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中國太平洋保險(集團)股份有限公司

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

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

(Stock Code: 02601)

2019 Third Quarter Report

This announcement is made by China Pacific Insurance (Group) Co., Ltd. (the "Company") pursuant to 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 2019 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 warrant that the contents of this quarterly report are true, accurate and complete and that there is no false representation, 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 2019 Third Quarter Report of the Company was considered and approved at the 21st meeting of the 8th Session of Board of Directors of the Company on 30 October 2019, which 13 directors were required to attend and 13 of them attended in person.

1.3 The financial data contained in the 2019 Third Quarter Report of the Company are unaudited and have been prepared in accordance with the PRC Accounting Standards for Business Enterprises.

1.4 Mr. KONG Qingwei (person in charge of the Company), Mr. ZHANG Yuanhan (CFO and Chief Actuary) and Ms. XU Zhen (Head of the Finance Department) warrant the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

§2 Basic Information of the Company

2.1 Key Accounting Data and Financial Indicators

unit: RMB million

| | 30 September 2019 | 31 December 2018 | Change (%) |
|---|--|--|--|
| Total assets | 1,493,371 | 1,335,959 | 11.8 |
| Equity ^{note} | 170,233 | 149,576 | 13.8 |
| Net assets per share (RMB) ^{note} | 18.79 | 16.51 | 13.8 |
| | For the 9 months ended 30 September 2019 | For the 9 months ended 30 September 2018 | Compare with the same period of the previous year (%) |
| Net cash inflow from operating activities | 89,297 | 73,543 | 21.4 |
| Net cash inflow per share from operating activities (RMB) | 9.85 | 8.12 | 21.4 |
| | For the 9 months ended 30 September 2019 | For the 9 months ended 30 September 2018 | Compared with the same period of the previous year (%) |
| Operating income | 311,226 | 289,815 | 7.4 |
| Net profit ^{note} | 22,914 | 12,715 | 80.2 |
| Basic earnings per share (RMB) ^{note} | 2.53 | 1.40 | 80.2 |
| Diluted earnings per share (RMB) ^{note} | 2.53 | 1.40 | 80.2 |
| Net profit after deducting non-recurring items ^{note} | 18,078 | 12,677 | 42.6 |
| Basic earnings per share after deducting non-recurring items (RMB) ^{note} | 2.00 | 1.40 | 42.6 |
| Weighted average return on equity (%) ^{note} | 14.2 | 9.0 | +5.2pt |
| Weighted average return on equity after deducting non-recurring items (%) ^{note} | 11.2 | 9.0 | +2.2pt |

Note: Attributable to equity holders of the parent.

2.2 Non-recurring items

unit: RMB million

| Non-recurring items | For the 3 months from 1 July to 30 September 2019 | For the 9 months ended 30 September 2019 |
|---|---|--|
| Income on disposal of non-current assets | 12 | 13 |
| Government grants included in profit or loss | 14 | 94 |
| Gains on the investment cost of acquiring subsidiaries, associates and joint ventures is less than the income generated by the fair value of identifiable net assets of the invested entity when acquiring investment | 1 | 1 |
| Impact on the current profit and loss by one-off adjustment to the current profit and loss according to the requirements of the tax as well as accounting laws and rules | - | 4,881 |
| Net non-operating income and expenses other than those mentioned above | (31) | (59) |
| Effect of income tax | 1 | (14) |
| Effect of non-controlling interests | 1 | (80) |
| Total | (2) | 4,836 |

2.3 Total number of shareholders, shares held by top ten shareholders and shares held by top ten shareholders without selling restrictions at the end of the reporting period

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: 109,647 (including 105,031 holders of A shares and 4,616 holders of H shares) | | | | | | |
|---|--|--------------------------------|--|--|--|----------------|
| Shares held by top ten shareholders | | | | | | |
| Name of shareholders | Total number of shares held | Percentage of the shareholding | Increase or decrease (+ or -) of shareholding as compared with 30 June | Number of shares held with selling restriction | Number of shares subject to pledge or lock-up period | Type of shares |
| HKSCC Nominees Limited | 2,772,713,035 | 30.60% | +76,200 | - | - | H Share |
| Shenergy (Group) Co., Ltd. | 1,326,776,782 | 14.64% | - | - | - | A Share |
| Hwabao Investment Co., Ltd. | 1,284,277,846 | 14.17% | - | - | - | A Share |
| Shanghai State-Owned Assets Operation Co., Ltd. | 505,642,439 | 5.58% | - | - | - | A Share |
| Shanghai Haiyan Investment Management Company Limited | 468,828,104 | 5.17% | - | - | - | A Share |
| China Securities Finance Co., Ltd. | 271,089,922 | 2.99% | - | - | - | A Share |
| Shanghai Jiushi (Group) Co., Ltd. | 250,949,460 | 2.77% | - | - | - | A Share |
| Central Huijin Investment Ltd. | 110,741,200 | 1.22% | - | - | - | A Share |
| HKSCC | 107,203,305 | 1.18% | +12,855,942 | - | - | A Share |
| Yunnan Hehe (Group) Co., Ltd. | 91,868,387 | 1.01% | - | - | - | A Share |
| Description of connected 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. The Company is not aware of any other connected relations or concerted actions among the above-mentioned shareholders. | | | | | |

