

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.



新華人壽保險股份有限公司

NEW CHINA LIFE INSURANCE COMPANY LTD.

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

(Stock Code: 01336)

THIRD QUARTER REPORT 2019

This announcement is made by New China Life Insurance Company Ltd. (the “**Company**”) pursuant to the provisions regarding disclosure of inside information 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 in the Third Quarter Report 2019 of the Company have been prepared in accordance with the PRC Accounting Standards for Business Enterprises and are unaudited.

§1 IMPORTANT INFORMATION

- 1.1 The board of directors (the “**Board**”), the board of supervisors and the directors, supervisors, and members of senior management of the Company warrant the truthfulness, accuracy and completeness of the contents of this report, and that there are no false representations, misleading statements or material omissions in this report, and are legally liable for this report jointly and severally.
- 1.2 The Third Quarter Report 2019 of the Company was considered and approved at the third meeting of the seventh session of the Board on 30 October 2019, which 12 directors were required to attend and 12 of them attended in person.
- 1.3 The financial statements of the Company for the third quarter of 2019 have been prepared in accordance with the PRC Accounting Standards for Business Enterprises and are unaudited.
- 1.4 Mr. LIU Haoling, the Chairman of the Board, Mr. YANG Zheng, the Chief Financial Officer (Financial Principal) of the Company, Mr. GONG Xingfeng, the Chief Actuary of the Company and Mr. ZHANG Tao, the officer in charge of the Accounting Department of the Company warrant the truthfulness, accuracy and completeness of the financial statements in the Third Quarter Report 2019.

§2 BASIC INFORMATION OF THE COMPANY

2.1 Key accounting data and financial indicators

Unit: RMB in millions

	As at 30 September 2019	As at 31 December 2018	Change
Total assets	822,083	733,929	12.0%
Equity attributable to shareholders of the Company	79,798	65,587	21.7%
Net assets per share attributable to shareholders of the Company (<i>RMB per share</i>)	25.58	21.02	21.7%
For the nine months ended 30 September	2019	2018	Change
Net cash flows from operating activities	28,088	10,712	162.2%
Weighted average net cash flows per share from operating activities (<i>RMB per share</i>)	9.00	3.43	162.4%
For the nine months ended 30 September	2019	2018	Change
Operating income	132,842	123,496	7.6%
Net profit attributable to shareholders of the Company	13,003	7,702	68.8%
Net profit attributable to shareholders of the Company after deducting non-recurring items	11,178	7,749	44.3%
Basic/diluted earnings per share (<i>RMB per share</i>)	4.17	2.47	68.8%
Basic earnings per share after deducting non-recurring items (<i>RMB per share</i>)	3.58	2.48	44.4%
Weighted average return on equity	17.41%	11.77%	Increasing by 5.64 percentage points
Weighted average return on equity after deducting non-recurring items	14.96%	11.84%	Increasing by 3.12 percentage points

Note:

Data and indicators of shareholders' equity refer to shareholders' equity attributable to shareholders of the Company, while those of net profit refer to net profit attributable to shareholders of the Company.

2.2 Non-recurring items and amount

Unit: RMB in millions

	For the three months ended 30 September 2019	For the nine months ended 30 September 2019
Non-recurring items		
Gains/(Losses) on disposal of fixed assets, intangible assets and other long-term investment assets	(1)	(3)
Gains/(Losses) on other non-recurring items	(31)	(24)
Effect on the amount of income tax expenses of non-recurring items	6	2
Effect on the profit/loss for the period due to the one-time adjustment according to the requirements of tax, accounting and other laws and regulations	–	1,850
Interests attribute to minority shareholders	–	–
Total	(26)	1,825

2.3 Other key indicators

Unit: RMB in millions

	As at 30 September 2019/For the nine months ended 30 September 2019	As at 31 December 2018/For the nine months ended 30 September 2018	Change
Investment assets ⁽¹⁾	784,969	699,826	12.2%
Premium income	107,912	100,008	7.9%
Premiums earned	105,219	97,601	7.8%
Growth rate of earned premiums	7.8%	10.4%	Decreasing by 2.6 percentage points
Net claims expense	47,819	37,688	26.9%
In: Claims and death, invalid and medical benefits	7,169	5,459	31.3%
Maturity benefits and annuity paid	41,358	32,727	26.4%
Less: Claims recoverable from reinsurers	(708)	(498)	42.2%
Surrender rate ⁽²⁾	1.4%	4.5%	Decreasing by 3.1 percentage points

Notes:

- Investment assets of unit-linked contract accounts are included in investment assets.
- Surrender rate = Surrenders/(Opening balance of life insurance contract liabilities + Opening balance of long-term health insurance contract liabilities + Premium income of long-term insurance policies)

2.4 Solvency

The Company calculated and disclosed core capital, actual capital, minimum capital, comprehensive solvency margin ratio and core solvency margin ratio according to the *Solvency Regulatory Rules (No. 1-17) for Insurance Companies*. As required by the China Banking and Insurance Regulatory Commission, solvency margin ratios of a domestic insurance company in P.R.C. must meet the prescribed thresholds.

