

Company Report

CPIC (2601 HK)

Valuation appealing; Maintain BUY

- NBV slumped yoy in 1H22, in line with expectation
- Building a professional, specialized, and digitalized sales team
- Maintain BUY rating on valuation

NBV slumped yoy in 1H22, in line with expectation

1) Shareholder's NP dropped by 23.1% yoy in 1H22, partly due to gloomy capital market in 1H22. In more details, the annualized total investment yield was 3.9% in 1H22, vs. 5.0% in 1H21. Total comprehensive income attributable to shareholders dropped by 40.1% yoy in 1H22. 2) Life insurance segment was under pressure, in line with expectation. Total NBV dropped by 45.3% yoy in 1H22, primarily due to weakened insurance demand and worsened product structure. NBV margin on FYAP dropped from 25.4% in 1H21 to 10.7% in 1H22. 3) Monthly average number of agents in the agent channel dropped in the 1H22, which was 312k at end-1H22 vs. 525k at end-2021 (or 641k at end-1H21). CPIC emphasized that it will build an agency force featuring professionalism, career-based development, and digitalization. The monthly average FYP per core agent rose by 23.5% yoy in 1H22. The monthly average FYC per core agent reached RMB4,630, up by 10.8% yoy in 1H22. Agent productivity measured by per-agent NBV increased by ~12% yoy in 1H22. 4) For P&C segment, automobile insurance premiums grew by 7.9% yoy and non-auto P&C premiums increased by 17.6% yoy. Aggregate combined ratio was 97.2% in 1H22, down by 2.1pt yoy, partly driven by lower automobile insurance combined ratio. 5) The Company maintained satisfactory solvency ratios under the C-ROSS (Phase II) Regulation implemented since 1Q22, well above the critical levels. 6) Overall, the Company's 1H22 results were in-line. We expect a slower decline in NBV in 2H22 for the Company. We expect CPIC's NBV to drop ~36% yoy in 2022E.

Valuation undemanding; Maintain BUY on valuation

CPIC is trading at ~0.23x 22E P/EV and ~0.56x 22E P/B, valuation undemanding. Our test further shows, if we eliminate CPIC's entire VIF on the market's concern that life insurers' VIF assumptions will not be met, and further apply a valuation discount equal to 5% of insurance investment assets on concern of property-related investment risk, its current P/EV ratio is still lower than 1x (Fig. 8). We estimate its NBV to drop by ~36% yoy in 2022E, given the negative impact of the COVID-19 and the agent force contraction. Maintain BUY on valuation, and maintain EV-based TP at HKD24.3, equal to 0.35x 22E P/EV or a 45% discount to its past 5-yr average P/EV. **Key catalysts:** a good capital market, higher-than-expected NBV growth; **key downside risks:** an adverse capital market, lower-than-expected NBV growth.

Financials

Year ended 31 Dec (RMB mn)	2020A	2021A	2022E	2023E	2024E
Total revenues	418,964	436,331	450,097	482,129	519,616
Shareholders' net profit	24,584	26,834	23,426	25,840	29,296
EPS (RMB)	2.63	2.79	2.44	2.69	3.05
BVPS (RMB)	22.37	23.57	25.00	26.81	28.89
P/E (x)	5.30	5.00	5.72	5.19	4.58
P/B (x)	0.62	0.59	0.56	0.52	0.48
P/EV (x)	0.29	0.27	0.23	0.22	0.20
ROE (%)	12.6	12.2	10.0	10.4	10.9

Sources: Company data, CMS (HK) estimates; Note: share price is as of Aug. 26, 2022

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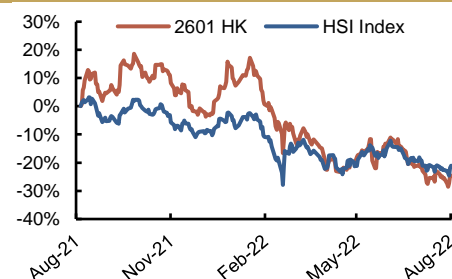
WHAT'S NEW