Notes:

- As at the end of the reporting period, the Company did not issue any preferred shares.
- The shareholding of the top ten shareholders is based on the lists of registered shareholders provided by China Securities Depository and Clearing Corporation Limited Shanghai Branch (A share) and Computershare Hong Kong Investor Services Limited (H share) respectively.
- The shares held by HKSCC Nominees Limited are held on behalf of its clients. As SEHK does not require such shareholders to disclose to HKSCC Nominees Limited whether the shares held by them are subject to pledge or lock-up period, HKSCC Nominees Limited is unable to calculate, or make available such data. Pursuant to Part XV of the SFO, a Substantial Shareholder is required to give notice to SEHK and the Company on the occurrence of certain events including a change in the nature of its interest in shares such as the pledging of its shares. As at the end of the reporting period, the Company is not aware of any such notices from Substantial Shareholders under Part XV of the SFO.
- HKSCC is the nominal holder of shares traded through Shanghai-Hong Kong Connect Program.
- Shanghai State-owned Assets Operation Co., Ltd. (SSOAOC), a shareholder of the Company, completed the issuance of exchangeable bonds which were exchangeable into a portion of the Company's A shares on 10 December 2015. The 112,000,000 of the Company's A shares owned and to be exchanged by SSOAOC and their dividends are held by China International Capital Corporation Limited (CICC) as guarantee and trust assets, and have been registered as a "Special Account for EB Guarantee and Trust Assets of SSOAOC and CICC". For details please refer to the Company's Announcement in relation to the Completion of the Issuance of Exchangeable Bonds by a Shareholder of the Company and the Guarantee and Trust Registration for the part of the Company's A shares held by the Shareholder published on 15 December 2015.

§3 Business review

For the reporting period, the Company realized gross written premiums (GWPs) of RMB286.817 billion, representing an increase of 7.7% as compared with the same period of last year. GWPs from CPIC Life amounted to RMB185.880 billion, representing an increase of 5.0% as compared with the same period of last year. GWPs from CPIC P/C^{note 1} amounted to RMB100.456 billion, representing an increase of 12.9% as compared with the same period of last year. The Group realized net profits^{note 2} of RMB22.914 billion, up 80.2%.

Notes:

1. The data of CPIC P/C in this report refer to the consolidated data of CPIC P/C and its subsidiary, Anxin Agricultural Insurance Co., Ltd.
2. Attributable to equity holders of the parent.

CPIC Life

For the reporting period, GWPs from CPIC Life amounted to RMB185.880 billion, representing an increase of 5.0% as compared with the same period of last year. In particular, GWPs from the agency channel of individual customers contributed RMB170.834 billion, representing an increase of 6.8% as compared with the same period of last year, among which, GWPs from new policies amounted to RMB34.733 billion, representing a decrease of 12.3% as compared with the same period of last year.

| For the 9 months ended 30 September | unit: RMB million | | |
|-------------------------------------|-------------------|----------------|-------------|
| | 2019 | 2018 | Changes (%) |
| Individual customers | 178,494 | 170,762 | 4.5 |
| Agency channel | 170,834 | 159,912 | 6.8 |
| New policies | 34,733 | 39,591 | (12.3) |
| Regular premium business | 29,635 | 36,404 | (18.6) |
| Renewed policies | 136,101 | 120,321 | 13.1 |
| Other channels | 7,660 | 10,850 | (29.4) |
| Group clients | 7,386 | 6,234 | 18.5 |
| Total GWPs | 185,880 | 176,996 | 5.0 |

CPIC P/C

For the reporting period, GWPs from CPIC P/C amounted to RMB100.456 billion, representing an increase of 12.9% as compared with the same period of last year. In particular, GWPs from automobile insurance amounted to RMB67.447 billion, representing an increase of 5.3% as compared with the same period of last year, while GWPs from non-automobile insurance amounted to RMB33.009 billion, representing an increase of 32.3% as compared with the same period of last year.

