

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



中国人民保险集团股份有限公司

THE PEOPLE'S INSURANCE COMPANY (GROUP) OF CHINA LIMITED

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

(Stock Code: 1339)

THIRD QUARTERLY REPORT OF 2020

This announcement is made by The People's Insurance Company (Group) of China Limited (the "**Company**") pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial data of the Company for the third quarter of 2020 are unaudited and have been prepared in accordance with the PRC Accounting Standards for Business Enterprises.

1. IMPORTANT INFORMATION

- 1.1 The Board of Directors, the Board of Supervisors, the directors, the supervisors and the senior management of the Company undertake that the contents of this quarterly report are true, accurate and complete and that there is no false record, misleading statement or material omission in this quarterly report; and they severally and jointly accept responsibility for the contents of this quarterly report.
- 1.2 The 2020 Third Quarterly Report of the Company was considered and approved at the 23rd meeting of the 3rd session of the Board of Directors of the Company on 28 October 2020, which 11 directors were required to attend and 10 of them attended in person, amongst which, Mr. Wang Tingke, the Executive Director and Vice Chairman, did not attend the board meeting due to other business engagements and appointed Mr. Xie Yiqun, the Executive Director, to attend the meeting and vote on his behalf in writing.

Note: Unless otherwise specified, the currencies in this report are all in RMB.

- 1.3 Mr. Lou Xi (Person in charge of the Company), Mr. Wang Tingke (Person in charge of accounting work) and Mr. Zhang Hongtao (Head of the Finance Department) warrant the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.
- 1.4 The financial data contained in the 2020 Third Quarterly Report of the Company are unaudited and have been prepared in accordance with the PRC Accounting Standards for Business Enterprises.

2. BASIC INFORMATION OF THE COMPANY

2.1 Key Financial Data

<i>Unit: RMB million</i>			
	As of 30 September 2020	As of 31 December 2019	Change (%)
Total Assets	1,257,704	1,132,771	11.0
Equity attributable to shareholders of the parent company	197,790	183,133	8.0
Net assets per share attributable to the shareholders of the parent company (RMB/share)	4.47	4.14	8.0
	January to September 2020	January to September 2019	Change (%)
Net cash flows generated from operating activities	16,587	16,369	1.3
Operating income	453,065	423,759	6.9
Net profit attributable to shareholders of the parent company	18,736	21,368	(12.3)
Net profit attributable to shareholders of the parent company after deducting non-recurring items	18,624	17,908	4.0
Basic earnings per share (RMB/share)	0.42	0.48	(12.3)
Diluted earnings per share (RMB/share)	0.42	0.48	(12.3)
Basic earnings per share after deducting non-recurring items (RMB/share)	0.42	0.40	4.0
Weighted average return on equity (%)	9.8	13.0	Decrease of 3.2 pt
Weighted average return on equity after deducting non-recurring items (%)	9.7	10.9	Decrease of 1.2 pt

2.2 Non-recurring Items

	<i>Unit: RMB million</i>	
	July to September 2020	January to September 2020
Gains or losses from disposal of non-current assets	4	52
Government grants included in profit or loss	51	185
Net non-recurring items other than those mentioned above	17	(74)
Effect of income tax on extraordinary items	(15)	(51)
Attributable to non-controlling interests	(2)	–
Total	55	112

2.3 Solvency of the Group and its Subsidiaries

	<i>Unit: RMB million</i>			
As of 30 September 2020	PICC Group	PICC P&C	PICC Life	PICC Health
Core capital	323,780	169,212	104,019	14,632
Actual capital	385,769	196,964	116,727	18,176
Minimum capital	120,623	65,807	43,962	8,414
Core solvency margin ratio (%)	268	257	237	174
Comprehensive solvency margin ratio (%)	320	299	266	216

Notes:

1. PICC Group means the Company;
2. PICC P&C means PICC Property and Casualty Company Limited;
3. PICC Life means PICC Life Insurance Company Limited;
4. PICC Health means PICC Health Insurance Company Limited.