1H22 results review

BUY

Previous	BUY
Price (Aug. 26, 2022)	HKD16.40
12-month Target Price (Potential up/downside)	HKD24.3 (+48%)
Previous	HKD24.3

Price Performance



Source: Wind

%	1m	6m	12m
2601 HK	(3.1)	(25.3)	(26.5)
HSI	(0.5)	(11.7)	(21.1)

Sector: Insurance

Hang Seng Index (Aug. 26, 2022)	20,170
HSCEI (Aug. 26, 2022)	6,921

Key Data

52-week range (HKD)	15.46-26.20
Market cap (HKD mn)	177,313
Avg. daily volume (mn)	10.7

Shareholding Structure

HKSCC Nominees Limited	28.82%
Shenergy (Group) Co., Ltd.	14.05%
Hwabao Investment Co., Ltd.	13.35%
Shanghai State-Owned Assets Operation Co., Ltd. and Concert Parties	6.09%
Free float	37.69%
No. of shares outstanding (mn)	9,620

Source: Bloomberg, Wind, Company data

Related Research

1. CPIC (2601 HK) - Maintain BUY rating on valuation (BUY) (1 June, 2022)
2. CPIC (2601 HK) - Upgrading the agency force (BUY) (28 March, 2022)
3. CPIC (2601 HK) - Sales team reforms on the way (BUY) (29 December, 2021)

Focus charts

Figure 1: CPIC key 1H22 results review

(RMB mn)	1H22	1H21	yoy (hoh)
Total life GWP	149,054	141,449	5.4%
Total life agency channel FYP	14,780	22,774	-35.1%
Life agency channel regular FYP	12,900	19,880	-35.1%
Life agency channel renewal premiums	104,571	106,356	-1.7%
Bancassurance channel FYP	16,838	1,374	1125.5%
Group channel FYP	11,436	10,111	13.1%
Life segment net profit	149,054	141,449	5.4%
Monthly average number of agents ('000)	312	525 (end-2021)	-40.6%
Monthly average FYP per agent (RMB)	7,906	5,918	33.6%
Life NBV	5,596	10,231	-45.3%
Life NBV margin on FYAP	10.7%	25.4%	
Per-agent NBV	17,936	15,961	12.4%
Life EV	386,244	376,643 (end-2021)	2.5%
Total P&C GWP	91,571	81,561	12.3%
<i>Auto</i>	48,169	44,642	7.9%
<i>Non-auto</i>	43,402	36,919	17.6%
Auto-insurance combined ratio (%)	96.6	99.0	
Aggregate combined ratio (%)	97.2	99.3	
Shareholders' net profit	13,301	17,304	-23.1%
Shareholders' total comprehensive income	9,556	15,947	-40.1%
Net investment yield (%)	3.9	4.1	
Total investment yield (%)	3.9	5.0	

Sources: Company data, CMS (HK)

Figure 2: Forecast revisions

(RMB mn)	New			Old		Change	
	2021A	2022E	2023E	2022E	2023E	2022E New/Old	2023E New/Old
New business value	13,412	8,597	9,365	9,421	10,242	-8.7%	-8.6%
Life EV	376,643	417,604	462,854	418,424	464,617	-0.2%	-0.4%
Shareholders' net profit for the year	26,834	23,426	25,840	26,283	29,388	-10.9%	-12.1%
Implied assumptions:							
New business value growth yoy	-24.8%	-35.9%	8.9%	-29.8%	8.7%		

