	(6)	-	-	-	-	(6)	-
Total	22,340	(1,357)	20,983	10,660	(14,954)	1,080	1,365	465	(1,357)	(27)

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

61. Notes to items in consolidated statement of cash flow

(1) Significant payments related to other operating activities are listed below:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Surrenders	11,238	9,744
Advertising expenses (including business publicity expenses)	2,335	2,222
Professional service fees	1,578	1,454
General office expenses	1,007	1,274
Outsourcing service fees	940	813
Prevention expenses	679	596
Labour costs	364	372
Property management fees	345	327
Consulting fees	329	304
Entrusted management fees	276	127

(2) Significant receipt related to other financing activities are listed below:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Cash proceeds from the issue of asset-backed securities	200	2,288

(3) Significant payments related to other financing activities are listed below:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Cash paid for lease payments	746	656

62. Cash and cash equivalents

	30 June 2022	31 December 2021
Cash:		
Cash at bank readily available for payments	32,758	31,428
Other cash balances readily available for payments	552	767
Cash equivalents:		
Investments with an initial term within 3 months	9,300	13,432
Total	42,610	45,627

VII. NOTES TO THE FINANCIAL STATEMENTS (continued)

63. Supplementary information to the cash flow statements

(1) Reconciliation of net profit to cash flows from operating activities:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Net profit	13,631	17,795
Add: Asset impairment losses	1,354	1,725
Net change in insurance contract reserves	116,447	100,120
Net change in unearned premium reserves	16,145	10,730
Changes in insurance premium reserves	390	265
Depreciation of fixed assets and investment properties	928	905
Depreciation of right-of-use assets	829	743
Amortisation of intangible assets	457	414
Amortisation of other long-term assets	199	189
Net gains on disposal of fixed assets, intangible assets and other long-term assets	-	(1)
Investment income	(40,304)	(50,453)
Losses arising from changes in fair value	1,065	277
Interest expenses	1,361	1,123
Exchange (gains)/losses	(788)	197
Deferred income tax	(2,505)	(1,727)
Increase in operating receivables	(22,430)	(20,284)
Increase/(Decrease) in operating payables	2,076	(2,914)
Net cash flows from operating activities	88,855	59,104

(2) Net increase in cash and cash equivalents:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Cash at the end of the period	33,310	24,451
Less: Cash at the beginning of the period	(32,195)	(20,440)
Cash equivalents at the end of the period	9,300	15,823
Less: Cash equivalents at the beginning of the period	(13,432)	(14,327)
Net (decrease)/increase in cash and cash equivalents	(3,017)	5,507

VIII. 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 CPIC Life and CPIC Health) offers a wide range of life and health insurance in RMB;
- The property and casualty insurance segment (including Mainland China segment and Hong Kong segment) provides a wide range of property and causalty insurance in RMB and foreign currencies;
- Other businesses segment mainly provides corporation management and asset management services, etc.

VIII. SEGMENT INFORMATION (continued)

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

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

For the six months ended 30 June 2022, gross written premiums from transactions with the top five external customers amounted to 0.6% (For the six months ended 30 June 2021: 0.9%) of the Group's total gross written premiums (Note VII 40).

Item	For the six months ended 30 June 2022							
	Life and health insurance	Property and casualty insurance				Corporate and others	Eliminations	Total
		Mainland China	Hong Kong	Eliminations	Sub-total			
Gross written premiums	149,925	92,700	285	(74)	92,911	-	(343)	242,493
Less: Premiums ceded to reinsurers	(2,239)	(11,357)	(118)	67	(11,408)	-	343	(13,304)
Net change in unearned premium reserves	(5,036)	(11,109)	(14)	-	(11,123)	-	14	(16,145)
Net premiums earned	142,650	70,234	153	(7)	70,380	-	14	213,044
Including: Net premiums earned from third parties	142,268	70,680	96	-	70,776	-	-	213,044
Net premiums earned within the Group	382	(446)	57	(7)	(396)	-	14	-
Other income	26	33	-	-	33	18	-	77
Investment income	36,333	3,918	(7)	-	3,911	12,127	(12,067)	40,304
Including: Share of profits of associates and joint ventures	336	49	-	-	49	43	(33)	395
(Losses) / Gains arising from changes in fair value	(1,121)	1	-	-	1	55	-	(1,065)
Exchange gains	134	187	3	-	190	464	-	788
Other operating income	962	105	2	-	107	3,345	(2,448)	1,966
Operating income	178,984	74,478	151	(7)	74,622	16,009	(14,501)	255,114
Surrenders	(11,238)	-	-	-	-	-	-	(11,238)
Claims	(24,895)	(46,030)	(141)	40	(46,131)	-	270	(70,756)
Less: Claims recoveries from reinsurers	1,658	5,287	53	(40)	5,300	-	(265)	6,693
Changes in insurance contract reserves	(109,462)	(9,058)	(10)	37	(9,031)	-	481	(118,012)
Less: Insurance contract reserves recovered from reinsurers	333	1,232	13	(37)	1,208	-	24	1,565
Others	(27,036)	(20,244)	(67)	-	(20,311)	(3,914)	2,549	(48,712)
Operating expenses	(170,640)	(68,813)	(152)	-	(68,965)	(3,914)	3,059	(240,460)
Operating profit	8,344	5,665	(1)	(7)	5,657	12,095	(11,442)	14,654
Add: Non-operating income	14	30	-	-	30	1	-	45
Less: Non-operating expenses	(25)	(28)	-	-	(28)	(10)	-	(63)
Profit before tax	8,333	5,667	(1)	(7)	5,659	12,086	(11,442)	14,636
Less: Income tax	540	(1,264)	-	-	(1,264)	(249)	(32)	(1,005)
Net profit for the period	8,873	4,403	(1)	(7)	4,395	11,837	(11,474)	13,631

VIII. SEGMENT INFORMATION (continued)

Item	For the six months ended 30 June 2022							
	Life and health insurance	Property and casualty insurance				Corporate and others	Eliminations	Total
		Mainland China	Hong Kong	Eliminations	Sub-total			
Supplementary information:								
Capital expenditure	5,103	220	-	-	220	41	-	5,364
Depreciation and amortisation	1,289	776	-	-	776	348	-	2,413
Asset impairment losses	988	386	-	-	386	(20)	-	1,354
Interest income	28,491	2,819	7	-	2,826	1,178	-	32,495
30 June 2022								
Long-term equity investments	21,464	411	-	-	411	3,469	(79)	25,265
Financial assets*	1,337,860	108,582	666	-	109,248	119,753	-	1,566,861
Term deposits	166,655	35,262	-	-	35,262	16,437	-	218,354
Others	163,871	96,293	939	(113)	97,119	95,286	(65,440)	290,836
Segment assets	1,689,850	240,548	1,605	(113)	242,040	234,945	(65,519)	2,101,316
Unearned premium reserves	8,434	80,447	182	(53)	80,576	-	(274)	88,736
Claim reserves	7,888	60,666	662	(18)	61,310	-	(805)	68,393
Life insurance reserves	1,217,441	-	-	-	-	-	-	1,217,441
Long-term health insurance reserves	143,547	-	-	-	-	-	-	143,547
Policyholders' deposits and investment contract liabilities	117,270	75	-	-	75	-	-	117,345
Bonds payable	-	9,997	-	-	9,997	-	-	9,997
Securities sold under agreements to repurchase	86,734	4,019	-	-	4,019	3,621	-	94,374
Others	79,408	36,484	329	(43)	36,770	31,972	(18,863)	129,287
Segment liabilities	1,660,722	191,688	1,173	(114)	192,747	35,593	(19,942)	1,869,120

*Financial assets include financial assets at fair value through profit or loss, derivative financial assets, held-to-maturity investments, available-for-sale financial assets and investments classified as loans and receivables.

VIII. SEGMENT INFORMATION (continued)

Item	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 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
Including: Net premiums earned from third parties	135,136	64,838	97	-	64,935	-	-	200,071
Net premiums earned within the Group	737	(936)	72	(8)	(872)	-	135	-
Other income	17	31	-	-	31	73	-	121
Investment income	42,798	4,530	4	-	4,534	17,089	(13,968)	50,453
Including: Share of profits of associates and joint ventures	192	9	-	-	9	(12)	(11)	178
(Losses) / Gains arising from changes in fair value	(288)	(1)	-	-	(1)	12	-	(277)
Exchange losses	(18)	(32)	(4)	-	(36)	(143)	-	(197)
Other operating income	983	103	2	-	105	3,379	(2,127)	2,340
Gains on disposal of assets	-	1	-	-	1	-	-	1
Operating income	179,365	68,534	171	(8)	68,697	20,410	(15,960)	252,512
Surrenders	(11,684)	-	-	-	-	-	-	(11,684)
Claims	(30,678)	(43,044)	(166)	-	(43,210)	-	473	(73,415)
Less: Claims recoveries from reinsurers	1,691	4,817	108	-	4,925	-	(513)	6,103
Changes in insurance contract reserves	(94,003)	(7,320)	(39)	2	(7,357)	-	(329)	(101,689)
Less: Insurance contract reserves recovered from reinsurers	752	999	(18)	(2)	979	-	(162)	1,569
Others	(30,655)	(19,303)	(49)	-	(19,352)	(3,586)	1,555	(52,038)
Operating expenses	(164,577)	(63,851)	(164)	-	(64,015)	(3,586)	1,024	(231,154)
Operating profit	14,788	4,683	7	(8)	4,682	16,824	(14,936)	21,358
Add: Non-operating income	15	38	-	-	38	51	-	104
Less: Non-operating expenses	(14)	(30)	-	-	(30)	(18)	-	(62)
Profit before tax	14,789	4,691	7	(8)	4,690	16,857	(14,936)	21,400
Less: 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

VIII. SEGMENT INFORMATION (continued)

Item	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			
Supplementary information:								
Capital expenditure	123	185	-	-	185	746	-	1,054
Depreciation and amortisation	604	489	-	-	489	1,158	-	2,251
Asset impairment losses	1,090	518	-	-	518	117	-	1,725
Interest income	27,161	2,723	11	-	2,734	1,253	-	31,148
30 June 2021								
Long-term equity investments	24,693	362	-	-	362	1,991	(62)	26,984
Financial assets*	1,244,507	104,349	385	-	104,734	111,456	-	1,460,697
Term deposits	151,435	30,010	-	-	30,010	15,074	-	196,519
Other	153,214	76,399	1,145	(142)	77,402	82,013	(50,665)	261,964
Segment assets	1,573,849	211,120	1,530	(142)	212,508	210,534	(50,727)	1,946,164
Unearned premium reserves	3,622	68,068	174	(57)	68,185	-	(314)	71,493
Claim reserves	7,048	51,609	610	(19)	52,200	-	(828)	58,420
Life insurance reserves	1,129,622	-	-	-	-	-	-	1,129,622
Long-term health insurance reserves	125,798	-	-	-	-	-	-	125,798
Policyholders' deposits and investment contract liabilities	102,780	63	-	-	63	-	-	102,843
Bonds payable	-	9,995	-	-	9,995	-	-	9,995
Securities sold under agreements to repurchase	70,122	-	-	-	-	3,319	-	73,441
Other	95,134	31,403	320	(43)	31,680	27,796	(12,463)	142,147
Segment liabilities	1,534,126	161,138	1,104	(119)	162,123	31,115	(13,605)	1,713,759

*Financial assets include financial assets at fair value through profit or loss, derivative financial assets, held-to-maturity investments, available-for-sale financial assets and investments classified as loans and receivables.