Unit: RMB in millions

	As at 30 September 2019	As at 30 June 2019
Core capital	254,462	244,257
Actual capital	255,262	248,257
Minimum capital	88,508	85,749
Core solvency margin ratio ⁽¹⁾	287.50%	284.85%
Comprehensive solvency margin ratio ⁽¹⁾	288.40%	289.52%

Notes:

1. Core solvency margin ratio = core capital/minimum capital; comprehensive solvency margin ratio = actual capital/minimum capital.
2. For details of the solvency margin of the Company, please refer to the Company's website (www.newchinalife.com).

2.5 Total number of shareholders and their shareholdings as of the end of the reporting period

Unit: Share

Total number of shareholders	85,274 (including 84,991 A Share shareholders and 283 H Share shareholders)					
Shares held by top ten shareholders						
Names of the shareholders	Classes of the shares	Percentage of the shareholding	Total number of shares held	Number of shares held with selling restrictions	Number of shares pledged or frozen	Types of shares
HKSCC Nominees Limited ⁽²⁾	Overseas legal person shares	33.14%	1,033,821,436	–	–	H
Central Huijin Investment Ltd.	State-owned shares	31.34%	977,530,534	–	–	A
China Baowu Steel Group Corporation	State-owned legal person shares	12.09%	377,162,581	–	–	A
China Securities Finance Corporation Limited	State-owned legal person shares	2.99%	93,339,045	–	–	A
Central Huijin Asset Management Ltd.	State-owned legal person shares	0.91%	28,249,200	–	–	A
Hong Kong Securities Clearing Company Limited ⁽³⁾	Overseas legal person shares	0.71%	22,101,822	–	–	A
Beijing Taiji Huaqing Information System Co., Ltd.	Domestic legal person shares	0.58%	18,200,000	–	–	A
National Social Security Fund 107 Combination	State-owned legal person shares	0.42%	12,978,635	–	–	A
Dacheng Fund-ABC-Dacheng China Securities Financial Asset Management Plan	Other	0.28%	8,713,289	–	–	A
National Social Security Fund 403 Combination	State-owned legal person shares	0.26%	8,065,520	–	–	A
Description of related-party relations or concerted action among the aforesaid shareholders	Central Huijin Asset Management Ltd. is a wholly owned subsidiary of Central Huijin Investment Ltd. Save for the above, the Company is not aware of any related-party relationship among the shareholders or whether they are parties acting in concert.					

Notes:

- As at the end of the reporting period, none of the Company's A Shares or H Shares was subject to selling restrictions.
- HKSCC Nominees Limited is a company that holds shares on behalf of the clients of the Hong Kong stock brokers and other participants of CCASS system. The relevant regulations of The Stock Exchange of Hong Kong Limited do not require such persons to declare whether their shareholdings are pledged or frozen. Therefore, HKSCC Nominees Limited is unable to calculate or provide the number of shares pledged or frozen.
- Hong Kong Securities Clearing Company Limited is the nominee for investors of Shanghai-Hong Kong Stock Connect programme.

§3 QUARTERLY BUSINESS ANALYSIS

3.1 Insurance Business

For the nine months ended 30 September 2019, the Company realized gross written premiums of RMB107,912 million, increasing by 7.9% compared with the same period of last year. First year premiums from long-term insurance business reached RMB16,021 million, decreasing by 7.1% compared with the same period of last year. Renewal business grew steadily with premiums amounting to RMB86,280 million, increasing by 10.2% compared with the same period of last year; premiums from short-term insurance business grew rapidly to RMB5,611 million, increasing by 24.6% compared with the same period of last year.

Unit: RMB in millions

For the nine months ended 30 September	2019	2018	Change
Gross Written Premiums	107,912	100,008	7.9%
First year premiums from long-term insurance business	16,021	17,241	-7.1%
Single premiums	24	50	-52.0%
Regular premiums	15,997	17,191	-6.9%
Regular premiums with payment periods of ten years or more	8,885	10,506	-15.4%
Renewal premiums	86,280	78,264	10.2%
Premiums from short-term insurance business	5,611	4,503	24.6%

Unit: RMB in millions

For the nine months ended 30 September	2019	2018	Change
Individual insurance channel			
First year premiums from long-term insurance business	12,476	13,216	-5.6%
Regular premiums	12,457	13,175	-5.4%
Single premiums	19	41	-53.7%
Renewal premiums	71,686	64,582	11.0%
Premiums from short-term insurance business	3,572	2,567	39.2%
Total	87,734	80,365	9.2%

Bancassurance channel			
First year premiums from long-term insurance business	3,544	4,021	-11.9%
Regular premiums	3,540	4,017	-11.9%
Single premiums	4	4	0.0%
Renewal premiums	14,586	13,676	6.7%
Premiums from short-term insurance business	46	24	91.7%
Total	18,176	17,721	2.6%