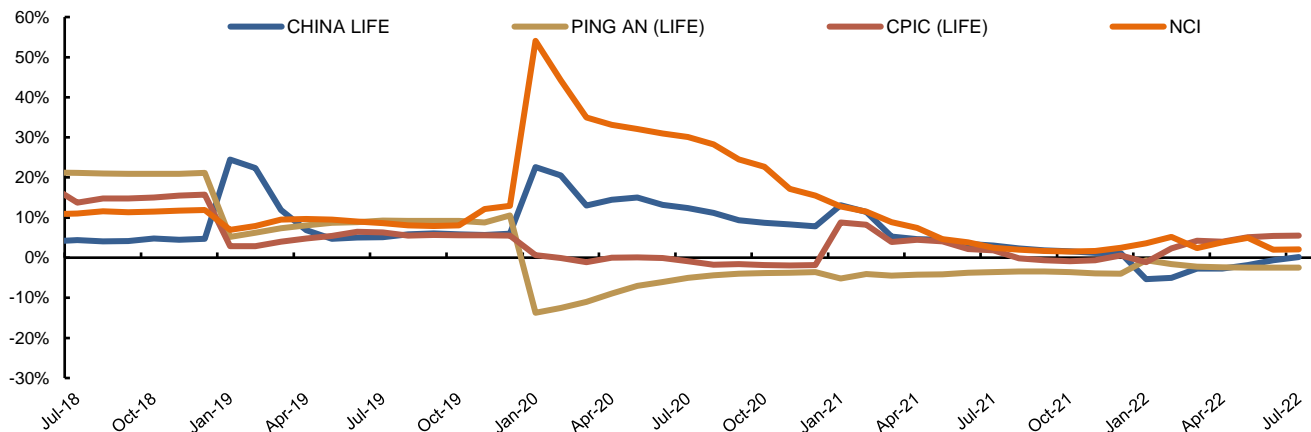
Sources: Company data, CMS (HK) estimates

Figure 3: Life sector's key performance metrics

	PING AN (2318 HK) * (1H22)	CHINA LIFE (2628 HK) (1H22)	NCI (1336 HK) (1Q22)	CPIC (2601 HK) (1H22)
Shareholders' net profit yoy growth	3.9%	-38.0%	-78.7%	-23.1%
ROE (unannualized)	14.4% **	5.2%	1.28%	5.7%
Shareholders' comprehensive income yoy growth	14.5%	-49.0%	n.a.	-40.1%
Agency channel performance				
Life agent headcount yoy growth	-45.3% ***	-35.1% ****	n.a.	-51.3% ***
Agency Channel regular FYP yoy growth	-12.5%	0.5%	-20.9%	-35.1%
Life NBV yoy growth	-28.5%	-13.8%	n.a.	-45.3%
Net investment yield (annualized)	3.9%	4.15%	n.a.	3.9%
Total investment yield (annualized)	3.1%	4.21%	4.0%	3.9%

Sources: Company data, CMS (HK); Note: * Ping An has adopted IFRS 9 since 2018; ** Annualized ROE; *** 1H22 yoy growth of monthly average agent number; **** yoy growth of 1H22-end agent number

Figure 4: Growths of accumulated life GWP



Sources: Wind, CMS (HK)

Figure 5: Allocation of investment assets

(RMB mn)	Ping An (2318 HK) (End-1H22)		China Life (2628 HK) (End-1H22)		CPIC (2601 HK) (End-1H22)		NCI (1336 HK) (End-2021)	
	Carrying Value	Percentage	Carrying Value	Percentage	Carrying Value	Percentage	Carrying Value	Percentage
Term deposits	251,787	5.9%	510,832	10.3%	218,354	11.2%	168,540	15.6%
Debt financial assets	2,834,716	66.4%	3,187,833	64.1%	1,264,723	65.2%	577,214	53.3%
Equity financial assets	543,792	12.7%	559,247	11.2%	233,393	12.0%	167,022	15.4%
Other equity financial assets *	386,441	9.0%	297,335	6.0%	163,306	8.4%	90,414	8.3%
Other investment assets	135,598	3.2%	282,765	5.7%	11,624	0.6%	64,154	5.9%
Cash, cash equivalents and others	118,445	2.8%	139,070	2.8%	49,767	2.6%	15,459	1.4%
Total	4,270,779		4,977,082		1,941,167		1,082,803	

Sources: Company data, CMS (HK); *Note: other equity financial assets may include equity asset management products, private equity, equity plans, unlisted equity investments, preferred shares, and long-term equity stakes and so on.