2.4 Total Number of Shareholders, Shareholdings of the Top Ten Shareholders and Top Ten Shareholders not Subject to Selling Restrictions as at the End of the Reporting Period

Unit: Share

Total number of shareholders (Shareholder)

A Share: 251,227; H Share: 5,758

Name of shareholder (in full name)	Shareholdings of the Top Ten Shareholders			Pledged or frozen		
	Number of shares held as at the end of the reporting period	Proportion (%)	Number of shares held subject to selling restrictions	Status of the shares	Number of shares	Class of Shareholder
Ministry of Finance of the People's Republic of China	26,906,570,608	60.84	26,906,570,608	–	–	The State
HKSCC Nominees Limited	8,703,036,698	19.68	–	–	–	Foreign legal person
National Council for Social Security Fund, PRC	6,657,410,578	15.05	2,989,618,956	–	–	The State
New China Life Insurance Company Ltd.-Dividend-Personal dividend-018L-FH002 SH	47,188,500	0.11	–	–	–	Others
Hong Kong Securities Clearing Company Limited	36,846,312	0.08	–	–	–	Foreign legal person
Beijing Hengzhaoweiye Investment Company Limited	20,107,653	0.05	–	–	–	Others
China Construction Bank Corporation-E Fund 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	19,910,000	0.05	–	–	–	Others
Industrial and Commercial Bank of China Limited-Shanghai stock exchange 50 trading open index securities investment fund	15,380,477	0.03	–	–	–	Others
Mo Jianrong	13,252,729	0.03	–	–	–	Others
Jin Baoshan	11,040,808	0.02	–	–	–	Others

Shareholdings of the Top Ten Shareholders Not Subject to Selling Restrictions

Name of shareholder	Number of shares held not subject to selling restrictions		Class and number of shares	
			Class	Number
HKSCC Nominees Limited	8,703,036,698		H Share	8,703,036,698
National Council for Social Security Fund, PRC	3,667,791,622		A Share	3,667,791,622
New China Life Insurance Company Ltd.-Dividend-Personal dividend- 018L-FH002 SH	47,188,500		A Share	47,188,500
Hong Kong Securities Clearing Company Limited	36,846,312		A Share	36,846,312
Beijing Hengzhaoweiye Investment Company Limited	20,107,653		A Share	20,107,653
China Construction Bank Corporation-E Fund 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	19,910,000		A Share	19,910,000
Industrial and Commercial Bank of China Limited-Shanghai 50 trading open index securities investment fund	15,380,477		A Share	15,380,477
Mo Jianrong	13,252,729		A Share	13,252,729
Jin Baoshan	11,040,808		A Share	11,040,808
Huo Wenliang	9,401,471		A Share	9,401,471
Details of the above shareholders who are connected to each other or acting in concert	The Company is not aware of any connected relationship among the above shareholders or any parties acting in concert as defined by the “Measures for the Administration of the Takeover of Listed Companies”.			

Notes:

1. In addition to the 6,657,410,578 A Shares of the Company held by it, National Council for Social Security Fund, PRC holds 524,279,000 H Shares as a beneficial owner and 146,000 H Shares through overseas manager.
2. HKSCC Nominees Limited holds shares on behalf of securities firm customers in Hong Kong and other CCASS participant. Relevant regulations of The Stock Exchange of Hong Kong Limited do not require such persons to declare whether their shareholdings are pledged or frozen. Hence, HKSCC Nominees Limited is unable to calculate or provide the number of shares that are pledged or frozen.
3. The shares under Hong Kong Securities Clearing Company Limited are held by the shareholders of the Shanghai Stock Connect.

3. QUARTERLY BUSINESS ANALYSIS

3.1 Key Financial Indicators

Unit: RMB million

	January to September 2020	January to September 2019	Change (%)
Gross written premiums	456,131	440,355	3.6
Profit before tax	30,889	28,664	7.8
Net profit	25,997	29,931	(13.1)
Net profit attributable to shareholders of the parent company	18,736	21,368	(12.3)
Basic earnings per share (RMB/share)	0.42	0.48	(12.3)
Weighted average return on equity (%)	9.8	13.0	Decrease of 3.2 pt

	As of 30 September 2020	As of 31 December 2019	Change (%)
Total assets	1,257,704	1,132,771	11.0
Total liabilities	991,728	885,932	11.9
Total equity	265,976	246,839	7.8
Net assets per share attributable to shareholders of the parent company (RMB/share)	4.47	4.14	8.0
Gearing ratio (%)	78.9	78.2	Increase of 0.7 pt

In face of the impact caused by the novel coronavirus pneumonia epidemic for the first three quarters of 2020, the Group¹ has kept its mission “people’s insurance serves the people” in mind, intensified efforts in performing responsibilities, made progress in the prevention and control of the epidemic situation and maintained a steady and positive progress in development of its core business. For the first three quarters, the insurance income of the Group amounted to RMB456.131 billion, representing an increase of 3.6% on a period-to-period basis. The net profit amounted to RMB25.997 billion, representing a decrease of 13.1% on a period-to-period basis. The net profit attributable to the shareholders of the parent company amounted to RMB18.736 billion, representing a decrease of 12.3% on a period-to-period basis. The net profit attributable to shareholders of the parent company after deducting non-recurring items amounted to RMB18.624 billion, representing an increase of 4.0% on a period-to-period basis. The earnings per share amounted to RMB0.42, representing a decrease of 12.3% on a period-to-period basis. The weighted average return on equity in the first three quarters was 9.8%, representing a decrease of 3.2 percentage points on a period-to-period basis.