IX. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

1. Cash at bank and on hand

	Currency	30 June 2022		
		Original currency	Exchange rate	RMB
Bank deposits	RMB	915	1.00000	915
	USD	154	6.71140	1,030
	HKD	9	0.85520	8
	Sub-total			1,953
Other cash balances	RMB	7	1.00000	7
Total				1,960

IX. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Cash at bank and on hand (continued)

	Currency	31 December 2021		
		Original currency	Exchange rate	RMB
Bank deposits	RMB	109	1.00000	109
	USD	806	6.37570	5,139
	HKD	9	0.81760	7
	Sub-total			5,255
Other cash balances	RMB	6	1.00000	6
Total				5,261

As at 30 June 2022, the Company's cash at bank and on hand deposited overseas amounted equivalent to RMB8 million (31 December 2021: amounted equivalent to RMB7 million).

2. Financial assets at fair value through profit or loss

	30 June 2022	31 December 2021
Debt investments		
Finance bonds	2	7
Corporate bonds	2	2
Total	4	9

Financial assets at fair value through profit or loss are all financial assets held for trading, and there is no significant restriction on the realisation of investments.

3. Securities purchased under agreements to resell

	30 June 2022	31 December 2021
Securities - bonds		
Stock exchange	-	10

The Company does not sell or re-pledge the collateral underlying the securities purchased under agreements to resell.

4. Term deposits

Term to maturity	30 June 2022	31 December 2021
Within 1 year (inclusive)	10,582	6,278
1 to 2 years (inclusive)	1,500	3,700
2 to 3 years (inclusive)	2,800	1,500
3 to 4 years (inclusive)	-	2,800
Total	14,882	14,278

IX. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

5. Available-for-sale financial assets

Available-for-sale financial assets are summarised by category as follows:

	30 June 2022	31 December 2021
Debt investments		
Government bonds	4,110	4,104
Finance bonds	2,750	2,085
Corporate bonds	14,078	14,964
Wealth investment product	306	-
Equity investments		
Funds	7,948	5,999
Stocks	1,148	1,351
Investments in other equity instruments	2,681	939
Total	33,021	29,442

Related information of available-for-sale financial assets is analysed as follows:

	30 June 2022	31 December 2021
Debt investments		
Fair value	21,244	21,153
Including: Amortised cost	20,665	20,645
Accumulated amount recognised in other comprehensive income	715	717
Total impairment provisions	(136)	(209)
Equity investments		
Fair value	11,777	8,289
Including: Cost	11,222	7,278
Accumulated amount recognised in other comprehensive income	626	1,088
Total impairment provisions	(71)	(77)
Total		
Fair value	33,021	29,442
Including: Amortised cost/Cost	31,887	27,923
Accumulated amount recognised in other comprehensive income	1,341	1,805
Total impairment provisions	(207)	(286)

IX. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

6. Investments classified as loans and receivables

	30 June 2022	31 December 2021
Debt investments		
Debt investment plans	10,925	11,898
Wealth management products	4,862	5,188
Total	15,787	17,086

7. Long-term equity investments

	30 June 2022	31 December 2021
Subsidiaries		
CPIC Property	20,424	20,424
CPIC Life	39,908	39,908
CPIC Asset Management	1,360	1,360
CPIC H.K.	240	240
CPIC Real Estate	115	115
CPIC Investment (H.K.)	21	21
CPIC Online Services	200	200
CPIC Health	3,081	1,465
CPIC Technology	700	-
Consolidated structured entities	1,092	1,252
Total	67,141	64,985

The Company does not have any other items that substantially constitute net investment in subsidiaries.

8. Investment properties

	Buildings
Cost:	
1 January 2021	4,638
Transfer to fixed assets, net	(184)
31 December 2021	4,454
Transfer from fixed assets, net	532
30 June 2022	4,986
Accumulated depreciation:	
1 January 2021	(1,349)
Provision	(143)
Transfer to fixed assets, net	30
31 December 2021	(1,462)
Provision	(74)
Transfer from fixed assets, net	(96)
30 June 2022	(1,632)
Carrying amount:	
30 June 2022	3,354
31 December 2021	2,992

IX. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

8. Investment properties (continued)

The fair values of investment properties of the Company as at 30 June 2022 amounted to RMB6,672 million (31 December 2021: RMB6,146 million), which were estimated by the Company based on the independent appraisers' valuations. The Company leases part of its investment properties to CPIC Property, CPIC Life, Changjiang Pension, CPIC Senior Living Investment, CPIC Health, Pacific Insurance Agency and CPIC Technology, and charges rentals based on the areas occupied by the respective entities. These properties are categorised as fixed assets of the Group in the consolidated balance sheet.

9. Other assets

	30 June 2022	31 December 2021
Dividends receivable	10,776	55
Receivables from subsidiaries	3,150	2,325
Improvements of right-of-use assets	69	82
Prepayments for construction	-	13
Others	166	138
Total	14,161	2,613

10. Securities sold under agreements to repurchase

	30 June 2022	31 December 2021
Securities - bonds		
Inter-bank market	2,060	1,120
Stock exchange	30	-
Total	2,090	1,120

As at 30 June 2022, the Company's bond investments of approximately RMB2,167 million (31 December 2021: RMB1,224 million) were pledged for inter-bank securities sold under agreements to repurchase.

As at 30 June 2022, the Company's standardised bonds of approximately RMB30 million (31 December 2021: nil) were pledged for securities sold at stock exchange under agreements to repurchase.

11. Other liabilities

	30 June 2022	31 December 2021
Dividends payable	9,624	-
Payables for construction and purchasing office buildings	13	26
Payables to subsidiaries	88	25
Others	464	505
Total	10,189	556

IX. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

12. Capital reserves

	30 June 2022	31 December 2021
Capital premium	79,008	79,008
Asset evaluation appreciation	301	301
Others	3	3
Total	79,312	79,312

13. Investment income

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Net gains on sales of stock investments	94	326
Net gains on sales of bond investments	11	5
Net gains on sales of fund investments	57	267
Interest income from securities purchased under agreements to resell	4	2
Interest income from debt investments	846	899
Interest income from other fixed-interest investments	201	241
Stock dividend income	24	14
Fund dividend income	40	14
Income from other equity investments	28	37
Dividend income from subsidiaries	11,520	12,625
Total	12,825	14,430

14. Other comprehensive income/(loss)

	Other comprehensive income/(loss) in balance sheet			Other comprehensive income/(loss) in income statement				
	1 January 2022	Attributable to the Company-net of tax	30 June 2022	Amount incurred before income tax	Less: Transfer out of other comprehensive income/(loss) in current period	Amount recognised in impairment loss of available-for-sale financial assets in current period	Less: Income tax expenses	Attributable to the Company-net of tax
Other comprehensive income/(loss) to be reclassified to profit or loss								
Gains or losses arising from changes in fair value of available-for-sale financial assets	1,354	(349)	1,005	(233)	(160)	(72)	116	(349)

IX. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

14. Other comprehensive income/ (loss) (continued)

	Other comprehensive income/(loss) in balance sheet			Other comprehensive income/(loss) in income statement				
	1 January 2021	Attributable to the Company-net of tax	30 June 2021	Amount incurred before income tax	Less: Transfer out of other comprehensive income/(loss) in current period	Amount recognised in impairment loss of available-for-sale financial assets in current period	Less: Income tax expenses	Attributable to the Company-net of tax
Other comprehensive income/(loss) to be reclassified to profit or loss								
Gains or losses arising from changes in fair value of available-for-sale financial assets	1,548	(169)	1,379	302	(604)	76	57	(169)

15. Supplementary information to the cash flow statements

(1) Reconciliation of net profit to cash flows from operating activities:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Net profit	12,503	13,388
Add: Asset impairment (gains)/losses	(72)	76
Depreciation of fixed assets and investment properties	155	196
Depreciation of right-of-use assets	33	29
Amortisation of intangible assets	54	64
Amortisation of other long-term assets	17	6
Investment income	(12,825)	(14,430)
Interest expenses	13	25
Exchange (gains)/losses	(463)	144
Deferred income tax	(7)	(19)
Decrease/(Increase) in operating receivables	12	(156)
Increase/(Decrease) in operating payables	57	(34)
Net cash flows used in operating activities	(523)	(711)

IX. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (continued)

15. Supplementary information to the cash flow statements (continued)

(2) Net increase in cash and cash equivalents:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Cash at the end of the period	1,960	1,513
Less: Cash at the beginning of the period	(5,261)	(271)
Cash equivalents at the end of the period	-	177
Less: Cash equivalents at the beginning of the period	(10)	(110)
Net (decrease)/increase in cash and cash equivalents	(3,311)	1,309

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Major related parties

During the reporting period, the Company's major related parties comprise:

(1) Subsidiaries of the Company;

(2) Investors who exerts significant influence on the Company;

(3) Joint ventures and associates of the Company;

(4) Key management personnel of the Company and close family members of such individuals;

(5) Enterprise annuity fund established by the Group; and

(6) Legal entities or other organisations other than the Company and its holding subsidiaries, in which the Company's associated natural persons serve as directors and senior management personnel.

Except for being controlled by the state together with the Company, an enterprise that has no other related party relations with the Company is not a related party to the Company.