Figure 6: Number of exclusive life insurance agents

('000)	2019	1H20	2020	1Q21	1H21	3Q21	2021	1Q22	1H22
Monthly average agent number: Ping An	1,200	1,108	1,055 *	986 **	940	706 ***	796	538 ****	514
Period end agent number: China Life	1,613	1,690	1,378	1,282	1,150	980	820	780	746
Monthly average agent number: CPIC	790	766	749	n.a.	641	n.a.	525	n.a.	312
Period end agent number: NCI	507	526	606	n.a.	441	n.a.	389	n.a.	n.a.
Growth	hoh	hoh	yoy	YTD	YTD	YTD	yoy	YTD	YTD
Monthly average agent number: Ping An	-2.83%	-7.67%	-12.08%	-3.7% **	-10.90%	-31.02% ***	-24.55%	-10.41% ****	-35.43%
Period end agent number: China Life	2.54%	4.77%	-14.57%	-7.0%	-16.55%	-28.88%	-40.49%	-4.88%	-9.02%
Monthly average agent number: CPIC	-0.75%	-3.04%	-5.19%	n.a.	-14.42%	n.a.	-29.91%	n.a.	-40.57%
Period end agent number: NCI	31.35%	3.75%	19.53%	n.a.	-27.23%	n.a.	-35.81%	n.a.	n.a.

Sources: Company data, CMS (HK); Note: *2021 revised data; ** 1Q21-end figure (986K) compared with 2020-end figure (1,024K); *** 3Q21-end figure (706K) compared with 2020-end figure (1,024K); **** 1Q22-end figure (538K) compared with 2021-end figure (600K)

Figure 7: Property-related insurance investment assets of Ping An Insurance and China Pacific Insurance *

(RMB mn)	Ping An Insurance		China Pacific Insurance	
	End-2021	End-1H22	End-2021	End-1H22
Debt schemes and Wealth management products: Real estate	98,059	86,378	75,891	77,118
Investment assets: Investment properties	100,647	115,857	7,514	11,624
Property-related Interests in associates and investment in JVs	31,254	29,720	10,943	10,936
Sub-Total	229,960	231,955	94,348	99,678
Total insurance investment assets	3,916,412	4,270,779	1,812,069	1,941,167
As % of total insurance investment assets (for reference)	-5.9%	-5.4%	-5.2%	-5.1%

Sources: Company data, CMS (HK); Note: Incomplete statistics only based on available figures

Figure 8: Sensitivity of P/EV (zero VIF assumed)

(RMB mn)	China Life (2628 HK) (End-1H22)	Ping An (2318 HK) (End-1H22)	CPIC (2601 HK) (End-1H22)	NCI (1336 HK) (End-2021)
Adjusted net worth	703,520	916,424	295,964	163,027
Assumed VIF	-	-	-	-
Minus: additional valuation discount equal to 5% of insurance investment assets	248,854	213,539	97,058	54,140
Minus: additional valuation discount on potential shareholders' losses from bank loans, assuming 20% loss ratio on real estate loans, construction loans, and residential mortgage loans as of end-1H22	43,079 **	119,202	-	-
Implied valuation	411,587	583,683 ***	198,906	108,887
Current market value *	280,751	744,335	137,711	50,427
Current market value * / Implied valuation	68%	128%	69%	46%

Sources: Wind, Company data, CMS (HK); Note: * as of Aug. 26, 2022. ** Data of Guangfa Bank as of end-2021; ***The implied valuation for Ping An might be slightly smaller due to potential losses on property proprietary trading of Ping An Trust

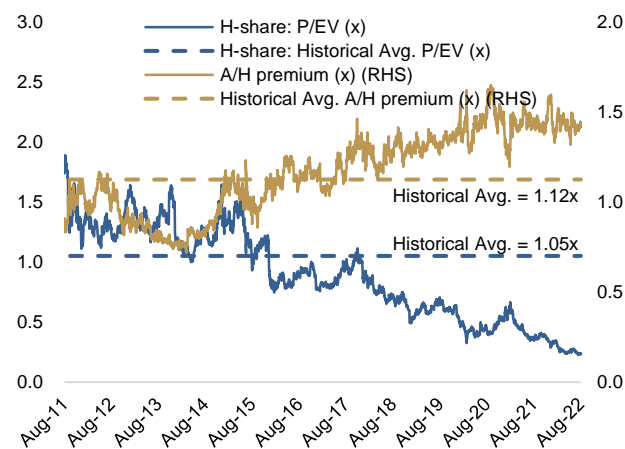
Figure 9: GWPs by geography (1H22, RMB mn)