¹ The Group means the Company and all of its subsidiaries.

The capital of the Group was further enriched. As of 30 September 2020, the total equity was RMB265.976 billion, representing an increase of 7.8% as compared to the beginning of the year; the net assets per share attributable to the shareholders of the parent company was RMB4.47, representing an increase of 8.0% as compared to the beginning of the year.

3.2 Insurance Business

3.2.1 PICC P&C

During the first three quarters of 2020, in the face of multiple challenges and tests brought by the novel coronavirus pneumonia epidemic, comprehensive auto insurance reforms, and complex and changeable domestic and foreign environments, PICC P&C was committed to serving national strategies, public health, social governance, and innovation driven strategies, strengthened business collaboration, and continuously increased insurance services quality; focused on “cost reduction and efficiency enhancement”, optimized business structure, and maintained the bottom line of avoiding systemic risks so as to create value for customers. During the reporting period, PICC P&C¹ received original premiums income of RMB344.173 billion, representing a year-on-year increase of 3.7%; combined ratio reached 98.4%, representing a year-on-year increase of 0.5 percentage point; net profit reached RMB17.344 billion, representing a year-on-year decrease of 21.1% due to the impact of handling charges tax policy over the same period last year.

The original premiums income by type from PICC P&C for the above periods is indicated as follows:

	<i>Unit: RMB million</i>		
	January to September 2020	January to September 2019	Change (%)
Motor vehicle insurance	199,284	189,174	5.3
Accidental injury and health insurance	59,452	50,204	18.4
Agricultural insurance	31,772	27,217	16.7
Liability insurance	22,805	21,931	4.0
Commercial property insurance	12,171	12,136	0.3
Credit insurance	5,203	18,047	(71.2)
Cargo insurance	2,930	3,062	(4.3)
Other P&C insurance	10,556	9,984	5.7
Total	344,173	331,755	3.7

¹ The data is from the individual statement of PICC P&C as the parent company.

3.2.2 PICC Life

During the first three quarters of 2020, PICC Life accelerated the transformation of business models, improved product structure, vigorously promoted team building and valuable regular premiums business development, strictly adhered to the risk bottom line, consolidated the foundation for development, and improved the profitability by centering on value-oriented operation. During the reporting period, the original premiums income of PICC Life amounted to RMB82.117 billion, representing a decrease of 5.3% on a period-to-period basis. PICC Life achieved RMB59.404 billion in regular premiums of original premiums income, representing an increase of 6.2% on a period-to-period basis. The ten-year or more first-year regular total written premiums of PICC life amounted to RMB5.535 billion, representing an increase of 3.7% on a period-to-period basis. The net profit of PICC Life amounted to RMB6.704 billion, representing an increase of 33.9% on a period-to-period basis.

The original premiums income by type from PICC Life for the above periods is indicated as follows:

	<i>Unit: RMB million</i>		
	January to September 2020	January to September 2019	Change (%)
First-year business of long-term insurance	37,701	45,551	(17.2)
Single premiums	20,299	28,201	(28.0)
First-year regular premiums	17,402	17,350	0.3
Renewal business	41,746	38,468	8.5
Short-term insurance	2,670	2,711	(1.5)
Total	82,117	86,730	(5.3)

3.2.3 PICC Health

During the first three quarters of 2020, PICC Health firmly adhered to the development direction of serving the people's health, focused on the two major functions of "protecting health risks and providing health services", steadily promoted the transformation of business models, PICC Health promoted the professionalization of social insurance business, personalization of group business, high-end personal business, internet business universalization, health management platformization and product supply specialization, created a professional health insurance business system with PICC characteristics, and accelerated the transformation to high-quality development under serving the "Healthy China" strategy and the construction of the national multi-level medical security system. Thus, the business achieved a relatively fast growth and a further optimization of its structure. During the reporting period, the first-year regular premiums of PICC Health amounted to RMB6.042 billion, representing an increase of 19.3% on a period-to-period basis and representing 60.4% of the first-year business of long-term insurance. The net profit of PICC Health amounted to RMB0.144 billion, representing a decrease of 55.8% on a period-to-period basis.