2. Related party relationships

(1) Related parties controlled by the Company

Related parties controlled by the Company are mainly subsidiaries of the Company. Their basic information and relationships with the Company are set out in Note VI.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

2. Related party relationships (continued)

(2) The movements of registered capital and the percentages of the equity or shares held by the Company are as follows:

Name of investee	Registered capital			Shares or equity held by the Company		
	1 January 2022	Movements for the current period	30 June 2022	1 January 2022	Movements for the current period	30 June 2022
CPIC Property	19,470	-	19,470	98.50%	-	98.50%
CPIC Life	8,420	-	8,420	98.29%	-	98.29%
CPIC Asset Management	2,100	-	2,100	99.67%	-	99.67%
Changjiang Pension	3,000	-	3,000	61.10%	-	61.10%
CPIC H.K.	HKD 250 million	-	HKD 250 million	100.00%	-	100.00%
CPIC Real Estate	115	-	115	100.00%	-	100.00%
CPIC Investment (H.K.)	HKD 200 million	-	HKD 200 million	99.71%	-	99.71%
City Island	USD 50,000	-	USD 50,000	98.29%	-	98.29%
Great Winwick Limited	USD 50,000	-	USD 50,000	98.29%	-	98.29%
Great Winwick (Hong Kong) Limited	HKD 10,000	-	HKD 10,000	98.29%	-	98.29%
Newscott Investments Limited	USD 50,000	-	USD 50,000	98.29%	-	98.29%
Newscott (Hong Kong) Investments Limited	HKD 10,000	-	HKD 10,000	98.29%	-	98.29%
Xin Hui Property	USD 15,600 thousand	-	USD 15,600 thousand	98.29%	-	98.29%
Hehui Real Estate	USD 46,330 thousand	-	USD 46,330 thousand	98.29%	-	98.29%
CPIC Online Services	200	-	200	100.00%	-	100.00%
Tianjin Trophy	354	-	354	98.29%	-	98.29%
CPIC Senior Living Investment	3,000	2,000	5,000	98.29%	-	98.29%
CPIC Health	1,700	1,900	3,600	99.74%	-	99.74%
PAAIC	1,080	-	1,080	66.76%	-	66.76%
Pacific Medical & Healthcare	500	-	500	98.29%	-	98.29%
CPIC Funds	150	-	150	50.83%	-	50.83%
Pacific Insurance Agency	50	-	50	100.00%	-	100.00%
Chengdu Project Company	1,000	-	1,000	98.29%	-	98.29%

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

2. Related party relationships (continued)

(2) The movements of registered capital and the percentages of the equity or shares held by the Company are as follows: (continued)

Name of investee	Registered capital			Shares or equity held by the Company		
	1 January 2022	Movements for the current period	30 June 2022	1 January 2022	Movements for the current period	30 June 2022
Hangzhou Project Company	1,200	-	1,200	98.29%	-	98.29%
Xiamen Project Company	900	-	900	98.29%	-	98.29%
Pacific Care Home at Chengdu	60	-	60	98.29%	-	98.29%
Nanjing Project Company	220	-	220	98.29%	-	98.29%
Pacific Care Home at Dali	608	-	608	74.70%	-	74.70%
Shanghai (Putuo) Project Company	250	-	250	98.29%	-	98.29%
Pacific Care Home at Hangzhou	60	-	60	98.29%	-	98.29%
Wuhan Project Company	980	-	980	98.29%	-	98.29%
CPIC Capital	100	-	100	99.67%	-	99.67%
Shanghai (Chongming) Project Company	800	-	800	98.29%	-	98.29%
Pacific Care Home at Shanghai (Putuo)	30	-	30	98.29%	-	98.29%
Borui Heming	52	-	52	98.29%	-	98.29%
CPIC Life (H.K.)	HKD 1,000 million	-	HKD 1,000 million	98.29%	-	98.29%
Qingdao Project Company	227	-	227	98.29%	-	98.29%
Pacific Care Home at Xiamen	-	40	40	-	98.29%	98.29%
Zhengzhou Project Company	-	650	650	-	98.29%	98.29%
Beijing Project Company	-	800	800	-	98.29%	98.29%
Pacific Technology	-	700	700	-	100.00%	100.00%
Xinbaoyu (Guangzhou) Co., Ltd.	-	3,650	3,650	-	98.46%	98.46%
CPIC Technology Wuhan	-	100	100	-	100.00%	100.00%

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

2. Related party relationships (continued)

(3) Other major related parties

Name of entity	Relationship with the Company
Hwabao Investments Co., Ltd.	Shareholder with over 5% voting rights of the Company
Shenergy (Group) Company Limited	Shareholder with over 5% voting rights of the Company
Shanghai State-Owned Assets Operation Co., Ltd.	Shareholder with over 5% voting rights of the Company
China Baowu Steel Group Corporation Limited	Parent company of shareholders holding over 5% voting rights of the Company
Shanghai International Group Co., Ltd.	Parent company of shareholders holding over 5% voting rights of the Company
Baoshan Iron & Steel Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Shanghai Gas Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Baowu Carbon Technology Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Shanghai Baoxin Software Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Taiyuan Iron & Steel (Group) Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Ningbo Baoxin Stainless Steel Co., Ltd.	Subsidiary of parent company of shareholders holding over 5% voting rights of the Company
Shanghai International Group Asset Management Co., Ltd.	Subsidiary of shareholders holding over 5% voting rights of the Company
Binjiang-Xiangrui	Joint venture of the Company
Taiyi Information Technology	Joint venture of the Company
Dayu Technology	Joint venture of the Company
Aizhu Information	Joint venture of the Company
Euler Hermes	Joint venture of the Company
Dabaoguisheng	Joint venture of the Company
Pacific Orpea	Joint venture of the Company
Ruiyongjing Real Estate	Joint venture of the Company
Juche	Associate of the Company
Zhongdao	Associate of the Company
Zhizhong Hospital	Associate of the Company
Dedao	Associate of the Company
Better Sharing	Associate of the Company
Heji	Associate of the Company
Ningbo Zhilin	Associate of the Company
Beijing Miaoyijia	Associate of the Company
Jiaxing Yishang	Associate of the Company
Lianren Digital Health	Associate of the Company
Xin’an Technology	Associate of the Company
Yangtze River Delta Fund	Associate of the Company
Lingang GLP	Associate of the Company
Hi-Tech	Associate of the Company
Lingang Yunhui	Associate of the Company
Guangci Hospital	Associate of the Company
Shantai Healthcare	Associate of the Company
Taijiashan	Associate of the Company
Science and Technology Innovation Phase II	Associate of the Company
Zhongbao Rongxin	Associate of the Company

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

2. Related party relationships (continued)

(3) Other major related parties (continued)

Name of entity	Relationship with the Company
The Company's enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Property's enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Life's enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Asset Management's enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Online Services's enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Health's enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Senior Living Investment's enterprise annuity plan	Enterprise annuity fund established by the Group
PAAIC's enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Real Estate's enterprise annuity plan	Enterprise annuity fund established by the Group
Pacific Medical & Healthcare's enterprise annuity plan	Enterprise annuity fund established by the Group
CPIC Fund's enterprise annuity plan	Enterprise annuity fund established by the Group
Pacific Insurance Agency annuity plan	Enterprise annuity fund established by the Group
Hwabao WP Fund Management Co., Ltd.	Company of which the Group's related natural persons serve as directors or senior management personnel
Haitong Securities Co., Ltd.	Company of which the Group's related natural persons serve as directors or senior management personnel
Shanghai Haiyan Investment Management Co., Ltd.	Company of which the Group's related natural persons serve as directors or senior management personnel
Swiss Reinsurance Co., Ltd	Company of which the Group's related natural persons serve as directors or senior management personnel
Hwabao Trust Co., Ltd.	Company of which the Group's related natural persons serve as directors or senior management personnel
Baosteel Group Finance Co., Ltd.	Company of which the Group's related natural persons serve as directors or senior management personnel

3. Major transactions with related parties

3.1 Major transactions between the Group and related parties

(1) Sale of insurance contracts

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Baoshan Iron & Steel Co., Ltd.	21	-
China Baowu Steel Group Corporation Limited	5	-
Shanghai International Group Co., Ltd.	2	2
Shanghai Gas Co., Ltd.	2	-
Shanghai International Group Asset Management Co., Ltd.	2	-
Shanghai State-Owned Assets Operation Co., Ltd.	1	2
Haitong Securities Co., Ltd.	1	1
Baowu Carbon Technology Co., Ltd.	1	-
Shanghai Baoxin Software Co., Ltd.	1	-
Taiyuan Iron & Steel (Group) Co., Ltd.	1	-
Ningbo Baoxin Stainless Steel Co., Ltd.	1	-
Shanghai Tobacco Group Co., Ltd. [Note]	-	6
Shanghai Rural Commercial Bank Co., Ltd. [Note]	-	3
Total	38	14

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

3. Major transactions with related parties (continued)

3.1 Major transactions between the Group and related parties (continued)

(1) Sale of insurance contracts (continued)

Sale of insurance contracts to shareholders who individually own more than 5% of voting rights of the Company and the shareholders' parent company was RMB8 million for the six months ended 30 June 2022 (For the six months ended 30 June 2021: RMB10 million).

The Group's above related party transactions were entered into based on normal commercial terms during the normal course of insurance business. For the six months ended 30 June 2022, gross written premiums from related parties accounted for 0.016% (For the six months ended 30 June 2021: 0.006 %).

Note: The transaction amount for the period was calculated since the entity was identified as a related party of the Group.

(2) Fund subscription and redemption transactions

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Hwabao WP Fund Management Co., Ltd.	192	373

(3) Transaction of asset management products

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Hwabao Trust Co., Ltd.	18	-
Baosteel Group Finance Co., Ltd.	360	-
Total	378	-

(4) Distribution of cash dividends

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Shenergy (Group) Company Limited	1,386	1,792
Hwabao Investments Co., Ltd.	1,284	1,670
Shanghai State-Owned Assets Operation Co., Ltd.	634	699
Shanghai Haiyan Investment Management Co., Ltd.	516	659
Total	3,820	4,820

Distribution of cash dividends to shareholders who individually own more than 5% of voting rights of the Company was RMB3,304 million for the six months ended 30 June 2022 (For the six months ended 30 June 2021: RMB4,820 million).

(5) Premiums ceded to reinsurers

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Swiss Reinsurance Company Ltd Note	2,047	-

(6) Expense recoveries from reinsurers

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Swiss Reinsurance Company Ltd Note	619	-

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

3. Major transactions with related parties (continued)

3.1 Major transactions between the Group and related parties (continued)

(7) Claim recoveries from reinsurers

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Swiss Reinsurance Company Ltd Note	980	-

Note: The transaction amount was calculated based on the period in which the company was identified as a related party of the Group during the reporting period.