Ping An: Life GWPs			Ping An: P&C GWPs			China Life: Life GWPs		
Guangdong	57,146	17.4%	Guangdong	24,387	16.6%	Jiangsu	49,448	11.2%
Beijing	22,284	6.8%	Jiangsu	11,183	7.6%	Guangdong	42,010	9.5%
Shandong	20,448	6.2%	Zhejiang	9,510	6.5%	Zhejiang	32,526	7.4%
Jiangsu	19,102	5.8%	Shandong	8,246	5.6%	Shandong	31,349	7.1%
Zhejiang	18,118	5.5%	Shanghai	8,132	5.5%	Henan	22,436	5.1%
Others	191,358	58.3%	Others	85,334	58.1%	Others	262,200	59.6%
Total	328,456	100.0%	Total	146,792	100.0%	Total	439,969	100.0%

CPIC: Life GWPs			CPIC: P&C GWPs			NCI: Life GWPs (FY 2021)		
Jiangsu	16,273	10.9%	Guangdong	10,897	11.9%	Shandong	15,812	9.7%
Henan	14,888	10.0%	Jiangsu	9,843	10.7%	Henan	13,482	8.2%
Zhejiang	12,825	8.6%	Zhejiang	8,537	9.3%	Beijing	11,265	6.9%
Shandong	12,523	8.4%	Shanghai	6,037	6.6%	Guangdong	9,264	5.7%
Hebei	9,198	6.2%	Shandong	5,047	5.5%	Zhejiang	8,344	5.1%
Guangdong	7,264	4.9%	Hubei	3,909	4.3%	Shanxi	8,139	5.0%
Sichuan	6,376	4.3%	Hebei	3,619	4.0%	Jiangsu	8,058	4.9%
Heilongjiang	6,285	4.2%	Henan	3,555	3.9%	Hubei	8,036	4.9%
Hubei	6,142	4.1%	Hunan	3,377	3.7%	Hunan	6,425	3.9%
Shanxi	6,001	4.0%	Beijing	3,369	3.7%	Inner Mongolia	6,284	3.8%
Others	51,279	34.4%	Others	33,381	36.5%	Others	68,361	41.8%
Total	149,054	100.0%	Total	91,571	100.0%	Total	163,470	100.0%

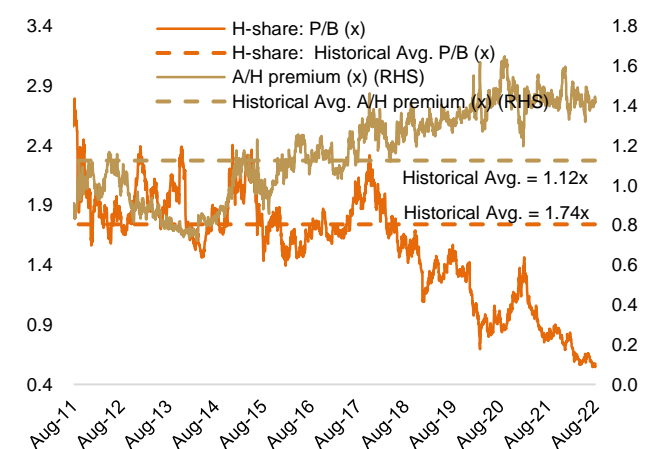
Sources: Company data, CMS (HK)