The original premiums income by type from PICC Health for the above periods is indicated as follows:

	January to September 2020	January to September 2019	<i>Unit: RMB million</i> Change (%)
First-year business of long-term insurance	10,005	5,522	81.2
Single premiums	3,963	458	765.3
First-year regular premiums	6,042	5,064	19.3
Renewal business	5,705	2,142	166.3
Short-term insurance	11,617	11,125	4.4
Total	27,327	18,789	45.4

3.3 Asset Management Business

During the first three quarters of 2020, the Group's asset management segment actively served the country's new development pattern of "dual cycles", strove to give full play to the role of the main force of investment income, and effectively prevented investment risks. Bond investment increased the allocation of interest rate bonds, effectively lengthened the duration of assets, and did not gain high returns at the expense of credit sinking. In terms of equity investment, it grasped the market rhythm and continuously optimized the position structure. It sped up the allocation of high-quality non-standard assets.

4 IMPORTANT INFORMATION

4.1 Particulars of and Reasons for Material Changes in Major Accounting Items and Financial Indicators of the Company

4.1.1 Changes in key financial indicators and the reasons

Unit: RMB million

Key financial indicators	As of 30 September 2020	As of 31 December 2019	Change (%)	Reasons of major changes
Total assets	1,257,704	1,132,771	11.0	Expanded scale of insurance business and the increased scale of assets available for investment
Total liabilities	991,728	885,932	11.9	Increase in insurance reserves
Equity attributable to shareholders of the parent company	197,790	183,133	8.0	Increase in net profits

Unit: RMB million

Key financial indicators	January to September 2020	January to September 2019	Change (%)	Reasons of major changes
Operating income	453,065	423,759	6.9	Growth in insurance business and increase in investment income
Net profit attributable to shareholders of the parent company	18,736	21,368	(12.3)	Impact of new tax regulations on handling fees last year

4.1.2 Material changes in major financial items and analysis

Unit: RMB million

Items in Balance Sheet	As of 30 September 2020	As of 31 December 2019	Change (%)	Reasons of major changes
Premiums receivable	65,880	39,292	67.7	Growth of government coordinating business scale
Receivables from reinsurers	21,071	16,175	30.3	Affected by the reinsurance settlement cycle
Reinsurers' share of unearned premium reserves	14,186	10,367	36.8	Cumulative scale growth of ceded business
Reinsurers' share of life insurance reserves	27	15	80.0	Cumulative scale growth of ceded business
Reinsurers' share of long-term health insurance reserves	2,530	1,534	64.9	Cumulative scale growth of ceded business
Other receivables	20,632	12,817	61.0	Newly acquired assets waited for acceptance
Deferred tax assets	11,841	8,699	36.1	Change of insurance reserves
Short-term borrowing	205	–	–	Increase in short-term financing of the subsidiaries of PICC Financial Services Company Limited
Securities sold under agreements to repurchase	83,107	58,263	42.6	Liquidity arrangement
Premiums received in advance	13,071	26,798	(51.2)	Changes in regulatory policy for auto insurance business signing
Payables to reinsurers	30,308	19,046	59.1	Increase of coded scale and the influence of reinsurance settlement cycle
Tax payable	11,309	8,551	32.3	Impact of new tax regulations on handling fees last year
Long-term health insurance reserves	40,253	30,683	31.2	Growth of long-term health insurance premium income
Premiums reserve	3,575	2,388	49.7	Growth of agricultural insurance business
Deferred tax liabilities	2,345	1,486	57.8	Impact of capital market volatility

Unit: RMB million

Items in income statement	January to September 2020	January to September 2019	Change (%)	Reasons of major changes
Change in unearned premium reserves	14,995	27,312	(45.1)	Changes in insurance business growth
Fair value (losses)/gains	(273)	300	–	Floating loss of trading assets
Exchange (losses)/gains	(322)	335	–	Fluctuation in exchange rate
Reinsurers' share of insurance contract liability reserves	2,262	3,448	(34.4)	Structural adjustment of the ceded business
Policyholder dividends expenses	2,703	1,675	61.4	Increase in policyholder dividends for the reporting period
Reinsurance expenses	612	908	(32.6)	Decrease in inward business
Income tax expense/(credit)	4,892	(1,267)	–	Impact of new tax regulations on handling fees last year
Other comprehensive income, net of tax	1,667	11,954	(86.1)	Impact of capital market volatility
Total comprehensive income	27,664	41,885	(34.0)	The combined effect of the above reasons

4.2 Explanation and Analysis of Significant Events and Their Impacts and Solutions

☐ Applicable ☒ Not applicable

4.3 Undertakings Were Not Implemented in Due Time During the Reporting Period

☐ Applicable ☒ Not applicable

4.4 Warning of Projection on Cumulative Net Profit for the Period from the Beginning of the Year to the End of the Next Reporting Period to be at a Loss or Expected to Have Material Changes as Compared to the Corresponding Period of Last Year and Its Explanation