| For the 9 months ended 30 September | unit: RMB million | | |
|-------------------------------------|-------------------|---------------|-------------|
| | 2019 | 2018 | Changes (%) |
| GWPs | 100,456 | 88,983 | 12.9 |
| Auto insurance | 67,447 | 64,041 | 5.3 |
| Non-auto insurance | 33,009 | 24,942 | 32.3 |

Asset management business

As at the end of the reporting period, Group investment assets amounted to RMB1,370.719 billion, representing an increase of 11.1% as compared with the end of the previous year. Asset allocation was largely stable based on profiles of liabilities. The share of fixed income investments stood at 82.2%, down by 0.9pt from the end of the previous year; and the share of equity investments stood at 14.5%, up 2.0pt, of which, the share of equity securities and equity

funds was 7.8%, up 2.2pt from the end of the previous year. During the 9 months ended 30 September 2019, Group annualized net and total investment yields were 4.8% and 5.1%, respectively.

Portfolio of Group investment assets

unit: RMB million

| | 30 September 2019 | Share (%) | Share changes from the end of 2018 (pt) | Amount changes from the end of 2018 (%) |
|---|----------------------|--------------|---|---|
| Group investment assets (Total) | 1,370,719 | 100.0 | - | 11.1 |
| By investment category | | | | |
| Fixed income investments | 1,126,318 | 82.2 | (0.9) | 9.9 |
| – Debt securities | 595,198 | 43.4 | (2.9) | 4.3 |
| – Term deposits | 149,400 | 10.9 | 0.5 | 16.4 |
| – Debt investment plans | 152,635 | 11.2 | 0.3 | 13.9 |
| – Wealth management products ^{note 1} | 135,012 | 9.9 | 1.5 | 30.2 |
| – Preferred shares | 32,000 | 2.3 | (0.3) | - |
| – Other fixed income investments ^{note 2} | 62,073 | 4.5 | - | 11.0 |
| Equity investments | 198,581 | 14.5 | 2.0 | 28.6 |
| – Equity funds | 24,196 | 1.8 | 0.3 | 29.0 |
| – Bond funds | 15,499 | 1.1 | (0.1) | 7.8 |
| – Equity securities | 82,211 | 6.0 | 1.9 | 61.2 |
| – Wealth management products ^{note 1} | 990 | 0.1 | (0.5) | (86.2) |
| – Preferred shares | 12,947 | 0.9 | 0.3 | 66.7 |
| – Other equity investments ^{note 3} | 62,738 | 4.6 | 0.1 | 13.3 |
| Investment properties | 8,384 | 0.6 | (0.1) | (1.8) |
| Cash, cash equivalents and others | 37,436 | 2.7 | (1.0) | (17.5) |
| By investment purpose | | | | |
| Financial assets at fair value through profit or loss | 6,595 | 0.5 | (0.5) | (44.3) |
| Available-for-sale financial assets | 478,458 | 34.9 | 1.2 | 15.1 |
| Held-to-maturity financial assets | 292,448 | 21.3 | (1.8) | 2.7 |
| Long-term equity investments | 19,928 | 1.5 | 0.1 | 14.1 |
| Loans and other investments ^{note 4} | 573,290 | 41.8 | 1.0 | 13.9 |

Notes:

1. Wealth management products mainly 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, etc.
4. Loan and other investments include term deposits, cash and short-term time deposits, securities purchased under agreements to resell, policy loans, restricted statutory deposits, investments classified as loans and receivables, and investment properties, etc.

| For the 9 months ended 30 September | 2019 | 2018 | Changes |
|---|------|------|---------|
| Net investment yield (annualized) (%) ^{note} | 4.8 | 4.8 | 0.0pt |
| Total investment yield (annualized) (%) ^{note} | 5.1 | 4.7 | 0.4pt |

Note: 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 are computed based on the Modified Dietz method.