Figure 10: P/EV (Group) valuation and A/H premium of CPIC



Sources: Wind, Company data, CMS (HK) estimates

Figure 11: P/B valuation and A/H premium of CPIC



Sources: Wind, Company data, CMS (HK) estimates

Valuation comparison

Company	Ticker	Rating	Price Local ccy	TP (HKD)	Mkt Cap (USD mn)	P/EV (x)		P/E (x)		P/B (x)		ROE (%)		Dividend Yield (%)	
						2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E
HK Listed Peers															
Ping An	2318 HK	BUY	46.7	71.4	110,859	0.47	0.43	6.5	5.7	0.80	0.74	12.5	12.9	4.6	5.2
China Life	2628 HK	BUY	11.4	17.7	97,489	0.20	0.18	6.3	5.8	0.54	0.51	8.8	9.1	5.7	6.2
China Pacific	2601 HK	BUY	16.4	24.3	25,614	0.23	0.22	5.7	5.2	0.56	0.52	10.0	10.4	6.3	6.9
New China Life	1336 HK	BUY	18.5	26.5	10,836	0.17	0.16	3.6	3.2	0.42	0.38	12.2	12.6	8.4	9.5
ZA Online	6060 HK	BUY	22.3	31.3	3,989	n.a.	n.a.	126.3	23.5	1.64	1.53	1.3	6.7	0.0	0.0
China Taiping *	966 HK	NR	8.1	n.a.	3,659	n.a.	n.a.	4.0	3.3	0.30	0.28	8.0	8.9	6.1	6.5
PICC Group *	1339 HK	NR	2.3	n.a.	26,997	n.a.	n.a.	4.0	3.4	0.40	0.36	10.4	10.9	7.9	8.9
PICC P&C *	2328 HK	NR	7.8	n.a.	22,758	n.a.	n.a.	6.0	5.3	0.71	0.65	12.3	12.8	6.6	7.4
China Re *	1508 HK	NR	0.6	n.a.	3,139	n.a.	n.a.	3.7	2.9	0.23	0.21	6.4	7.9	8.4	10.0
AIA *	1299 HK	NR	78.2	n.a.	118,007	n.a.	n.a.	20.5	14.8	2.02	1.82	9.8	12.6	2.0	2.2
Arithmetic Average						0.27	0.25	18.7	7.3	0.76	0.70	9.2	10.5	5.6	6.3
Weighted Average						0.33	0.30	11.1	8.1	1.03	0.94	10.4	11.5	4.7	5.2
China A-share Listed Peers *															
Ping An	601318 CH	NR	43.1	n.a.	110,857	n.a.	n.a.	6.8	5.6	0.87	0.78	13.5	14.7	5.8	6.1
China Life	601628 CH	NR	29.4	n.a.	97,427	n.a.	n.a.	17.7	14.3	1.56	1.43	9.3	11.1	2.1	2.5
China Pacific	601601 CH	NR	20.3	n.a.	25,614	n.a.	n.a.	7.7	6.3	0.81	0.75	10.4	12.0	4.7	5.6
New China Life	601336 CH	NR	28.2	n.a.	10,836	n.a.	n.a.	7.2	5.5	0.76	0.68	11.2	13.2	3.9	5.3
PICC Group	601319 CH	NR	4.8	n.a.	26,996	n.a.	n.a.	8.7	7.5	0.90	0.82	10.5	11.0	3.6	3.9
Arithmetic Average								9.6	7.8	0.98	0.89	11.0	12.4	4.0	4.7
Weighted Average								11.0	9.0	1.11	1.01	11.3	12.7	4.0	4.5