(8) Remuneration of key management

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Salary and other benefits	12	10

(9) The related party transactions between the Group and the established enterprise annuity funds during the periods are as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Contribution to the enterprise annuity plan	224	230

(10) The major related party transactions between the Group and joint ventures during the periods are as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Binjiang-Xiangrui		
Rental fees for leasing office buildings of Binjiang-Xiangrui	44	40
Payments made on behalf of Binjiang-Xiangrui for the purchase of land, construction cost and related taxes	-	160
Total	44	200
Ruiyongjing Real Estate		
Grant loans	180	223

(11) The major related party transactions between the Group and associates during the periods are as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Purchase services		
Juche	42	95
Zhongdao	61	62
Shantai Healthcare	79	-
Total	182	157

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

3. Major transactions with related parties (continued)

3.2 Major transactions between the Company and related parties

(1) The major related party transactions between the Company and subsidiaries during the periods are as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Purchase of insurance contracts		
CPIC Property	7	7
Rental income from office building		
CPIC Property	49	16
CPIC Life	11	7
Changjiang Pension	4	2
CPIC Senior Living Investment	2	2
CPIC Health	1	1
Pacific Insurance Agency	-	1
CPIC Technology	9	-
Total	76	29
Shared service centre fee		
CPIC Life	80	146
CPIC Property	94	129
CPIC Asset Management	6	10
CPIC Health	5	8
Changjiang Pension	1	2
CPIC Senior Living Investment	1	1
CPIC Online Services	1	-
Pacific Insurance Technology	12	-
Total	200	296
Asset management fee		
CPIC Asset Management	13	13
Medical examination fee		
CPIC Health	-	1
Rental fees for leasing office buildings		
CPIC Property	-	1
Cash dividends received		
CPIC Life	-	9,932
CPIC Property	800	2,493
Total	800	12,425
Capital injection to subsidiaries		
CPIC Life	2,458	-

The rent of the office building charged by the Company from CPIC Property, CPIC Life, Changjiang Pension, CPIC Senior Living Investment, CPIC Health, Pacific Insurance Agency and Pacific Technology is determined at the price negotiated by both parties. The shared service centre fee charged by the Company from CPIC Life, CPIC Property, CPIC Assets Management, CPIC Health, CPIC Senior Living Investment, CPIC Online Services, Changjiang Pension, and Pacific Technology is based on the cost of the service provider and distributed in the proportion mutually agreed by both parties. The rent of the office building paid by the Company to CPIC Property is determined at the price negotiated by both parties. The asset management fee charged by CPIC Assets Management to the Company is determined by considering the type of entrusted assets, the size of the entrusted assets and the actual operating costs. The medical examination fee paid by the Company to CPIC Health is determined at the price negotiated by both parties.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

3. Major transactions with related parties (continued)

3.2 Major transactions between the Company and related parties (continued)

(1) The major related party transactions between the Company and subsidiaries during the periods are as follows: (continued)

On 20 May 2022, the shareholders of CPIC life held 2021 annual general meeting which unanimously approved the proposal on increasing the registered capital of China Pacific Life Insurance Co., Ltd. The Company subscribed 204,644,734 shares with a subscription amount of RMB2,457,783,255.34. After the capital injection, the Company will hold 8,480,863,103 shares of CPIC life with an equity share ratio of 98.292%. On 8 June 2022,The Company's capital injection to CPIC Life was transferred and currently accounted for as other receivables. The Company's capital injection to CPIC Life was approved by the CBIRC in August 2022.

(2) The major related party transactions between the Company and other related parties of the Group during the periods are as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Rental fees for leasing office buildings		
Binjiang-Xiangrui	21	20

4. Receivables from and payables to related parties

(1) Receivables and payables between the Company and its subsidiaries are as follows:

	30 June 2022	31 December 2021
Dividends receivable		
CPIC H.K.	43	41
CPIC Life	6,869	-
CPIC Property	3,611	-
CPIC Asset Management	240	-
Total	10,763	41
Other receivables		
CPIC Health	19	1,630
CPIC Life	2,838	358
CPIC Property	228	310
CPIC Asset Management	25	14
Changjiang Pension	12	10
CPIC Senior Living Investment	5	3
CPIC Technology	22	-
CPIC Online Services	1	-
Total	3,150	2,325
Other payables		
CPIC Asset Management	13	23
Changjiang Pension	-	2
CPIC Technology	72	-
CPIC Real Estate	3	-
Total	88	25

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Receivables from and payables to related parties (continued)

(2) Receivables between the Group and its joint ventures are as follows:

	30 June 2022	31 December 2021
Other receivables		
Binjiang-Xiangrui	1,774	1,774
Investments classified as loans and receivables		
Ruiyongjing Real Estate	3,634	3,454

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

(3) Receivables and payables between the Group and other related parties are as follows:

	30 June 2022	31 December 2021
Reinsurance receivables		
Swiss Reinsurance Company Ltd	1,344	1,024
Reinsurance payables		
Swiss Reinsurance Company Ltd	1,358	788

XI. CONTINGENCIES

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 2022, 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.

XII. COMMITMENTS

1. Major projects with capital commitments

		30 June 2022	31 December 2021
Capital commitments			
Contracted, but not provided for	(1)(2)(3)	18,541	7,756
Authorised, but not contracted for	(1)(2)	7,174	6,149
		25,715	13,905

As at 30 June 2022, major projects with capital commitments were as follows:

(1) CPIC Life and CPIC Senior Living Investment obtained the use rights of eleven parcels of land located at Wenjiang District in Chengdu, Sichuan, etc., and set up eleven project companies named Chengdu Project Company, etc., accordingly as the owners of the land use rights to parcels of land and construction development subjects for the construction project "CPIC Home". The estimated total investment of the above eleven projects is approximately RMB12,364 million. As at 30 June 2022, the cumulative amount incurred amounted to approximately RMB4,634 million. Of the balance, approximately RMB2,706 million was disclosed as a capital commitment contracted but not provided for and approximately RMB5,024 million was disclosed as a capital commitment authorised but not contracted for.

XII. COMMITMENTS (continued)

1. Major projects with capital commitments (continued)

(2) 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 Ruiyongjing Real Estate is approximately RMB21,400 million, CPIC Life agreed to provide additional loan of no more than RMB250 million for Ruiyongjing Real Estate. The registered capital of Ruiyongjing Real Estate is RMB14,050 million, of which CPIC Life shall make a contribution of RMB9,835 million, representing 70% of the registered capital. In addition, CPIC Life will provide shareholder's loans to Ruiyongjing Real Estate, which are estimated to be approximately RMB7,600 million. The total amount of the above two contributions to be made by CPIC Life is estimated to be RMB17,435 million. As at 30 June 2022, the cumulative amount incurred by CPIC Life amounted to approximately RMB13,469 million. Of the balance, approximately RMB1,816 million was disclosed as a capital commitment contracted but not provided for and approximately RMB2,150 million was disclosed as a capital commitment authorised but not contracted for.

(3) CPIC Life and a third party jointly established Taijiashan. The total investment of this project is approximately RMB5,050 million. Among which CPIC Life subscribed capital contribution of 5,000 million, accounting for 99.01% of the capital. As at 30 June 2022, CPIC Life has cumulatively made a capital contribution of 2,500 million. Of the balance, RMB2,500 million was disclosed as a capital commitment contracted but not provided for.

2. 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 2022	31 December 2021
Within 1 year (inclusive 1 year)	947	821
1 to 2 years (inclusive 2 years)	667	604
2 to 3 years (inclusive 3 years)	507	420
3 to 5 years (inclusive 5 years)	371	448
More than 5 years	161	22
	2,653	2,315

XIII. RISK MANAGEMENT

1. Insurance risk

(1) Category of insurance risk

The risk under an insurance contract arises from the possibility of occurrence of an insured event and the uncertainty of the amount as well as time of any resulting claim. The major risk the Group faces under such contracts is that the actual claims payments and the costs of claims settlement exceed the carrying amount of insurance contract reserves, which are affected by factors such as claim frequency, severity of claim, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

Insurance risk could occur due to any of the following factors:

Occurrence risk - the possibility that the number of insured events will differ from that expected;

Severity risk - the possibility that the cost of the events will differ from that expected;

Development risk - the possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period.

XIII. RISK MANAGEMENT (continued)

1. Insurance risk (continued)

(1) Category of insurance risk (continued)

The above risk exposure is mitigated by the diversification across a large portfolio of insurance contracts. The variability of risks is also reduced by careful selection and implementation of underwriting strategy and guidelines, as well as the use of reinsurance arrangements.

The businesses of the Group mainly comprise long-term life insurance contracts (mainly including life insurance and long-term health insurance), short-term life insurance contracts (mainly including short-term health insurance and accident insurance) and property and casualty insurance contracts. For contracts where death is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. For property and casualty insurance contracts, claims are often affected by natural disasters, calamities, terrorist attacks, etc.

Currently, the Group's insurance risk does not vary significantly in relation to the locations of the risks insured by the Group whilst undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

There would be no significant mitigating terms and conditions that reduce the insured risk accepted for contracts with fixed and guaranteed benefits and fixed future premiums. Meanwhile, insurance risk is also affected by the policyholders' rights to terminate the contract, to pay reduced premiums, to refuse to pay premiums or to avail the guaranteed annuity option. Thus, the resultant insurance risk is subject to the policyholders' behavior and decisions.

In order to manage insurance risks more effectively, the Group manages insurance risks through reinsurance to reduce the effect of potential losses to the Group. Two major types of reinsurance agreements, ceding on a quota share basis or a surplus basis, are usually used to cover insurance liability risk, with retention limits varying by product line and territory. The reinsurance contract basically covers all insurance contracts with risk liability. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders. The Group's placement of reinsurance is diversified such that neither it is dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

(2) Concentration of insurance risk

Currently, the Group's insurance risk does not vary significantly in relation to the locations of the risks insured by the Group whilst undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Group's concentration of insurance risk is reflected by its major lines of business as analysed by premium income in Note VII 40.

(3) Assumptions and sensitivities

Long-term life insurance contracts

Assumptions

Material judgement is required in determining insurance contract reserves and in choosing discount rate assumption, insurance incident occurrence rate assumption (mainly including mortality and morbidity), surrender rate assumption, expense assumption and policy dividend assumption relating to long-term life insurance contracts. These measurement assumptions are based on current information available at the balance sheet date.

XIII. RISK MANAGEMENT (continued)

1. Insurance risk (continued)

(3) Assumptions and sensitivities (continued)

Long-term life insurance contracts (continued)

Sensitivities

As the relationship between the various assumptions cannot be reliably measured, the Group has measured the impact on insurance contract reserves of long-term life insurance contract reserves using sensitivity analysis of certain independently varying assumptions under reasonable and possible circumstances.

	30 June 2022				
	Changes in assumptions	Impact on long-term life insurance reserves (Decrease)/ Increase	Impact on long-term life insurance reserves (percentage)	Impact on long-term health insurance reserves (Decrease)/ Increase	Impact on long-term health insurance reserves (percentage)
Discount rates	+ 25 basis points	(18,063)	-1.50%	(9,141)	-6.37%
	- 25 basis points	19,461	1.62%	9,837	6.85%
Mortality rate	+10%	1,964	0.16%	(186)	-0.13%
	-10%	(1,968)	-0.16%	204	0.14%
Morbidity rate	+10%	460	0.04%	19,778	13.78%
	-10%	(496)	-0.04%	(20,280)	-14.13%
Surrender rate	+10%	(3,518)	-0.29%	275	0.19%
	-10%	3,706	0.31%	(203)	-0.14%
Expenses	+10%	5,847	0.49%	1,370	0.95%
	-10%	(5,847)	-0.49%	(1,370)	-0.95%
Policy dividend	+5%	18,259	1.52%	(136)	-0.09%

	31 December 2021				
	Changes in assumptions	Impact on long-term life insurance reserves (Decrease)/ Increase	Impact on long-term life insurance reserves (percentage)	Impact on long-term health insurance reserves (Decrease)/ Increase	Impact on long-term health insurance reserves (percentage)
Discount rates	+ 25 basis points	(17,152)	-1.55%	(8,850)	-7.04%
	- 25 basis points	18,497	1.67%	9,539	7.58%
Mortality rate	+10%	1,985	0.18%	(186)	-0.15%
	-10%	(1,985)	-0.18%	203	0.16%
Morbidity rate	+10%	501	0.05%	19,640	15.61%
	-10%	(538)	-0.05%	(20,139)	-16.01%
Surrender rate	+10%	(3,302)	-0.30%	446	0.35%
	-10%	3,518	0.32%	(376)	-0.30%
Expenses	+10%	5,914	0.53%	1,332	1.06%
	-10%	(5,914)	-0.53%	(1,332)	-1.06%
Policy dividend	+5%	18,006	1.63%	(124)	-0.10%

XIII. RISK MANAGEMENT (continued)

1. Insurance risk (continued)

(3) Assumptions and sensitivities (continued)

Property and casualty and short-term life insurance contracts

Assumptions

The calculation for claim reserves is based on the Group's past claim development experience, including assumptions in respect of average claim costs, claim expenses, inflation factors and number of claims for each accident period. Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future (for example, changes in external factors such as one-off events, public attitudes to claims, market factors such as economic conditions, judicial decisions and government legislation, as well as changes in internal factors such as portfolio mix, policy conditions and claims handling procedures).