§4 Significant events

4.1 Significant changes of key financial statements items and financial indicators and reasons for such changes:

Applicable Not applicable

unit: RMB million

| Balance sheet items | 30 September 2019 | 31 December 2018 | Change (%) | Main reasons for the changes |
|---|-------------------|------------------|------------|---|
| Financial assets at fair value through profit or loss | 6,595 | 11,835 | (44.3) | Decrease in investments of wealth management products, stocks, etc. |
| Securities purchased under agreements to resell | 15,493 | 23,095 | (32.9) | Timing difference |
| Premium receivables | 26,575 | 12,063 | 120.3 | Growth in insurance business and timing difference |
| Deferred income tax assets | 1,004 | 2,379 | (57.8) | Increase in fair value for investment assets |
| Right-of-use assets | 3,893 | - | / | Effect of new leases accounting standards |
| Premium received in advance | 6,737 | 16,384 | (58.9) | Timing difference |
| Payables to reinsurers | 9,273 | 6,233 | 48.8 | Timing difference |
| Taxes payable | 3,561 | 9,246 | (61.5) | Decrease in income tax payable |
| Long-term health insurance reserves | 62,664 | 44,068 | 42.2 | Growth in insurance business |
| Premium reserves | 557 | 407 | 36.9 | Growth in insurance business |
| Deferred income tax liabilities | 1,794 | 1,168 | 53.6 | Increase in fair value for investment assets |
| Lease liabilities | 3,427 | - | / | Effect of new leases accounting standards |
| Other comprehensive income / (loss) | 9,588 | 2,792 | 243.4 | Change in fair value for available-for-sale financial assets |

| Income statement items | For the 9 months ended 30 September 2019 | For the 9 months ended 30 September 2018 | Change (%) | Main reasons for the changes |
|--|--|--|------------|--|
| Premium ceded | 711 | 1,483 | (52.1) | Change in insurance business |
| Net change in unearned premium reserves | (11,675) | (4,386) | 166.2 | Growth in insurance business |
| Investment income from associates and joint ventures | 387 | 238 | 62.6 | Increase in investment income |
| Fair value change gains / (losses) | 906 | (1,827) | (149.6) | Change in market value for financial assets at fair value through profit or loss |
| Reinsurers' share of reserves recovery | 2,011 | 583 | 244.9 | Growth in insurance business |
| Impairment losses | (2,294) | (674) | 240.4 | Increase in impairment losses |
| Income tax | 447 | (7,621) | (105.9) | Effect of new tax policies |
| Other comprehensive income / (loss) | 6,927 | 5 | 138,440.0 | Change in fair value for available-for-sale financial assets |

4.2 Progress of significant events and their impacts and solutions

Applicable Not applicable

4.3 Disclosable unfulfilled undertakings during the reporting period

Applicable Not applicable

4.4 Cautionary statements for the forecast loss in accumulated net profit from the beginning of the year to the end of the next reporting period or the occurrence of substantial change as compared to the same period of last year and their reasons

Applicable Not applicable

4.5 Change in accounting policies

Hong Kong Institute of Certified Public Accountants issued HKFRS 16 Leases in 2016. The Ministry of Finance of the PRC issued CAS 21 Leases in 2018. In accordance with the implementation requirements, the Company has adopted the above-mentioned new standards since 1 January 2019. There is no significant impact of implementing the above-mentioned standards on financial statements as at 1 January 2019.

4.6 Solvency

Please refer to the summaries of quarterly solvency reports published on the websites of Shanghai Stock Exchange (www.sse.com.cn), SEHK (www.hkexnews.hk) and the Company (www.cpic.com.cn) for information about the solvency of major insurance subsidiaries of the Company.

Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below:

| | |
|------------------------------|---|
| “the Company” or “the 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. |
| “SEHK” | 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, 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 |
| “RMB” | Renminbi |
| “pt” | Percentage point |

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

Hong Kong, 31 October 2019

As at the date of this announcement, the Executive Director of the Company is Mr. KONG Qingwei; the Non-executive Directors of the Company are Mr. WANG Tayu, Mr. KONG Xiangqing, Ms. SUN Xiaoning, Mr. LI Qiqiang, Mr. WU Junhao, Mr. CHEN Xuanmin and Mr. HUANG Dinan; and the Independent Non-executive Directors of the Company are Mr. LEE Ka Sze, Carmelo, Mr. CHEN Jizhong, Ms. LAM Tyng Yih, Elizabeth, Mr. JIANG Xuping and Mr. GAO Shanwen.