☐ Applicable ☒ Not applicable

5 APPENDIX

5.1 Consolidated statement of financial position and statement of financial position of the Company as at 30 September 2020 and 31 December 2019

Consolidated Statement of Financial Position

As at 30 September 2020

(Amounts in millions of Renminbi, unless otherwise stated)

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
ASSETS		
Cash and bank balances	24,172	24,064
Financial assets at fair value through profit or loss	30,182	27,032
Financial assets purchased under resale agreements	45,086	53,038
Premiums receivable	65,880	39,292
Receivables from reinsurers	21,071	16,175
Reinsurers' share of unearned premium reserves	14,186	10,367
Reinsurers' share of outstanding claim reserves	18,312	17,058
Reinsurers' share of life insurance reserves	27	15
Reinsurers' share of long-term health insurance reserves	2,530	1,534
Policy loans	5,091	4,508
Other receivables	20,632	12,817
Term deposits	94,249	87,009
Available-for-sale financial assets	358,816	316,901
Held-to-maturity investments	173,553	140,398
Investments classified as loans and receivables	173,852	182,858
Long-term equity investments	121,968	117,083
Restricted statutory deposits	12,995	12,994
Investment properties	12,239	12,445
Fixed assets	28,020	25,636
Right-of-use assets	2,716	3,307
Intangible assets	7,489	7,807
Deferred tax assets	11,841	8,699
Other assets	12,797	11,734
TOTAL ASSETS	1,257,704	1,132,771

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
LIABILITIES AND EQUITY		
LIABILITIES		
Short-term bank borrowing	205	-
Securities sold under agreements to repurchase	83,107	58,263
Premiums received in advance	13,071	26,798
Handling charges and commission payable	9,635	8,240
Payables to reinsurers	30,308	19,046
Salaries and staff welfare payables	18,861	18,756
Tax payable	11,309	8,551
Claims payable	10,038	10,272
Policyholders' dividend payable	4,168	3,816
Other payables	15,950	15,622
Policyholders' deposits	39,203	41,014
Unearned premium reserves	179,422	160,608
Outstanding claim reserves	174,406	153,920
Life insurance reserves	291,792	270,475
Long-term health insurance reserves	40,253	30,683
Premiums reserve	3,575	2,388
Bonds payable	56,911	48,780
Lease liabilities	2,678	3,051
Deferred tax liabilities	2,345	1,486
Other liabilities	4,491	4,163
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>991,728</u>	<u>885,932</u>

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
EQUITY		
Issued capital	44,224	44,224
Share premium account	7,543	7,516
Other comprehensive income	12,807	11,783
Surplus reserve fund	12,551	12,551
General risk reserve	11,885	11,885
Agriculture catastrophic loss reserve	1,235	1,235
Retained profits	107,545	93,939
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	197,790	183,133
Non-controlling interests	68,186	63,706
	<hr/>	<hr/>
TOTAL EQUITY	265,976	246,839
	<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY	1,257,704	1,132,771
	<hr/> <hr/>	<hr/> <hr/>

Statement of Financial Position*As at 30 September 2020**(Amounts in millions of Renminbi, unless otherwise stated)*

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
ASSETS		
Cash and bank balances	473	755
Financial assets at fair value through profit or loss	1,431	1,222
Financial assets purchased under resale agreements	290	2,248
Other receivables	379	386
Term deposit	4,466	4,068
Available-for-sale financial assets	12,408	10,352
Investments classified as loans and receivables	7,483	6,487
Long term equity investments	90,712	90,417
Investment properties	2,656	2,656
Fixed assets	2,815	2,900
Intangible assets	83	83
Other assets	39	68
	<hr/>	<hr/>
TOTAL ASSETS	123,235	121,642
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND EQUITY		
LIABILITIES		
Securities sold under agreements to repurchase	41	63
Salaries and staff welfare payables	3,568	3,582
Tax payable	17	13
Other payables	415	874
Bonds payable	17,986	17,982
Deferred tax liabilities	508	—
Other liabilities	422	649
	<hr/>	<hr/>
TOTAL LIABILITIES	22,957	23,163
	<hr/> <hr/>	<hr/> <hr/>

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
EQUITY		
Issued capital	44,224	44,224
Share premium account	35,578	35,578
Other comprehensive income reserve	182	912
Surplus reserve fund	12,551	12,551
Retained profits	7,743	5,214
	<hr/>	<hr/>
TOTAL EQUITY	100,278	98,479
	<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY	123,235	121,642
	<hr/> <hr/>	<hr/> <hr/>