Other key assumptions include risk margin, delays in settlement, etc.

Sensitivities

Changes in above key assumptions will affect the claim reserves for property and casualty and short-term life insurance. The sensitivity of certain variables including legislative change, uncertainty in the estimation process, etc., is not possible to quantify.

A respective percentage change in average claim costs or claim numbers alone results in a similar percentage change in claim reserves. When other assumptions remain unchanged, a 5% increase in average claim costs will result in an increase of approximately RMB2,566 million and RMB336 million in net outstanding claim reserves for property and casualty and short-term life insurance as at 30 June 2022 (31 December 2021: approximately RMB2,174 million and RMB289 million).

The development table of gross claim reserves for the property and casualty insurance of the Group:

	Property and casualty insurance (Accident year)					
	2018	2019	2020	2021	For the six months ended 30 June 2022	Total
Estimate of ultimate claim cost as of:						
End of current year/period	64,450	71,637	81,244	101,908	54,728	
One year later	64,051	71,010	80,052	100,071		
Two years later	63,170	70,608	79,977			
Three years later	62,484	70,157				
Four years later	62,454					
Current estimate of cumulative claims	62,454	70,157	79,977	100,071	54,728	367,387
Cumulative payments to date	(61,671)	(68,428)	(74,658)	(80,882)	(24,528)	(310,167)
Prior year adjustment, unallocated loss adjustment expenses, assumed business, discount and risk margin						4,091
Outstanding claim reserves						61,311

XIII. RISK MANAGEMENT (continued)

1. Insurance risk (continued)

(3) Assumptions and sensitivities (continued)

Property and casualty and short-term life insurance contracts (continued)

The development table of net claim reserves for the property and casualty insurance of the Group:

	Property and casualty insurance (Accident year)					
	2018	2019	2020	2021	For the six months ended 30 June 2022	Total
Estimate of ultimate claim cost as of:						
End of current year/period	56,073	62,405	71,681	89,762	47,963	
One year later	55,809	61,783	70,520	88,475		
Two years later	55,001	61,350	70,443			
Three years later	54,379	61,071				
Four years later	54,364					
Current estimate of cumulative claims	54,364	61,071	70,443	88,475	47,963	322,316
Cumulative payments to date	(54,010)	(59,881)	(66,074)	(72,299)	(22,260)	(274,524)
Prior year adjustment, unallocated loss adjustment expenses, assumed business, discount and risk margin						3,520
Outstanding claim reserves						51,312

The development table of gross claim reserves for the short-term life insurance of the Group:

	Short-term life insurance (Accident year)					
	2018	2019	2020	2021	For the six months ended 30 June 2022	Total
Estimate of ultimate claim cost as of:						
End of current year/period	4,112	4,628	4,696	4,913	2,069	
One year later	3,796	4,307	4,266	4,739		
Two years later	3,798	4,358	4,301			
Three years later	3,829	4,319				
Four years later	3,795					
Current estimate of cumulative claims	3,795	4,319	4,301	4,739	2,069	19,223
Cumulative payments to date	(3,791)	(4,286)	(4,123)	(4,126)	(1,035)	(17,361)
Prior year adjustment, unallocated loss adjustment expenses, assumed business, discount and risk margin						5,220
Outstanding claim reserves						7,082

XIII. RISK MANAGEMENT (continued)

1. Insurance risk (continued)

(3) Assumptions and sensitivities (continued)

Property and casualty and short-term life insurance contracts (continued)

The development table of net claim reserves for the short-term life insurance of the Group:

	Short-term life insurance (Accident year)					
	2018	2019	2020	2021	For the six months ended 30 June 2022	Total
Estimate of ultimate claim cost as of:						
End of current year/period	3,355	3,058	3,440	3,967	1,830	
One year later	3,210	3,163	3,339	3,760		
Two years later	3,216	3,222	3,342			
Three years later	3,241	3,192				
Four years later	3,213					
Current estimate of cumulative claims	3,213	3,192	3,342	3,760	1,830	15,337
Cumulative payments to date	(3,210)	(3,161)	(3,194)	(3,349)	(911)	(13,825)
Prior year adjustment, unallocated loss adjustment expenses, assumed business, discount and risk margin						5,208
Outstanding claim reserves						6,720

2. Financial instrument risk

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk principally comprises three types of risks, namely interest rate risk arising from market interest rates, price risk arising from market prices and currency risk arising from foreign exchange rates.

The following policies and procedures are in place to mitigate the Group's exposure to market risk:

- A market risk policy of the Group setting out the assessment and determination of what constitutes market risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the risk management committee of the Group. The policy is reviewed regularly by the management of the Group for pertinence and for changes in the risk environment.
- With proper asset allocation and risk limits on portfolio level, the Group ensures both that assets are sufficient for specific policyholder liabilities and that assets are held to deliver income and gains expected by policyholders.

(1) Currency risk

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates.

Since the Group operates principally in Mainland China, the Group has only limited exposure to currency risk, which arises primarily from certain insurance policies denominated in foreign currencies, bank deposits and securities denominated in the foreign currency.

XIII. RISK MANAGEMENT (continued)

2. Financial instrument risk (continued)

Market risk (continued)

(1) Currency risk (continued)

The following tables summarise the Group's financial assets, financial liabilities, reinsurers' share of reserves and reserve liabilities by major currency:

	30 June 2022				
	RMB	USD (in RMB)	HKD (in RMB)	Other Currencies (in RMB)	Total
Cash at bank and on hand	27,777	4,000	1,938	3	33,718
Financial assets at fair value through profit or loss	14,051	604	-	-	14,655
Derivative financial assets	2	207	-	19	228
Securities purchased under agreements to resell	9,300	-	-	-	9,300
Premium receivables	48,005	925	84	-	49,014
Reinsurance receivables	7,029	1,306	214	-	8,549
Reinsurers' share of unearned premium reserves	8,937	-	78	-	9,015
Reinsurers' share of claim reserves	10,068	-	293	-	10,361
Reinsurers' share of life insurance reserves	2,030	-	-	-	2,030
Reinsurers' share of long-term health insurance reserves	12,180	-	-	-	12,180
Interest receivables	18,689	50	1	-	18,740
Policy loans	68,677	-	-	-	68,677
Term deposits	211,397	6,957	-	-	218,354
Available-for-sale financial assets	652,549	9,642	2,400	170	664,761
Held-to-maturity financial assets	488,633	168	-	-	488,801
Investments classified as loans and receivables	398,416	-	-	-	398,416
Restricted statutory deposits	7,368	-	-	-	7,368
Others	14,755	173	162	-	15,090
Sub-total	1,999,863	24,032	5,170	192	2,029,257
Derivative financial liabilities	3	51	-	-	54
Securities sold under agreements to repurchase	94,374	-	-	-	94,374
Commission and brokerage payable	4,917	-	-	-	4,917
Reinsurance payables	8,342	891	277	-	9,510
Interest payable	552	-	-	-	552
Claims payable	21,852	-	-	-	21,852
Policyholder dividend payable	22,942	-	-	-	22,942
Policyholders' deposits and investment contract liabilities	117,345	-	-	-	117,345
Unearned premium reserves	88,607	-	129	-	88,736
Claim reserves	67,747	-	646	-	68,393
Life insurance reserves	1,217,436	-	5	-	1,217,441
Long-term health insurance reserves	143,547	-	-	-	143,547
Bonds payable	9,997	-	-	-	9,997
Lease liabilities	2,875	-	9	-	2,884
Others	39,205	249	171	-	39,625
Sub-total	1,839,741	1,191	1,237	-	1,842,169
Net amount	160,122	22,841	3,933	192	187,088

XIII. RISK MANAGEMENT (continued)

2. Financial instrument risk (continued)

Market risk (continued)

(1) Currency risk (continued)

	31 December 2021				
	RMB	USD (in RMB)	HKD (in RMB)	Other Currencies (in RMB)	Total
Cash at bank and on hand	24,726	6,873	946	-	32,545
Financial assets at fair value through profit or loss	11,755	598	-	-	12,353
Derivative financial assets	-	254	-	5	259
Securities purchased under agreements to resell	13,432	-	-	-	13,432
Premium receivables	25,299	460	44	-	25,803
Reinsurance receivables	10,024	862	205	-	11,091
Reinsurers' share of unearned premium reserves	7,833	-	81	-	7,914
Reinsurers' share of claim reserves	8,894	-	270	-	9,164
Reinsurers' share of life insurance reserves	1,910	-	-	-	1,910
Reinsurers' share of long-term health insurance reserves	11,884	-	-	-	11,884
Interest receivables	20,420	5	2	-	20,427
Policy loans	66,950	-	-	-	66,950
Term deposits	189,893	6,626	-	-	196,519
Available-for-sale financial assets	633,745	8,069	2,508	1,059	645,381
Held-to-maturity financial assets	396,242	186	-	-	396,428
Investments classified as loans and receivables	406,276	-	-	-	406,276
Restricted statutory deposits	7,428	-	-	-	7,428
Others	12,255	102	239	-	12,596
Sub-total	1,848,966	24,035	4,295	1,064	1,878,360
Derivative financial liabilities	-	1	-	-	1
Securities sold under agreements to repurchase	73,441	-	-	-	73,441
Commission and brokerage payable	3,695	-	-	-	3,695
Reinsurance payables	7,060	307	271	-	7,638
Interest payable	517	-	-	-	517
Claims payable	21,526	-	-	-	21,526
Policyholder dividend payable	24,176	-	-	-	24,176
Policyholders' deposits and investment contract liabilities	102,843	-	-	-	102,843
Unearned premium reserves	71,376	-	117	-	71,493
Claim reserves	57,829	-	591	-	58,420
Life insurance reserves	1,129,622	-	-	-	1,129,622
Long-term health insurance reserves	125,798	-	-	-	125,798
Bonds payable	9,995	-	-	-	9,995
Lease liabilities	3,102	-	3	-	3,105
Others	35,972	250	42	-	36,264
Sub-total	1,666,952	558	1,024	-	1,668,534
Net amount	182,014	23,477	3,271	1,064	209,826

XIII. RISK MANAGEMENT (continued)

2. Financial instrument risk (continued)

Market risk (continued)

(1) Currency risk (continued)

Exchange rates used by the Group by major currencies:

	30 June 2022		31 December 2021	
	USD	HKD	USD	HKD
Exchange rate	6.71140	0.85520	6.37570	0.81760

Sensitivities

The analysis below is performed for reasonably possible movements in foreign exchange rate, with all other variables held constant, for the following financial instruments, showing the pre-tax impact on profit before tax and equity.