§5 APPENDIX

5.1

CONSOLIDATED BALANCE SHEET

30 September 2019

Prepared by: CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

in RMB million

| ITEM | 30 September 2019 | 31 December 2018 |
|--|-------------------|------------------|
| | (unaudited) | (audited) |
| ASSETS | | |
| Cash and short-term time deposits | 19,281 | 15,323 |
| Financial assets at fair value through profit or loss | 6,595 | 11,835 |
| Securities purchased under agreements to resell | 15,493 | 23,095 |
| Premium receivables | 26,575 | 12,063 |
| Due from reinsurers | 7,881 | 6,949 |
| Interest receivables | 20,399 | 19,282 |
| Reinsurers' share of unearned premium reserves | 6,793 | 5,781 |
| Reinsurers' share of claim reserves | 7,553 | 6,018 |
| Reinsurers' share of life insurance reserves | 1,836 | 1,884 |
| Reinsurers' share of long-term health insurance reserves | 10,302 | 9,784 |
| Policy loans | 55,179 | 49,194 |
| Term deposits | 149,400 | 128,396 |
| Available-for-sale financial assets | 478,458 | 415,868 |
| Held-to-maturity financial assets | 292,448 | 284,744 |
| Investments classified as loans and receivables | 318,895 | 272,015 |
| Long-term equity investments | 19,928 | 17,472 |
| Restricted statutory deposits | 6,658 | 6,738 |
| Investment properties | 8,384 | 8,542 |
| Fixed assets | 15,268 | 15,058 |
| Construction in progress | 2,580 | 3,386 |
| Intangible assets | 3,144 | 2,886 |
| Goodwill | 1,357 | 1,357 |
| Deferred income tax assets | 1,004 | 2,379 |
| Right-of-use assets | 3,893 | - |
| Other assets | 14,067 | 15,910 |
| Total assets | 1,493,371 | 1,335,959 |

CONSOLIDATED BALANCE SHEET (CONTINUED)

30 September 2019

Prepared by: CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

in RMB million

| ITEM | 30 September 2019 | 31 December 2018 |
|---|-------------------|------------------|
| | (unaudited) | (audited) |
| LIABILITIES AND EQUITY | | |
| Securities sold under agreements to repurchase | 73,701 | 75,075 |
| Premium received in advance | 6,737 | 16,384 |
| Commissions and brokerages payable | 5,830 | 4,520 |
| Payables to reinsurers | 9,273 | 6,233 |
| Salaries and welfare payable | 4,193 | 4,972 |
| Taxes payable | 3,561 | 9,246 |
| Interest payable | 433 | 585 |
| Claims payable | 21,873 | 20,789 |
| Policyholder dividends payable | 24,880 | 26,501 |
| Policyholders' deposits and investments | 74,814 | 62,325 |
| Unearned premium reserves | 62,144 | 49,455 |
| Claim reserves | 43,324 | 38,864 |
| Life insurance reserves | 885,121 | 787,284 |
| Long-term health insurance reserves | 62,664 | 44,068 |
| Premium reserves | 557 | 407 |
| Bonds payable | 9,987 | 13,985 |
| Deferred income tax liabilities | 1,794 | 1,168 |
| Lease liabilities | 3,427 | - |
| Other liabilities | 24,125 | 20,050 |
| Total liabilities | 1,318,438 | 1,181,911 |
| Issued capital | 9,062 | 9,062 |
| Capital reserves | 66,644 | 66,635 |
| Other comprehensive income / (loss) | 9,588 | 2,792 |
| Surplus reserves | 4,835 | 4,835 |
| General reserves | 11,684 | 11,642 |
| Retained profits | 68,420 | 54,610 |
| Equity attributable to equity holders of the parent | 170,233 | 149,576 |
| Non-controlling interests | 4,700 | 4,472 |
| Total equity | 174,933 | 154,048 |
| Total liabilities and equity | 1,493,371 | 1,335,959 |

Kong Qingwei
Legal Representative
of the Company

Zhang Yuanhan
Person in charge of
Accounting Affairs

Xu Zhen
Head of Finance
Department

BALANCE SHEET
30 September 2019

Prepared by: CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

in RMB million

| ITEM | 30 September 2019 | 31 December 2018 |
|---|-------------------|------------------|
| | (unaudited) | (audited) |
| ASSETS | | |
| Cash and short-term time deposits | 118 | 93 |
| Financial assets at fair value through profit or loss | 19 | 38 |
| Securities purchased under agreements to resell | 65 | 320 |
| Interest receivables | 465 | 519 |
| Term deposits | 2,000 | 500 |
| Available-for-sale financial assets | 27,083 | 29,081 |
| Held-to-maturity financial assets | 800 | 800 |
| Investments classified as loans and receivables | 12,254 | 6,976 |
| Long-term equity investments | 64,729 | 64,279 |
| Investment properties | 3,371 | 3,472 |
| Fixed assets | 1,705 | 1,891 |
| Intangible assets | 250 | 274 |
| Deferred income tax assets | - | 57 |
| Right-of-use assets | 12 | - |
| Other assets | 1,252 | 366 |
| Total assets | 114,123 | 108,666 |
| LIABILITIES AND EQUITY | | |
| Securities sold under agreements to repurchase | - | 1,840 |
| Commissions and brokerages payable | 2 | 1 |
| Salaries and welfare payable | 188 | 200 |
| Taxes payable | 117 | 42 |
| Interest payable | - | 2 |
| Deferred income tax liabilities | 150 | - |
| Lease liabilities | 13 | - |
| Other liabilities | 656 | 1,007 |
| Total liabilities | 1,126 | 3,092 |
| Issued capital | 9,062 | 9,062 |
| Capital reserves | 66,164 | 66,164 |
| Other comprehensive income / (loss) | 750 | 56 |
| Surplus reserves | 4,531 | 4,531 |
| Retained profits | 32,490 | 25,761 |
| Total equity | 112,997 | 105,574 |
| Total liabilities and equity | 114,123 | 108,666 |