5.2 Consolidated income statement and income statement of the Company for the nine months ended 30 September 2020 and for the nine months ended 30 September 2019

Consolidated Income Statement

For the nine months ended 30 September 2020

(Amounts in millions of Renminbi, unless otherwise stated)

	Three months ended 30 September 2020 (Unaudited)	Nine months ended 30 September 2020 (Unaudited)	Three months ended 30 September 2019 (Unaudited)	Nine months ended 30 September 2019 (Unaudited)
OPERATING INCOME	142,788	453,065	133,980	423,759
Net earned premiums	125,836	406,088	120,153	383,501
Gross written premiums	119,290	456,131	117,481	440,355
Included: Reinsurance premiums assumed	660	2,349	1,556	2,978
Less: Premiums ceded to reinsurers	(10,097)	(35,048)	(9,310)	(29,542)
Change in unearned premium reserves	16,643	(14,995)	11,982	(27,312)
Investment income	16,826	44,890	12,744	36,915
Included: Share of profits and losses of associates and joint ventures	2,448	7,884	3,381	8,959
Fair value (losses)/gains	(331)	(273)	(193)	300
Exchange (losses)/gains	(512)	(322)	335	335
Gains on disposal of assets	4	52	49	57
Other income	30	296	41	234
Other operating income	935	2,334	851	2,417
OPERATING EXPENSES	133,339	422,180	124,689	395,155
Surrenders	3,245	42,260	2,633	45,633
Gross claims paid	82,828	214,631	75,161	207,454
Less: Paid losses recoverable from reinsurers	(7,222)	(15,892)	(5,654)	(13,592)
Change in insurance contract liability reserves	8,996	50,545	18,285	42,132
Less: Reinsurers' share of insurance contract liability reserves	(129)	(2,262)	(3,199)	(3,448)
Change in premium reserve	178	1,067	194	1,003
Interest expenses credited to policyholders' deposits	507	2,703	282	1,675
Reinsurance expenses	144	612	528	908
Tax and other surcharges	409	1,483	413	1,484
Handling charges and commissions	16,600	51,674	15,887	49,602
General and administrative expenses	28,681	76,039	20,073	62,140
Less: Net reinsurance commission income	(3,029)	(9,199)	(2,658)	(8,284)
Other operating costs	2,022	5,579	1,938	6,049
Impairment losses	109	2,940	806	2,399

	Three months ended 30 September 2020 (Unaudited)	Nine months ended 30 September 2020 (Unaudited)	Three months ended 30 September 2019 (Unaudited)	Nine months ended 30 September 2019 (Unaudited)
OPERATING PROFIT	9,449	30,885	9,291	28,604
Add: Non-operating income	96	182	82	212
Less: Non-operating expenses	<u>(45)</u>	<u>(178)</u>	<u>(82)</u>	<u>(152)</u>
PROFIT BEFORE TAX	9,500	30,889	9,291	28,664
Less: Income tax (expense)/credit	<u>(1,199)</u>	<u>(4,892)</u>	<u>(1,036)</u>	<u>1,267</u>
NET PROFIT	<u>8,301</u>	<u>25,997</u>	<u>8,255</u>	<u>29,931</u>
By continuing operations:				
Net profit from continuing operations	<u>8,301</u>	<u>25,997</u>	<u>8,255</u>	<u>29,931</u>
By ownership:				
1. Net profit attributable to equity holders of the Company	6,134	18,736	5,851	21,368
2. Net profit attributable to non-controlling interests	<u>2,167</u>	<u>7,261</u>	<u>2,404</u>	<u>8,563</u>
OTHER COMPREHENSIVE (EXPENSE)/ INCOME FOR THE YEAR, NET OF TAX				
Other comprehensive (expense)/income attributable to equity holders of the Company, net of tax	<u>(588)</u>	<u>1,024</u>	<u>1,541</u>	<u>8,937</u>
OTHER COMPREHENSIVE INCOME/ (EXPENSE) THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS				
Fair value gains of available-for-sale financial assets	197	1,958	1,746	8,707
Portion of fair value changes attributable to participating policyholders	(247)	(480)	–	–
Gains/(losses) on revaluation transfered to investment properties	4	73	(6)	46
Other comprehensive (expense)/income that may be reclassified to profit or loss under the equity method	(495)	(426)	(237)	156
Exchange differences arising on translation of foreign operations	(46)	(23)	26	32