Sensitivity analysis below shows changes in spot and forward exchange rates, and reflects the pre-tax impact on profit before tax and equity arising from monetary financial assets and liabilities denominated in foreign currency as at the dates indicated.

USD, HKD and other currencies to RMB exchange rate	30 June 2022	
	Impact on profit before tax	Impact on equity
+5%	959	1,519
-5%	(959)	(1,519)

USD, HKD and other currencies to RMB exchange rate	31 December 2021	
	Impact on profit before tax	Impact on equity
+5%	650	1,203
-5%	(650)	(1,203)

The impact on equity arising from monetary financial assets and liabilities denominated in foreign currency shown above is the total impact from both profit before tax and fair value change.

(2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and floating rate instruments. The policy also requires it to manage the maturity of interest-bearing financial assets and interest-bearing financial liabilities. Interest on floating rate instruments is generally repriced once a year. Interest on fixed rate instruments is priced on initial recognition of related financial instruments and remains constant until maturity date.

The Group is not exposed to significant concentration risks arising from interest rate risk on interest-bearing financial instruments.

The tables below summarise major interest-bearing financial instruments of the Group by contractual/estimated re-pricing date or maturity date. Other financial instruments not included in the following tables are interest-free and not exposed to interest rate risk:

XIII. RISK MANAGEMENT (continued)

2. Financial instrument risk (continued)

Market risk (continued)

(2) Interest rate risk (continued)

	30 June 2022					
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	Floating rate	Total
Financial assets:						
Deposits with original maturity of no more than three months	2,440	-	-	-	31,278	33,718
Debt investments at fair value through profit or loss	863	701	782	309	-	2,655
Securities purchased under agreements to resell	9,300	-	-	-	-	9,300
Policy loans	68,677	-	-	-	-	68,677
Term deposits	85,699	81,905	50,750	-	-	218,354
Available-for-sale debt investments	36,150	51,452	44,433	166,674	97	298,806
Held-to-maturity financial assets	14,359	24,818	9,612	440,012	-	488,801
Investments classified as loans and receivables	27,023	114,626	62,907	193,860	-	398,416
Restricted statutory deposits	2,086	4,052	1,230	-	-	7,368
Financial liabilities:						
Securities sold under agreements to repurchase	94,374	-	-	-	-	94,374
Policyholders' deposits and investment contract liabilities	2,357	1,847	8,788	104,353	-	117,345
Bonds payable	4,999	4,998	-	-	-	9,997

	31 December 2021					
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	Floating rate	Total
Financial assets:						
Deposits with original maturity of no more than three months	2,487	-	-	-	30,058	32,545
Debt investments at fair value through profit or loss	1,308	659	17	12	-	1,996
Securities purchased under agreements to resell	13,432	-	-	-	-	13,432
Policy loans	66,950	-	-	-	-	66,950
Term deposits	23,837	123,577	49,105	-	-	196,519
Available-for-sale debt investments	64,347	45,692	39,459	145,766	-	295,264
Held-to-maturity financial assets	10,109	27,483	14,282	344,554	-	396,428
Investments classified as loans and receivables	29,910	77,456	115,181	183,729	-	406,276
Restricted statutory deposits	1,758	4,900	770	-	-	7,428
Financial liabilities:						
Securities sold under agreements to repurchase	73,441	-	-	-	-	73,441
Policyholders' deposits and investment contract liabilities	2,562	1,467	5,748	93,066	-	102,843
Bonds payable	-	-	-	9,995	-	9,995

Interest rates on floating rate bonds/liabilities are re-priced when the benchmark interest rates are adjusted.

XIII. RISK MANAGEMENT (continued)

2. Financial instrument risk (continued)

Market risk (continued)

(2) Interest rate risk (continued)

Sensitivities

The analysis below is performed for reasonably possible movements in interest rate, with all other variables held constant, for the following financial instruments, showing the pre-tax impact on profit before tax and equity. Since almost all financial instruments of the Group that bear interest rate risks are financial instruments denominated in RMB, the sensitivity analysis below only shows the pre-tax impact of RMB financial instruments on the Group's profit before tax and equity when RMB interest rate changes.

Sensitivities on fixed-rate financial instruments

As at the balance sheet date, the Group's fixed-rate financial instruments exposed to interest rate risk mainly include financial assets at fair value through profit or loss and available-for-sale financial assets. The following tables show the pre-tax impact on profit before tax (fair value change on held-for-trading bonds) and equity (fair value change on held-for-trading bonds combined with fair value change on available-for-sale bonds).

Change in RMB interest rate	30 June 2022	
	Impact on profit before tax	Impact on equity
+50 basis points	(8)	(6,609)
-50 basis points	8	7,332

Change in RMB interest rate	31 December 2021	
	Impact on profit before tax	Impact on equity
+50 basis points	(12)	(6,314)
-50 basis points	12	7,002

The above impact on equity represents adjustments to profit before tax and changes in fair value of fixed-rate financial instruments.

Sensitivities on floating-rate financial instruments

The following tables show the pre-tax impact of floating-rate financial assets and liabilities on the Group's profit before tax and equity due to changes in interest rate as at the balance sheet date.

Change in RMB interest rate	30 June 2022	
	Impact on profit before tax	Impact on equity
+50 basis points	118	118
-50 basis points	(118)	(118)

Change in RMB interest rate	31 December 2021	
	Impact on profit before tax	Impact on equity
+50 basis points	112	112
-50 basis points	(112)	(112)

The above impact on equity represents adjustments of floating-rate financial assets and liabilities to profit before tax.

XIII. RISK MANAGEMENT (continued)

2. Financial instrument risk (continued)

Market risk (continued)

(3) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), regardless of whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group's price risk policy requires it to manage such risk by setting and monitoring investment objectives, adopting related strategies and managing fluctuations arising from price risk in operating performance.

Equity investments exposed to market price risk mainly consist of stocks and equity investment funds. The Group applies the five-day market price value-at-risk ("VAR") technique to estimate its risk exposure to listed stocks and equity investment funds. VAR calculation is made based on the normal market condition and a 95% confidence level.

As at 30 June 2022, the estimated impact on equity investment for listed stocks and equity investment funds, using the VAR technique, was RMB5,959 million (31 December 2021: RMB5,586 million).

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The Group is exposed to credit risks primarily associated with deposit arrangements with commercial banks, investments in bonds, premium receivables, reinsurance arrangements with reinsurers, securities purchased under agreements to resell, policy loans, and investments classified as loans and receivables.

Due to the restriction of CBIRC, majority of the Group's financial assets are government bonds, agency bonds, corporate bonds, term deposits, debt investment plans and wealth management products. Term deposits are saved in national commercial banks or comparatively sound financial institutions, and most of corporate bonds, debt investment plans and wealth management products are guaranteed by qualified institutions. Hence, the related credit risk of the investment should be regarded as relatively low. Meanwhile, the Group will perform credit assessments and risk appraisals for each investment before signing contracts, and determine to invest in those programs released by highly rated issuers and project initiators.

For securities purchased under agreements to resell and policy loans, there is a security pledge and the maturity period is less than one year. Premium receivables from life insurance are mainly renew premium within grace period. Hence, the related credit risk should not have significant impact on the Group's consolidated financial statements as at 30 June 2022 and 31 December 2021. The credit risk associated with the premium receivables from property and casualty insurance mainly arises from corporate customers. The Group grants a short credit period and arranges instalment payment to reduce the credit risk. The Group performs regular credit assessment of the reinsurance companies. Reinsurance of the Group is mainly placed with highly rated reinsurance companies.

The Group mitigates credit risk by utilising credit control policies, undertaking credit analysis on potential investments, and imposing aggregate counterparty exposure limits.

The carrying amount of financial assets included on the consolidated balance sheet represents the maximum credit risk exposure at the reporting date without taking account of the effect of mitigation through any collateral held or other credit enhancements.

XIII. RISK MANAGEMENT (continued)

2. Financial instrument risk (continued)

Credit risk (continued)

	30 June 2022						
		Past due but not impaired					
	Not due and not impaired	Within 30 days	31 to 90 days	More than 90 days	Total past due but not impaired	Financial assets with impairment considered	Total
Cash at bank and on hand	33,718	-	-	-	-	-	33,718
Debt investments at fair value through profit or loss	2,655	-	-	-	-	-	2,655
Securities purchased under agreements to resell	9,300	-	-	-	-	-	9,300
Premium receivables	46,506	-	-	-	-	2,508	49,014
Reinsurance receivables	8,181	-	-	-	-	368	8,549
Interest receivables	18,740	-	-	-	-	-	18,740
Policy loans	68,677	-	-	-	-	-	68,677
Term deposits	218,354	-	-	-	-	-	218,354
Available-for-sale debt investments	292,661	-	-	-	-	6,145	298,806
Held-to-maturity financial assets	488,431	-	-	-	-	370	488,801
Investments classified as loans and receivables	398,064	-	-	-	-	352	398,416
Restricted statutory deposits	7,368	-	-	-	-	-	7,368
Others	14,907	-	-	-	-	183	15,090
Total	1,607,562	-	-	-	-	9,926	1,617,488

	31 December 2021						
		Past due but not impaired					
	Not due and not impaired	Within 30 days	31 to 90 days	More than 90 days	Total past due but not impaired	Financial assets with impairment considered	Total
Cash at bank and on hand	32,545	-	-	-	-	-	32,545
Debt investments at fair value through profit or loss	1,996	-	-	-	-	-	1,996
Securities purchased under agreements to resell	13,432	-	-	-	-	-	13,432
Premium receivables	22,839	-	-	-	-	2,964	25,803
Reinsurance receivables	10,909	-	-	-	-	182	11,091
Interest receivables	20,427	-	-	-	-	-	20,427
Policy loans	66,950	-	-	-	-	-	66,950
Term deposits	196,519	-	-	-	-	-	196,519
Available-for-sale debt investments	289,559	-	-	-	-	5,705	295,264
Held-to-maturity financial assets	396,135	-	-	-	-	293	396,428
Investments classified as loans and receivables	406,110	-	-	-	-	166	406,276
Restricted statutory deposits	7,428	-	-	-	-	-	7,428
Others	12,428	-	-	-	-	168	12,596
Total	1,477,277	-	-	-	-	9,478	1,486,755

XIII. RISK MANAGEMENT (continued)

2. Financial instrument risk (continued)

Liquidity risk

Liquidity risk is the risk of capital shortage in the performance of obligations associated with financial liabilities.

Liquidity risk may result from the surrender, reduction or early termination of insurance contracts in other forms, the indemnity and payment, and the daily expenses of the Group. Where permitted by the regulatory framework and market environment, the Group seeks to manage the liquidity risk mainly by matching the term of investment assets with the maturity of corresponding insurance liabilities and maintaining sufficient liquidity of investment assets, so as to repay debts and provide funds for investment activities in a timely manner.