Kong Qingwei
Legal Representative
of the Company

Zhang Yuanhan
Person in charge of
Accounting Affairs

Xu Zhen
Head of Finance
Department

5.2

CONSOLIDATED INCOME STATEMENT
For the nine months ended 30 September 2019

Prepared by: CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

in RMB million

| ITEM | For the three months from 1 July to 30 September 2018 | For the nine months ended 30 September 2019 | For the three months from 1 July to 30 September 2018 | For the nine months ended 30 September 2018 |
|---|---|---|---|---|
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| I. Operating income | 90,840 | 311,226 | 85,121 | 289,815 |
| Net premiums earned | 72,789 | 258,274 | 71,003 | 248,111 |
| Gross written premiums | 79,008 | 286,817 | 73,677 | 266,310 |
| Including: Premium ceded | 253 | 711 | 194 | 1,483 |
| Less: Premiums ceded to reinsurers | (5,657) | (16,868) | (4,413) | (13,813) |
| Net change in unearned premium reserves | (562) | (11,675) | 1,739 | (4,386) |
| Other income | 11 | 84 | 13 | 50 |
| Investment income | 17,107 | 49,515 | 13,589 | 41,130 |
| Including: investment income from associates and joint ventures | 110 | 387 | 77 | 238 |
| Fair value change gains / (losses) | 8 | 906 | (287) | (1,827) |
| Foreign exchange gains | 78 | 3 | 90 | 142 |
| Other operating income | 835 | 2,431 | 711 | 2,202 |
| Gains on disposal of assets | 12 | 13 | 2 | 7 |
| II. Operating expense | (82,353) | (288,233) | (78,186) | (269,174) |
| Surrenders | (3,089) | (8,161) | (2,875) | (10,356) |
| Claims paid | (32,014) | (95,898) | (28,392) | (78,147) |
| Less: Reinsurers' share of claim recovery | 3,069 | 7,620 | 2,298 | 6,521 |
| Change in insurance contract liabilities | (26,329) | (111,663) | (22,421) | (104,411) |
| Less: Reinsurers' share of reserves recovery | 926 | 2,011 | 160 | 583 |
| Net change in premium reserves | (52) | (150) | (35) | (142) |
| Policyholder dividends | (2,553) | (8,380) | (2,830) | (8,522) |
| Reinsurance expenses | (72) | (224) | (33) | (91) |
| Tax and surcharges | (214) | (660) | (212) | (648) |
| Commissions and brokerages | (10,306) | (37,272) | (12,798) | (45,256) |
| Operating and administrative expenses | (10,502) | (32,067) | (10,397) | (26,971) |
| Less: Reinsurers' share of commissions recovery | 1,521 | 4,985 | 1,253 | 4,025 |
| Interest expenses | (856) | (2,636) | (737) | (2,138) |
| Other operating expenses | (1,096) | (3,444) | (917) | (2,947) |
| Impairment losses | (786) | (2,294) | (250) | (674) |
| III. Operating profit | 8,487 | 22,993 | 6,935 | 20,641 |
| Add: Non-operating income | 16 | 41 | 23 | 55 |
| Less: Non-operating expenses | (43) | (89) | (35) | (61) |
| IV. Profit before tax | 8,460 | 22,945 | 6,923 | 20,635 |
| Less: Income tax | (1,594) | 447 | (2,358) | (7,621) |
| V. Net profit | 6,866 | 23,392 | 4,565 | 13,014 |
| Classified by continuity of operations: | | | | |
| Net profit from continuing operations | 6,866 | 23,392 | 4,565 | 13,014 |
| Net profit from discontinued operations | - | - | - | - |
| Classified by ownership of the equity: | | | | |
| Equity holders of the parent | 6,731 | 22,914 | 4,461 | 12,715 |
| Non-controlling interests | 135 | 478 | 104 | 299 |
| VI. Earnings per share | | | | |
| Basic earnings per share (RMB per share) | 0.74 | 2.53 | 0.49 | 1.40 |
| Diluted earnings per share (RMB per share) | 0.74 | 2.53 | 0.49 | 1.40 |
| VII. Other comprehensive income / (loss) | 979 | 6,927 | (361) | 5 |