	Three months ended 30 September 2020 (Unaudited)	Nine months ended 30 September 2020 (Unaudited)	Three months ended 30 September 2019 (Unaudited)	Nine months ended 30 September 2019 (Unaudited)
OTHER COMPREHENSIVE INCOME/ (EXPENSE) THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS				
Remeasurement of the variation of defined benefit plans	–	(80)	–	(11)
Other comprehensive (expense)/income that cannot be reclassified to profit or loss under the equity method	(1)	2	12	7
Other comprehensive (expense)/income attributable to non-controlling interests, net of tax	<u>(110)</u>	<u>643</u>	<u>456</u>	<u>3,017</u>
TOTAL	<u>(698)</u>	<u>1,667</u>	<u>1,997</u>	<u>11,954</u>
TOTAL COMPREHENSIVE INCOME	<u>7,603</u>	<u>27,664</u>	<u>10,252</u>	<u>41,885</u>
Attributable to equity holders of the Company	5,546	19,760	7,392	30,305
Attributable to non-controlling interests	<u>2,057</u>	<u>7,904</u>	<u>2,860</u>	<u>11,580</u>
EARNINGS PER SHARE (in RMB Yuan)				
– Basic	<u>0.14</u>	<u>0.42</u>	<u>0.13</u>	<u>0.48</u>

Note: The Group had no diluted potential ordinary shares in issue during the nine months ended 30 September 2020 and the nine months ended 30 September 2019.

Income Statement

For the nine months ended 30 September 2020

(Amounts in millions of Renminbi, unless otherwise stated)

	Three months ended 30 September 2020 (Unaudited)	Nine months ended 30 September 2020 (Unaudited)	Three months ended 30 September 2019 (Unaudited)	Nine months ended 30 September 2019 (Unaudited)
OPERATING INCOME	1,496	9,791	389	5,728
Investment income	1,426	9,537	227	5,402
Included: Share of profits and losses of associates	103	301	54	195
Fair value (losses)/gains	(34)	1	5	8
Exchange gains	-	7	3	5
Other operating income	104	246	154	313
OPERATING EXPENSES	448	1,370	479	1,378
Tax and other surcharges	8	38	7	39
General and administrative expenses	187	562	215	568
Other operating costs	253	755	255	767
Impairment losses	-	15	2	4
OPERATING PROFIT	1,048	8,421	(90)	4,350
Add: Non-operating income	1	1	7	8
Less: Non-operating expenses	-	(1)	(1)	(1)
PROFIT BEFORE TAX	1,049	8,421	(84)	4,357
Less: Income tax (expense)/credit	-	(762)	(46)	118
NET PROFIT	1,049	7,659	(130)	4,475

	Three months ended 30 September 2020 (Unaudited)	Nine months ended 30 September 2020 (Unaudited)	Three months ended 30 September 2019 (Unaudited)	Nine months ended 30 September 2019 (Unaudited)
OTHER COMPREHENSIVE INCOME/ (EXPENSE)				
OTHER COMPREHENSIVE INCOME/ (EXPENSE) THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS				
Fair value gains/(losses) of available-for- sale financial assets	113	(652)	220	712
Other comprehensive income that may be reclassified to profit or loss under the equity method	–	2	–	17
OTHER COMPREHENSIVE EXPENSE THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS				
Remeasurement of the variation of defined benefit plans	–	(80)	–	(11)
OTHER COMPREHENSIVE INCOME/ (EXPENSE), NET OF TAX	113	(730)	220	718
TOTAL COMPREHENSIVE INCOME	1,162	6,929	90	5,193

5.3 Consolidated statement of cash flow and statement of cash flow of the Company for the nine months ended 30 September 2020 and for the nine months ended 30 September 2019

Consolidated Statement of Cash Flows

For the nine months ended 30 September 2020

(Amounts in millions of Renminbi, unless otherwise stated)

	Nine months ended 30 September 2020 (Unaudited)	Nine months ended 30 September 2019 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from premiums under direct insurance contracts	426,658	402,242
Other cash inflows from operating activities	2,941	9,176
	<hr/>	<hr/>
Cash inflows from operating activities	429,599	411,418
	<hr/>	<hr/>
Cash paid for claims payments under direct insurance contracts	(212,340)	(206,938)
Decrease from policyholders' deposits	(2,623)	(3,461)
Cash paid for reinsurance, net	(5,220)	(6,859)
Handling charges and commissions paid	(52,018)	(49,008)
Interest paid to policyholders' deposits	(2,350)	(1,420)
Payment to and on behalf of staff	(35,333)	(40,851)
Taxes and surcharges paid	(14,296)	(13,382)
Other cash outflows for operating activities	(88,832)	(73,130)
	<hr/>	<hr/>
Cash outflows for operating activities	(413,012)	(395,049)
	<hr/>	<hr/>
Net cash flows generated from operating activities	16,587	16,369