The following policies and procedures are in place to mitigate the Group's exposure to liquidity risk:

- Setting up a liquidity risk policy for the assessment and determination of what constitutes liquidity risk for the Group. Compliance with the policy is monitored, and exposures and breaches of the policy are reported to the Company's risk management committee. The policy is regularly reviewed by the management of the Group for pertinence and for changes in the risk environment;
- Setting out guidelines on asset allocation, portfolio limit structures and the maturity profiles of assets in order to ensure that sufficient funding is available for the Group to meet insurance and investment contract obligations; and
- Setting up liquidity emergency plans which specify the sources of emergency funds, the minimum amount of daily reserve funds, and the specific events that would trigger such plans.

The tables below summarise the maturity profiles of the main financial assets and financial liabilities of the Group based on undiscounted contractual cash flows and remaining maturity of expected cash flows:

	30 June 2022					
	On demand/ Overdue	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Financial assets:						
Cash at bank and on hand	31,278	2,440	-	-	-	33,718
Financial assets at fair value through profit or loss	61	1,337	1,528	328	11,564	14,818
Derivative financial assets	-	22	206	-	-	228
Securities purchased under agreements to resell	-	9,302	-	-	-	9,302
Premium receivables	13,938	28,146	7,913	125	-	50,122
Reinsurance receivables	-	8,796	-	-	-	8,796
Policy loans	-	70,521	-	-	-	70,521
Term deposits	-	91,017	150,456	-	-	241,473
Available-for-sale financial assets	290	49,739	130,386	277,588	364,479	822,482
Held-to-maturity financial assets	-	35,725	111,235	803,357	-	950,317
Investments classified as loans and receivables	-	46,323	233,483	223,609	-	503,415
Restricted statutory deposits	-	2,330	5,823	-	-	8,153
Others	10,162	5,080	35	-	-	15,277
Sub-total	55,729	350,778	641,065	1,305,007	376,043	2,728,622

XIII. RISK MANAGEMENT (continued)

2. Financial instrument risk (continued)

Liquidity risk (continued)

	30 June 2022					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Financial liabilities:						
Derivative financial liability	-	53	1	-	-	54
Securities sold under agreements to repurchase	-	94,439	-	-	-	94,439
Commission and brokerage payable	1,151	3,151	605	10	-	4,917
Reinsurance payables	277	9,232	1	-	-	9,510
Claims payable	21,852	-	-	-	-	21,852
Policyholder dividend payable	22,942	-	-	-	-	22,942
Policyholders' deposits and investment contract liabilities	-	14,174	43,049	135,945	-	193,168
Bonds payable	-	5,505	5,250	-	-	10,755
Lease liabilities	1	447	2,186	510	-	3,144
Others	4,382	35,243	-	-	-	39,625
Sub-total	50,605	162,244	51,092	136,465	-	400,406
Net amount	5,124	188,534	589,973	1,168,542	376,043	2,328,216

	31 December 2021					
	On demand/ Overdue	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Financial assets:						
Cash at bank and on hand	30,053	2,492	-	-	-	32,545
Financial assets at fair value through profit or loss	61	798	1,215	1,989	8,441	12,504
Derivative financial assets	-	24	237	-	-	261
Securities purchased under agreements to resell	-	13,443	-	-	-	13,443
Premium receivables	7,045	6,996	11,818	806	-	26,665
Reinsurance receivables	-	11,289	-	-	-	11,289
Policy loans	-	68,780	-	-	-	68,780
Term deposits	-	31,930	187,531	-	-	219,461
Available-for-sale financial assets	330	45,814	145,309	282,073	322,163	795,689
Held-to-maturity financial assets	-	25,745	105,092	630,695	-	761,532
Investments classified as loans and receivables	-	42,878	255,655	219,533	-	518,066
Restricted statutory deposits	-	2,062	6,087	-	-	8,149
Others	3,885	7,151	1,785	-	-	12,821
Sub-total	41,374	259,402	714,729	1,135,096	330,604	2,481,205

XIII. RISK MANAGEMENT (continued)

2. Financial instrument risk (continued)

Liquidity risk (continued)

	31 December 2021					
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	Total
Financial liabilities:						
Derivative financial liabilities	-	1	-	-	-	1
Securities sold under agreements to repurchase	-	73,546	-	-	-	73,546
Commission and brokerage payable	733	1,665	1,213	84	-	3,695
Reinsurance payables	-	7,213	425	-	-	7,638
Claims payable	21,526	-	-	-	-	21,526
Policyholder dividend payable	24,176	-	-	-	-	24,176
Policyholders' deposits and investment contract liabilities	-	11,739	35,945	122,785	-	170,469
Bonds payable	-	505	2,376	10,855	-	13,736
Lease liabilities	-	1,244	1,964	187	-	3,395
Others	1,472	34,792	-	-	-	36,264
Sub-total	47,907	130,705	41,923	133,911	-	354,446
Net amount	(6,533)	128,697	672,806	1,001,185	330,604	2,126,759

As at the balance sheet date, the Group's insurance contract reserves are listed by maturity date as follows:

	As at 30 June 2022			
	Within 1 year	1 to 5 years	Over 5 years	Total
Unearned premium reserves	71,900	16,751	85	88,736
Claim reserves	54,733	13,654	6	68,393
Life insurance reserves	24,512	43,903	1,149,026	1,217,441
Long-term health insurance reserves	317	488	142,742	143,547

	As at 31 December 2021			
	Within 1 year	1 to 5 years	Over 5 years	Total
Unearned premium reserves	56,251	15,242	-	71,493
Claim reserves	44,080	14,340	-	58,420
Life insurance reserves	31,555	29,048	1,069,019	1,129,622
Long-term health insurance reserves	458	453	124,887	125,798

As at the balance sheet date, the cash flows of lease contracts that have been signed by the Group but have not yet been executed are listed below by maturity date:

	As at 30 June 2022				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Future contractual cash flows not included in lease liabilities	45	43	107	365	560

	As at 31 December 2021				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Future contractual cash flows not included in lease liabilities	12	113	327	690	1,142

XIII. RISK MANAGEMENT (continued)

2. Financial instrument risk (continued)

Liquidity risk (continued)

The table below summarises the expected utilisation or settlement of assets and liabilities.

	As at 30 June 2022		
	Current	Non-current	Total
Assets:			
Cash at bank and on hand	33,718	-	33,718
Financial assets at fair value through profit or loss	12,862	1,793	14,655
Derivative financial assets	22	206	228
Policy loans	68,677	-	68,677
Term deposits	85,699	132,655	218,354
Available-for-sale financial assets	402,100	262,661	664,761
Held-to-maturity financial assets	14,359	474,442	488,801
Investments classified as loans and receivables	27,023	371,393	398,416
Others	15,055	35	15,090
Sub-total	659,515	1,243,185	1,902,700
Liabilities:			
Derivative financial liabilities	53	1	54
Securities sold under agreements to repurchase	94,374	-	94,374
Commission and brokerage payable	4,302	615	4,917
Reinsurance payables	9,509	1	9,510
Claims payable	21,852	-	21,852
Policyholder dividend payable	22,942	-	22,942
Unearned premium reserves	71,900	16,836	88,736
Claim reserves	54,733	13,660	68,393
Life insurance reserves	24,512	1,192,929	1,217,441
Long-term health insurance reserves	317	143,230	143,547
Policyholders' deposits and investment contract liabilities	2,357	114,988	117,345
Bonds payable	4,999	4,998	9,997
Lease liabilities	416	2,468	2,884
Others	39,625	-	39,625
Sub-total	351,891	1,489,726	1,841,617

XIII. RISK MANAGEMENT (continued)

2. Financial instrument risk (continued)

Liquidity risk (continued)

The table below summarises the expected utilisation or settlement of assets and liabilities.

	As at 31 December 2021		
	Current	Non-current	Total
Assets:			
Cash at bank and on hand	32,545	-	32,545
Financial assets at fair value through profit or loss	9,206	3,147	12,353
Derivative financial assets	24	235	259
Policy loans	66,950	-	66,950
Term deposits	23,837	172,682	196,519
Available-for-sale financial assets	355,714	289,667	645,381
Held-to-maturity financial assets	8,441	387,987	396,428
Investments classified as loans and receivables	22,662	383,614	406,276
Others	10,811	1,785	12,596
Sub-total	530,190	1,239,117	1,769,307
Liabilities:			
Derivative financial liabilities	1	-	1
Securities sold under agreements to repurchase	73,441	-	73,441
Commission and brokerage payable	2,398	1,297	3,695
Reinsurance payables	7,213	425	7,638
Claims payable	21,526	-	21,526
Policyholder dividend payable	24,176	-	24,176
Unearned premium reserves	56,251	15,242	71,493
Claim reserves	44,080	14,340	58,420
Life insurance reserves	31,555	1,098,067	1,129,622
Long-term health insurance reserves	458	125,340	125,798
Policyholders' deposits and investment contract liabilities	2,562	100,281	102,843
Bonds payable	-	9,995	9,995
Lease liabilities	1,194	1,911	3,105
Others	36,264	-	36,264
Sub-total	301,119	1,366,898	1,668,017

3. Operational risk

Operational risk is the risk of loss arising from inadequacy or failure on business processes, human error, and information system failure. When controls fail to perform, operational risks can cause damage to reputation, give rise to legal or regulatory matters, or lead to financial loss to the Group.

The Group is exposed to many types of operational risks, including inadequate, or failure to obtain, proper authorisations or supporting documentation to comply with operational and informational security procedures that prevent frauds or errors by employees.

Through the establishment and implementation of internal control manuals, continuous optimisation of information systems, and monitoring and response to potential risks, the Group has established a long-term internal control mechanism to mitigate the impact of operational risks on the Group.

XIII. RISK MANAGEMENT (continued)

3. Operational risk (continued)

The following internal control measures are in place to mitigate the Group's exposure to operational risk:

- Setting up effective segregation of duties, access controls, authorisation and reconciliation procedures and user and authority controls for information system;
- Adopting supervisory measures such as compliance checks, risk investigations and internal audits;
- Regularly carrying out risk and internal control self-assessment and implementing rectification of defects; and
- Implementing staff education and appraisals.

4. Mismatching risk of assets and liabilities

Mismatching risk of assets and liabilities is the risk due to the Group's inability to match its assets with its liabilities on the basis of duration, cash flow and investment return. Under the current regulatory and market environment, the Group is unable to invest in assets with a duration of sufficient length to match the duration of its medium and long term life insurance liabilities. When the current regulatory and market environment permits, the Group will increase the profile of securities with fixed investment returns and lengthen the duration of its assets to narrow the gap of duration and investment returns of the existing assets and liabilities.

In order to further enhance the management of matching of assets and liabilities, the Group has the Asset-Liability Management Committee to make significant decisions on asset-liability management. The committee has an asset-liability working group which analyses the extent of matching of assets with liabilities.

5. Capital management risk

Capital management risk primarily refers to the risk of insufficient solvency as a result of the operation and administration of the Company or certain external events. The CBIRC monitors capital management risks primarily through a set of solvency regulatory rules to ensure insurance companies can maintain sufficient solvency margins.