| | | | | |
|---|-------|---------|-------|--------|
| Other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods: | 979 | 6,927 | (361) | 5 |
| Exchange differences on translation of foreign operations | 15 | 18 | 23 | 27 |
| Available-for-sale financial assets | 1,294 | 9,193 | (508) | (27) |
| Income tax relating to available-for-sale financial assets | (330) | (2,284) | 124 | 5 |
| VIII. Total comprehensive income | 7,845 | 30,319 | 4,204 | 13,019 |
| Attributable to equity holders of the parent | 7,698 | 29,710 | 4,111 | 12,734 |
| Attributable to non-controlling interests | 147 | 609 | 93 | 285 |

Kong Qingwei
Legal Representative
of the Company

Zhang Yuanhan
Person in charge of
Accounting Affairs

Xu Zhen
Head of Finance
Department

INCOME STATEMENT

For the nine months ended 30 September 2019

Prepared by: CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

in RMB million

| ITEM | For the three months from 1 July to 30 September 2018 | For the nine months ended 30 September 2019 | For the three months from 1 July to 30 September 2018 | For the nine months ended 30 September 2018 |
|--|---|---|---|---|
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| I. Operating income | 818 | 17,478 | 538 | 12,926 |
| Other income | - | 6 | - | - |
| Investment income | 580 | 16,715 | 382 | 12,288 |
| Fair value change gains / (losses) | 1 | 6 | 2 | (5) |
| Foreign exchange losses | (4) | (4) | (111) | (111) |
| Other operating income | 240 | 755 | 265 | 754 |
| Gains on disposal of assets | 1 | - | - | - |
| II. Operating expenses | (570) | (1,589) | (424) | (1,237) |
| Tax and surcharges | (20) | (62) | (22) | (64) |
| Operating and administrative expenses | (474) | (1,260) | (349) | (1,013) |
| Interest expenses | (5) | (41) | (10) | (45) |
| Other operating expenses | (43) | (111) | (35) | (105) |
| Impairment losses | (28) | (115) | (8) | (10) |
| III. Operating profit | 248 | 15,889 | 114 | 11,689 |
| Add: Non-operating income | - | 1 | - | - |
| Less: Non-operating expenses | (1) | (11) | (1) | (1) |
| IV. Profit before tax | 247 | 15,879 | 113 | 11,688 |
| Less: Income tax | (45) | (88) | (19) | (109) |
| V. Net profit | 202 | 15,791 | 94 | 11,579 |
| Classified by continuity of operations: | | | | |
| Net profit from continuing operations | 202 | 15,791 | 94 | 11,579 |
| Net profit from discontinued operations | - | - | - | - |
| VI. Other comprehensive income/ (loss) | 86 | 694 | 133 | 283 |
| Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods: | 86 | 694 | 133 | 283 |
| Available-for-sale financial assets | 115 | 925 | 177 | 377 |
| Income tax relating to available-for-sale financial assets | (29) | (231) | (44) | (94) |
| VII. Total comprehensive income | 288 | 16,485 | 227 | 11,862 |

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Xu Zhen
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Department