Company	Ticker	Rating	Price	TP	Mkt Cap (USD mn)	P/EV (x)		P/E (x)		P/B (x)		ROE (%)		Dividend Yield (%)	
			Local ccy	(HKD)		2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E
Global Peers *															
GREAT-WEST LIFEC	GWO CN	NR	32.8	n.a.	23,389	n.a.	n.a.	9.1	8.6	1.27	1.24	14.0	14.9	6.0	6.5
MUENCHENER RUE-R	MUV2 GR	NR	234.5	n.a.	32,552	n.a.	n.a.	10.2	8.3	1.23	1.13	11.0	14.0	4.9	5.2
HANNOVER RUECK S	HNR1 GR	NR	145.4	n.a.	17,360	n.a.	n.a.	11.9	9.8	1.66	1.50	13.1	16.4	4.2	4.4
METLIFE INC	MET US	NR	65.7	n.a.	52,387	n.a.	n.a.	8.8	8.0	1.54	1.44	10.9	13.1	3.0	3.2
PRUDENTIAL PLC	PRU LN	NR	915.0	n.a.	29,332	n.a.	n.a.	10.5	8.3	1.62	1.41	13.7	16.7	1.8	1.9
AFLAC INC	AFL US	NR	60.9	n.a.	38,465	n.a.	n.a.	11.4	11.2	1.44	1.37	12.3	12.2	2.6	2.9
MANULIFE FIN	MFC CN	NR	23.3	n.a.	33,939	n.a.	n.a.	7.3	6.8	0.87	0.83	12.1	12.1	5.7	6.1
ALLIANZ SE-VINK	ALV GR	NR	170.3	n.a.	68,995	n.a.	n.a.	9.7	7.1	0.99	0.93	10.2	14.1	6.7	7.1
SAMSUNG LIFE INS	032830 KS	NR	62,200.0	n.a.	8,923	n.a.	n.a.	9.6	7.9	0.39	0.34	3.4	4.7	4.8	5.7
AEGON NV	AGN NA	NR	4.5	n.a.	9,487	n.a.	n.a.	8.0	5.7	0.41	0.39	4.1	6.9	5.1	6.0
AXA SA	CS FP	NR	23.4	n.a.	54,307	n.a.	n.a.	7.8	7.3	0.92	0.86	10.7	12.4	7.0	7.5
DAI-ICHI LIFE	8750 JP	NR	2,390.5	n.a.	17,546	n.a.	n.a.	6.5	8.6	0.48	0.53	7.2	5.8	3.5	3.6
Average								9.2	8.1	1.07	1.00	10.2	12.0	4.6	5.0

Sources: Company data, Bloomberg, CMS (HK) estimates; Share prices are as of Aug. 26, 2022; * forecast is based on Bloomberg consensus.

Financial Summary

Consolidated Statement of Financial Position

Year ended 31 Dec (RMB mn)	2020A	2021A	2022E	2023E	2024E
Property, plant and equipment	19,293	20,142	20,142	20,142	20,142
Investment properties	7,866	7,514	7,974	8,753	9,585
Goodwill and other intangible assets	4,680	4,851	4,948	5,047	5,148
Investments in associates and joint ventures	24,443	26,984	27,524	28,074	28,636
Fixed income financial assets (excluding TD, restricted statutory deposits and policy loans)	1,028,441	1,099,964	1,204,608	1,322,983	1,449,434
Equity financial assets	289,724	360,474	391,107	431,443	474,557
Term deposits	192,966	196,519	216,293	237,417	259,983
Statutory deposits	6,858	7,428	7,428	7,428	7,428
Policy loans	62,364	66,950	69,772	76,586	83,865
Financial assets purchased under agreements to resell	14,327	13,432	32,972	36,192	39,632
Interest and insurance receivables	50,435	57,321	65,919	75,807	87,178
Deferred tax assets	845	1,998	2,038	2,079	2,120
Reinsurance assets	27,719	30,872	33,959	37,355	41,091
Other assets	20,165	19,170	23,041	24,272	24,677
Cash and short-term time deposits	20,878	32,545	35,803	39,300	43,035
Total assets	1,771,004	1,946,164	2,143,527	2,352,878	2,576,511
Insurance contracts	1,225,176	1,385,333	1,534,638	1,687,606	1,846,823
Investment contracts	87,056	102,773	118,189	135,917	156,305
Financial assets sold under agreements to repurchase	90,825	73,441	82,254	92,124	103,179
Policyholder dividends payable	24,351	24,176	24,660	25,153	25,656
Premiums received in advance	27,983	25,154	30,185	36,222	43,466
Payables to reinsurers	5,501	7,638	8,784	10,101	11,616
Bonds payable	9,991	9,995	10,095	10,196	10,298
Other liabilities	72,835	79,295	80,881	82,499	84,148
Current income tax liabilities	1,396	2,353	2,706	3,112	3,579
Deferred tax liabilities	5,055	3,601	4,141	4,762	5,477
Total liabilities	1,550,169	1,713,759	1,896,532	2,087,692	2,290,547
Share capital	9,620	9,620	9,620	9,620	9,620
Reserves and retained earnings	205,604	217,121	230,926	248,333	268,327
Shareholders' equity	215,224	226,741	240,546	257,953	277,947
Total equity	220,835	232,405	246,994	265,185	285,963