	Nine months ended 30 September 2020 (Unaudited)	Nine months ended 30 September 2019 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of investments	211,140	160,027
Cash received from investment income	38,299	31,931
Proceeds from disposals of fixed assets, intangible assets and other long term assets	157	303
Proceeds from disposal of associates	594	-
	<hr/>	<hr/>
Cash inflows from investing activities	250,190	192,261
	<hr/>	<hr/>
Payment for purchases of investments	(286,864)	(205,919)
Net increase in policy loans	(583)	(648)
Payment for purchases of fixed assets, intangible assets and other long term assets	(8,214)	(2,622)
Other cash outflows for investing activities	(51)	(25)
	<hr/>	<hr/>
Cash outflows for investing activities	(295,712)	(209,214)
	<hr/>	<hr/>
Net cash flows used in investing activities	(45,522)	(16,953)
	<hr/>	<hr/>

	Nine months ended 30 September 2020 (Unaudited)	Nine months ended 30 September 2019 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of debts	8,000	—
Proceeds from banks and other financial institutions	205	—
Funds from non-controlling shareholders	9	—
Net cash received from financial assets sold under agreements to repurchase	<u>24,844</u>	<u>19,287</u>
Cash inflows from financing activities	<u>33,058</u>	<u>19,287</u>
Repayment of debts	—	(800)
Repayments of lease liabilities	(743)	(889)
Cash paid for distribution of dividends, profits or interests	(11,137)	(6,979)
Other cash outflows for financing activities	<u>—</u>	<u>(119)</u>
Cash outflows for financing activities	<u>(11,880)</u>	<u>(8,787)</u>
Net cash flows generated from financing activities	<u>21,178</u>	<u>10,500</u>
NET FOREIGN EXCHANGE DIFFERENCES	<u>(298)</u>	<u>32</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(8,055)</u>	<u>9,948</u>
Cash and cash equivalents at beginning of the period	<u>76,984</u>	<u>61,601</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>68,929</u></u>	<u><u>71,549</u></u>

Statement of Cash Flow*For the nine months ended 30 September 2020**(Amounts in millions of Renminbi, unless otherwise stated)*

	Nine months ended 30 September 2020 (Unaudited)	Nine months ended 30 September 2019 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Other cash inflows from operating activities	<u>91</u>	<u>145</u>
Cash inflows from operating activities	<u>91</u>	<u>145</u>
Payment to and on behalf of staff	(472)	(436)
Taxes and surcharges paid	(35)	(34)
Other cash outflows for operating activities	<u>(136)</u>	<u>(139)</u>
Cash outflows for operating activities	<u>(643)</u>	<u>(609)</u>
Net cash flows used in operating activities	<u>(552)</u>	<u>(464)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of investments	7,790	7,082
Investment income received	9,002	5,299
Proceeds from disposals of subsidiaries	242	–
Other cash inflows from investing activities	<u>–</u>	<u>123</u>
Cash inflows from investing activities	<u>17,034</u>	<u>12,504</u>
Payment for purchases of investments	(12,615)	(10,426)
Payment for purchases of fixed assets, intangible assets and other long term assets	(29)	(27)
Other cash outflows for investing activities	<u>(36)</u>	<u>(63)</u>
Cash outflows for investing activities	<u>(12,680)</u>	<u>(10,516)</u>
Net cash flows generated from investing activities	<u>4,354</u>	<u>1,988</u>

	Nine months ended 30 September 2020 (Unaudited)	Nine months ended 30 September 2019 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash received from financial assets sold under agreements to repurchase	—	150
Cash inflows from financing activities	—	150
Interests paid	(904)	(916)
Cash paid for distribution of dividends	(5,130)	(2,021)
Net cash paid for financial assets sold under agreements to repurchase	(21)	—
Other cash outflows for financing activities	—	(119)
Cash outflows for financing activities	(6,055)	(3,056)
Net cash flows used in financing activities	(6,055)	(2,906)
NET FOREIGN EXCHANGE DIFFERENCES	14	4
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,239)	(1,378)
Cash and cash equivalents at beginning of the period	3,003	2,294
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	764	916

By Order of the Board
The People's Insurance Company (Group) of China Limited
Wang Tingke
Vice Chairman

Beijing, the PRC, 28 October 2020

As at the date of this announcement, the executive directors of the Company are Mr. Wang Tingke and Mr. Xie Yiqun, the non-executive directors are Mr. Wang Qingjian, Mr. Xiao Xuefeng, Ms. Cheng Yuqin and Mr. Wang Zhibin, and the independent non-executive directors are Mr. Shiu Sin Por, Mr. Ko Wing Man, Mr. Luk Kin Yu, Peter, Mr. Lin Yixiang and Mr. Chen Wuzhao.