CONSOLIDATED CASH FLOW STATEMENT

For the nine months ended 30 September 2019

Prepared by: CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

in RMB million

| ITEM | For the nine months ended 30 September 2019 | For the nine months ended 30 September 2018 |
|--|---|---|
| | (unaudited) | (unaudited) |
| I Cash flows from operating activities | | |
| Premiums received from direct insurance contracts | 267,860 | 245,300 |
| Net increase in policyholders' deposits and investments | 9,510 | 3,484 |
| Tax refund | 1 | 36 |
| Cash received from other operating activities | 3,489 | 2,875 |
| Sub-total of cash inflows from operating activities | 280,860 | 251,695 |
| Claims paid for direct insurance contracts | (93,229) | (74,710) |
| Net cash paid for reinsurance business | (1,924) | (3,437) |
| Cash paid for commissions and brokerages | (35,584) | (42,800) |
| Cash paid for policyholder dividends | (7,168) | (5,308) |
| Cash paid to and for employees | (18,063) | (16,358) |
| Cash paid for taxes and surcharges | (9,448) | (11,629) |
| Cash paid for other operating activities | (26,147) | (23,910) |
| Sub-total of cash outflows from operating activities | (191,563) | (178,152) |
| Net cash inflow from operating activities | 89,297 | 73,543 |
| II Cash flows from investing activities | | |
| Cash received from sales and redemption of investments | 213,902 | 184,008 |
| Cash received from returns on investments | 44,937 | 38,455 |
| Cash received from disposal of subsidiaries, associates and joint ventures | 3 | - |
| Net cash received from disposals of fixed assets, intangible assets and other long-term assets | 55 | 34 |
| Cash received from other investing activities | - | 360 |
| Sub-total of cash inflows from investing activities | 258,897 | 222,857 |
| Cash paid for acquisition of investments | (329,902) | (276,497) |
| Net increase in policy loans | (6,102) | (8,586) |
| Net cash paid for acquisition in subsidiaries and other business entities | (2,443) | (4,651) |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | (1,674) | (1,766) |
| Cash paid for other investing activities | (129) | - |
| Sub-total of cash outflows from investing activities | (340,250) | (291,500) |
| Net cash outflow from investing activities | (81,353) | (68,643) |
| III Cash flows from financing activities | | |
| Cash received from issuance of bonds | - | 9,980 |
| Cash received from other financing activities | 6,482 | 929 |
| Sub-total of cash inflows from financing activities | 6,482 | 10,909 |
| Cash paid for repayment of borrowed funds | (4,000) | (1,000) |
| Cash paid for distribution of dividends and interest | (11,620) | (9,088) |
| Net decrease in financial assets sold under agreements to repurchase | (1,374) | (9,073) |
| Cash paid for other financing activities | (1,176) | (259) |
| Sub-total of cash outflows from financing activities | (18,170) | (19,420) |
| Net cash outflow from financing activities | (11,688) | (8,511) |
| IV Effect of changes in foreign exchange rate on cash and cash equivalents | 64 | 58 |
| V Net decrease in cash and cash equivalents | (3,680) | (3,553) |
| Add: Cash and cash equivalents at beginning of period | 38,121 | 28,786 |
| VI Cash and cash equivalents at end of period | 34,441 | 25,233 |

Kong Qingwei
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Person in charge of
Accounting Affairs

Xu Zhen
Head of Finance
Department

CASH FLOW STATEMENT

For the nine months ended 30 September 2019

Prepared by: CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

in RMB million

| ITEM | For the nine months ended 30 September 2019 | For the nine months ended 30 September 2018 |
|--|---|---|
| | (unaudited) | (unaudited) |
| I Cash flows from operating activities | | |
| Cash received from other operating activities | 703 | 857 |
| Sub-total of cash inflows from operating activities | 703 | 857 |
| Cash paid to and for employees | (664) | (577) |
| Cash paid for taxes and surcharges | (121) | (195) |
| Cash paid for other operating activities | (1,486) | (624) |
| Sub-total of cash outflows from operating activities | (2,271) | (1,396) |
| Net cash outflow from operating activities | (1,568) | (539) |
| II Cash flows from investing activities | | |
| Cash received from sales and redemption of investments | 9,275 | 10,571 |
| Cash received from disposal of subsidiaries, associates and joint ventures | 3 | - |
| Cash received from returns on investments | 16,788 | 12,390 |
| Net cash received from disposals of fixed assets, intangible assets and other long-term assets | 1 | 9 |
| Sub-total of cash inflows from investing activities | 26,067 | 22,970 |
| Cash paid for acquisition of investments | (13,198) | (15,194) |
| Net cash paid for acquisition of a subsidiary and other business entities | (450) | (701) |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | (130) | (277) |
| Sub-total of cash outflows from investing activities | (13,778) | (16,172) |
| Net cash inflow from investing activities | 12,289 | 6,798 |
| III Cash flows from financing activities | | |
| Net increase in financial assets sold under agreements to repurchase | - | 1,130 |
| Sub-total of cash inflows from financing activities | - | 1,130 |
| Cash paid for distribution of dividends and interest | (9,105) | (7,294) |
| Net decrease in financial assets sold under agreements to repurchase | (1,840) | - |
| Cash paid for other financing activities | (6) | - |
| Sub-total of cash outflows from financing activities | (10,951) | (7,294) |
| Net cash outflow from financing activities | (10,951) | (6,164) |
| IV Effect of changes in foreign exchange rate on cash and cash equivalents | - | - |
| V Net (decrease)/increase in cash and cash equivalents | (230) | 95 |
| Add: Cash and cash equivalents at beginning of period | 413 | 181 |
| VI Cash and cash equivalents at end of period | 183 | 276 |

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