Consolidated Statement of Income

Year ended 31 Dec (RMB mn)	2020A	2021A	2022E	2023E	2024E
Gross written premiums and policy fees	362,064	366,782	391,458	421,027	455,246
Net premiums earned and policy fees	331,639	339,535	362,849	389,485	420,417
Investment income	82,740	91,643	81,819	86,769	92,833
Other income	4,585	5,153	5,428	5,875	6,367
Total revenues	418,964	436,331	450,097	482,129	519,616
Insurance benefits and claims	(281,903)	(309,478)	(327,604)	(347,654)	(371,728)
Other operating and administrative expenses	(90,074)	(77,032)	(74,934)	(82,474)	(90,816)
Interest credited to investment contracts	(3,344)	(4,007)	(4,408)	(4,848)	(5,333)
Policyholder dividends resulting from participation in profits	(11,512)	(12,376)	(12,995)	(13,645)	(14,327)
Total benefits, claims and expenses	(386,833)	(402,893)	(419,940)	(448,621)	(482,204)
Share of profits and losses of associates and joint ventures	512	799	999	1,149	1,263
Finance costs	(3,405)	(3,441)	(3,580)	(3,779)	(3,990)
Profit before income tax	29,238	30,796	27,576	30,878	34,686
Income tax expense	(3,886)	(3,178)	(3,366)	(4,253)	(4,605)
Net profit for the year	25,352	27,618	24,210	26,624	30,080
Attributable to:					
Owners of the parent	24,584	26,834	23,426	25,840	29,296

Financial Ratios

	2020A	2021A	2022E	2023E	2024E
EPS for ordinary shares (RMB)	2.63	2.79	2.44	2.69	3.05
BVPS for ordinary shares (RMB)	22.37	23.57	25.00	26.81	28.89
Life NBV per share (RMB)	1.85	1.39	0.89	0.97	1.06
Life EV per share (RMB)	35.48	39.15	43.41	48.11	53.31
Group EV per share (RMB)	47.74	51.80	59.63	64.56	70.09
ROE (%)	12.6	12.2	10.0	10.4	10.9
GWP and policy fees growth yoy	4.2%	1.3%	6.7%	7.6%	8.1%
New business value growth yoy	-27.5%	-24.8%	-35.9%	8.9%	9.3%

Sources: Company data, CMS (HK) estimates

Consolidated Statement of Cash Flows

Year ended 31 Dec (RMB mn)	2020A	2021A	2022E	2023E	2024E
Net cash from operating activities	108,063	108,407	93,195	93,214	95,581
Net cash from investing activities	(136,068)	(66,094)	(76,436)	(95,130)	(97,354)
Net cash from financing activities	21,448	(31,371)	6,389	8,633	8,948
Effect of foreign exchange rate changes	(1,222)	(82)	0	0	0
Net increase in cash and cash equivalents	(7,779)	10,860	23,148	6,717	7,175
Cash and cash equivalents at end of year	34,767	45,627	68,775	75,492	82,667
Attributable to:					
Cash and short term deposits	20,440	32,195	35,803	39,300	43,035

Investment Ratings

Industry Rating	Definition
OVERWEIGHT	Expect sector to outperform the market over the next 12 months
NEUTRAL	Expect sector to perform in-line with the market over the next 12 months
UNDERWEIGHT	Expect sector to underperform the market over the next 12 months

Company Rating	Definition
BUY	Expect stock to generate 10%+ return over the next 12 months
HOLD	Expect stock to generate +10% to -10% over the next 12 months
SELL	Expect stock to generate loss of 10%+ over the next 12 months

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