It is the Group's objective to maintain a strong credit rating and adequate solvency in order to support its business objectives and to maximise shareholder value. The specific measures are as follows:

- Managing its capital requirements by assessing shortfalls between reported and targeted capital levels on a regular basis;
- Stepping up efforts to maintain multiple sources of financing in order to meet solvency margin needs arising from future expansion in business activities;
- Continuously and proactively adjusting the portfolio of insurance business, optimising asset allocation and improving asset quality to enhance operating performance and the profitability.

The table below summarises the core capital, actual capital and minimum required capital of the Group and its major insurance subsidiaries determined according to the above solvency rules:

Group	30 June 2022	31 December 2021
Core capital	338,544	496,620
Actual capital	489,690	506,620
Minimum required capital	168,818	190,794
Core solvency margin ratio	201%	260%
Comprehensive solvency margin ratio	290%	266%

XIII. RISK MANAGEMENT (continued)

5. Capital management risk (continued)

CPIC Property	30 June 2022	31 December 2021
Core capital	43,913	47,808
Actual capital	57,115	57,808
Minimum required capital	25,360	20,072
Core solvency margin ratio	173%	238%
Comprehensive solvency margin ratio	225%	288%

CPIC Life	30 June 2022	31 December 2021
Core capital	213,146	368,570
Actual capital	350,721	368,570
Minimum required capital	141,372	168,912
Core solvency margin ratio	151%	218%
Comprehensive solvency margin ratio	248%	218%

CPIC Health	30 June 2022	31 December 2021
Core capital	3,041	1,286
Actual capital	3,170	1,286
Minimum required capital	1,077	934
Core solvency margin ratio	282%	138%
Comprehensive solvency margin ratio	294%	138%

PAAIC	30 June 2022	31 December 2021
Core capital	2,712	2,863
Actual capital	2,952	2,863
Minimum required capital	779	673
Core solvency margin ratio	348%	425%
Comprehensive solvency margin ratio	379%	425%

Note: On 30 December 2021, the CBIRC promulgated the "Regulations on Solvency of Insurance Companies (II)" (the "C-ROSS Phase II"), effective from 1 January 2022. The solvency data as of 30 June 2022 reflected the result under the C-ROSS Phase II and the solvency data as of 31 December 2021 reflected the result under the original solvency regulatory rules.

XIV. STRUCTURED ENTITIES

The Group uses structured entities in the normal course of business for a number of purposes, for example, structured transactions for institutions, to provide finance to public and private section infrastructure projects, and to generate fees for managing assets on behalf of third-party investors. These structured entities are operated based on the contracts. Refer to Note III 5 for the Group's consolidation consideration related to structured entities.

The following table shows the total assets of various types of unconsolidated structured entities and the amount of funding provided by the Group to these unconsolidated structured entities. The table also shows the Group's maximum exposure to the unconsolidated structured entities representing the Group's maximum possible risk exposure that could occur as a result of the Group's arrangements with structured entities. The maximum exposure is contingent in nature and approximates the sum of funding provided by the Group.

As at 30 June 2022, the size of unconsolidated structured entities and the Group's funding and maximum exposure are shown below:

	30 June 2022				
	Size	Funding provided by the Group	The Group's maximum exposure	Carrying amount of the Group's investment	Interest held by the Group
Pension funds and endowment insurance products managed by related parties	328,984	-	-	-	Management fee
Insurance asset management products managed by related parties	351,061	135,246	136,043	135,302	Investment income and management fee
Securities investment funds managed by related parties	33,671	11,371	11,328	11,328	Investment income and management fee
Insurance asset management products managed by third parties	Note 1	141,328	144,420	144,044	Investment income
Trust products managed by third parties	Note 1	123,185	123,052	122,820	Investment income
Bank wealth management products and asset management products managed by third parties	Note 1	4,630	4,724	4,719	Investment income
Securities investment funds managed by third parties	Note 1	58,108	60,826	60,826	Investment income
Total		473,868	480,393	479,039	

Note 1: These structured entities are sponsored by third party financial institutions and the information related to size of these structured entities was not publicly available.

The Group's interests in unconsolidated structured entities are included in wealth management products, funds, debt investment plans and other equity investments under financial assets at fair value through profit or loss, wealth management products, funds and other equity investments under available-for-sale financial assets, debt investment plans and wealth management products under investments classified as loans and receivables, and long-term equity investments.

XV. 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 value of financial instruments. For financial instruments where there is no active market, fair value is determined using valuation techniques (Note III 34).

The Group's financial assets mainly include cash at bank and on hand, 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.

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

The Group's financial liabilities mainly include securities sold under agreements to repurchase, policyholders' deposits, investment contract liabilities and bonds payable, etc.

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.

	30 June 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Held-to-maturity financial assets	488,801	528,626	396,428	433,415
Investments classified as loans and receivables	398,416	402,892	406,276	406,311
Financial liabilities:				
Bonds payable	9,997	10,508	9,995	11,037

The Group has not disclosed fair values for certain policyholders' deposits and 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.

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

XVI. 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 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:

(1) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");

(2) 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

(3) 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.

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 prices 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.

XVI. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy (continued)

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determination to classify fair value measures within Level 3 of the valuation hierarchy is 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:

	30 June 2022			
	Level 1	Level 2	Level 3	Total fair value
Assets measured at fair value				
Financial assets at fair value through profit or loss				
- Stocks	8	-	-	8
- Funds	1,033	1,882	-	2,915
- Bonds	2,225	400	-	2,625
- Others	-	436	8,671	9,107
	3,266	2,718	8,671	14,655
Available-for-sale financial assets				
- Stocks	147,833	34	9,452	157,319
- Funds	58,873	18,345	-	77,218
- Bonds	24,991	267,824	2,055	294,870
- Others	-	17,308	118,046	135,354
	231,697	303,511	129,553	664,761
Derivative financial assets	-	228	-	228
Liabilities measured at fair value				
Derivative financial liabilities	-	54	-	54
Assets for which fair values are disclosed				
Held-to-maturity financial assets (Note XV)	6,727	521,899	-	528,626
Investments classified as loans and receivables (Note XV)	-	-	402,892	402,892
Investment properties (Note VII 14)	-	-	16,052	16,052
Liabilities for which fair values are disclosed (Note XV)				
Bonds payable	-	-	10,508	10,508

XVI. FAIR VALUE MEASUREMENT (continued)

Determination of fair value and fair value hierarchy (continued)

	31 December 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	19	-	-	19
- Funds	210	61	-	271
- Bonds	1,536	429	-	1,965
- Others	-	404	9,694	10,098
	1,765	894	9,694	12,353
Available-for-sale financial assets				
- Stocks	149,050	-	5,286	154,336
- Funds	41,739	31,162	-	72,901
- Bonds	21,477	267,473	2,076	291,026
- Others	-	16,884	110,234	127,118
	212,266	315,519	117,596	645,381
Derivative financial assets	-	259	-	259
Liabilities measured at fair value				
Derivative financial liabilities	-	1	-	1
Assets for which fair values are disclosed				
Held-to-maturity financial assets (Note XV)	5,988	427,427	-	433,415
Investments classified as loans and receivables (Note XV)	-	2,034	404,277	406,311
Investment properties (Note VII 14)	-	-	11,538	11,538
Liabilities for which fair values are disclosed (Note XV)				
Bonds payable	-	-	11,037	11,037

For the six months ended 30 June 2022, 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 2022, the Group transferred the bond securities with a carrying amount of RMB5,329 million from Level 1 to Level 2 and RMB7,755 million from Level 2 to Level 1. In 2021, the Group transferred the bond securities with a carrying amount of RMB3,871 million from Level 1 to Level 2 and RMB10,867 million from Level 2 to Level 1.

XVI. 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:

	For the six months ended 30 June 2022						
	Beginning of period	Increase	Decrease	Transferred to Level 3	Gains or losses 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	15	-	(7)	-	-	-	8
- Debt investment plans	16	6	-	-	-	-	22
- Other equity investments	9,663	-	(46)	-	(976)	-	8,641
Available-for-sale financial assets							
- Stock	5,286	5,094	(1,517)	20	28	541	9,452
- Preferred shares	12,519	-	-	-	-	65	12,584
- Other equity investments	95,768	10,325	(2,174)	-	(17)	(387)	103,515
- Finance bonds	2,076	-	-	-	-	(21)	2,055
- Wealth management products	1,947	-	-	-	-	-	1,947

	31 December 2021						
	Beginning of year	Increase	Decrease	Transferred to Level 3	Gains or losses 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	18	-	(3)	-	-	-	15
- Debt investment plans	3	13	-	-	-	-	16
- Other equity investments	8,641	91	-	-	931	-	9,663
Available-for-sale financial assets							
- Stocks	-	3,658	-	-	-	1,628	5,286
- Preferred shares	13,131	13	(600)	-	-	(25)	12,519
- Other equity investments	68,307	29,147	(2,516)	-	(9)	839	95,768
- Finance bonds	2,038	-	-	-	9	29	2,076
- Wealth management products	-	1,947	-	-	-	-	1,947

XVI. FAIR VALUE MEASUREMENT (continued)

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 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 parameters as unobservable inputs to the model, and the major parameters include discount rate from 2.20% to 5.36%, 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.

XVII. EVENTS AFTER THE BALANCE SHEET DATE

The Group does not have significant post balance sheet events.

XVIII. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved for issue by the board of directors of the Company on 26 August 2022.

APPENDIX: SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts expressed in RMB million unless otherwise specified)

I. NET ASSET RETURN AND EARNINGS PER SHARE

	For the six months ended 30 June 2022		
	Weighted average return on net assets	Earnings per share (RMB Yuan)	
		Basic	Diluted
Net profit attributable to shareholders of the parent	5.7%	1.38	1.38
Net profit attributable to shareholders of the parent net of non-recurring profit or loss	5.7%	1.38	1.38

The Company had no dilutive potential ordinary shares during the six-month period ended 30 June 2022.

	For the six months ended 30 June 2021		
	Weighted average return on net assets	Earnings per share (RMB Yuan)	
		Basic	Diluted
Net profit attributable to shareholders of the parent	7.8%	1.80	1.80
Net profit attributable to shareholders of the parent net of non-recurring profit or loss	7.8%	1.79	1.79

Net profit attributable to shareholders of the parent net of non-recurring profit or loss are listed as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Net profit attributable to shareholders of the parent	13,301	17,304
Add/(Less): Non-recurring profit or loss items		
Government grants recognised in current profit or loss	(78)	(128)
Gains on disposal of fixed assets, intangible assets and other long-term assets, including write-off of provision for assets impairment	-	(1)
Custody fees of entrusted operation	(15)	(21)
Other net non-operating income and expenses other than aforesaid items	34	(14)
Effect of income tax relating to non-recurring profit or loss	17	43
Net profit less non-recurring gains	13,259	17,183
Less: Net non-recurring profit or loss attributable to non-controlling interests	1	1
Net profit attributable to shareholders of the parent net of non-recurring profit or loss	13,260	17,184

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