Group insurance			
First year premiums from long-term insurance business	1	4	-75.0%
Renewal premiums	8	6	33.3%
Premiums from short-term insurance business	1,993	1,912	4.2%
Total	2,002	1,922	4.2%

Gross Written Premiums	107,912	100,008	7.9%
-------------------------------	----------------	---------	------

3.2 Asset Management Business

For the nine months ended 30 September 2019, the annualized total investment yield was 4.7%, the annualized total investment yield = (Investment income + Fair value gains/(losses) – Impairment losses on investment assets – Interest expense of items sold under agreements to repurchase)/(Average monthly investment assets balance – Average monthly financial assets sold under agreements to repurchase balance – Average monthly interest receivables balance) x 365/273.

§4 SIGNIFICANT EVENTS

4.1 Significant changes in key financial statement items and financial indicators and reasons for the changes

✓Applicable ☐Not applicable

Unit: RMB in millions

Items in the Balance sheet	As at 30 September 2019	As at 31 December 2018	Change	Main reasons for the changes
Cash and bank deposits	15,188	8,945	69.8%	The requirement of liquidity management
Financial assets measured at fair value through profit or loss	13,510	9,940	35.9%	Increase of allocation of corporate bonds measured at fair value through profit or loss
Financial assets purchased under agreements to resell	931	4,315	-78.4%	The allocation of investment assets and the requirement of liquidity management
Interests receivables	10,728	7,999	34.1%	Increase of interests receivables on bonds
Premiums receivables	4,898	2,307	112.3%	Accumulated increase of insurance business and uneven distribution among quarters
Other receivables	920	3,897	-76.4%	Decrease in investment clearing account receivables
Right-of-use assets	1,129	–	N/A	The effect of applying the New Lease Accounting Standard

Items in the Balance sheet	As at 30 September 2019	As at 31 December 2018	Change	Main reasons for the changes
Deferred tax assets	690	1,777	-61.2%	Decrease in deductible temporary differences
Other assets	1,522	903	68.5%	Influence of the monthly advance payment of income tax policy
Financial liabilities measured at fair value through profit or loss	482	92	423.9%	Increase in the number of structured entities consolidated
Financial assets sold under agreements to repurchase	34,381	12,959	165.3%	The allocation of investment assets and the requirement of liquidity management
Premiums received in advance	295	1,808	-83.7%	The impact of business development pace
Taxes payable	242	1,460	-83.4%	Decrease in current taxes payable
Other payables	4,080	2,084	95.8%	Increase in investment clearing account payables
Unearned premiums liabilities	2,567	1,805	42.2%	Increase of short-term insurance business and uneven distribution among quarters
Lease liabilities	936	–	N/A	The effect of applying the New Lease Accounting Standard
Deferred income	520	–	N/A	Government grants related to assets received by a subsidiary
Other comprehensive income	875	(2,791)	N/A	Increase in fair value of available-for-sale financial assets due to the fluctuation of the capital market

Unit: RMB in millions

Items in the statement of income	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018	Change	Main reasons for the changes
Fair value gains/(losses)	633	(55)	N/A	Increase in fair value of trading financial assets due to the fluctuation of the capital market
Surrenders	(9,978)	(29,865)	-66.6%	The decrease in surrender of high cash value products in bancassurance channel as a result of business transformation
Claims recoverable from reinsurers	708	498	42.2%	Increase in business ceded out
Increase in insurance contracts reserve	(37,598)	(21,483)	75.0%	The increase in premium income and decrease in surrenders
Impairment losses	(1,686)	(755)	123.3%	Income in the amount of available-for-sale financial assets eligible for impairment during the reporting period due to the fluctuation of the capital market
Income tax expense	683	(2,542)	N/A	The impact of the adjustment of the pre-tax deduction policy for the commission and brokerage expenses of the insurance enterprises
Net profit	13,004	7,703	68.8%	The impact of the adjustment of pre-tax deduction policy for the commission and brokerage expenses of insurance enterprises and the steady increase in the overall profitability of the Company
Other comprehensive income, net of tax	3,666	(3,174)	N/A	Increase in fair value of available-for-sale financial assets due to the fluctuation of the capital market

4.2 Explanation and analysis 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 Warnings and explanation for any significant changes in net profit or cumulative losses from the beginning of the year to the end of the next reporting period as compared to the same period of last year

☐Applicable ☒Not applicable

4.5 Separate disclosure event

The Company determined actuarial assumptions which include, among other things, assumptions on the discount rates, mortality rates, morbidity rates, expenses, policyholder dividend, lapse rates and etc. based on current information available as at the date of the balance sheet. These assumptions were used to calculate the liabilities of insurance contracts as at the date of the balance sheet.

On 30 September 2019, the Company reviewed the above assumptions based on the information available. The changes in liabilities of insurance contracts arising from the changes in the assumptions were recognised in the statement of profit or loss. As at 30 September 2019, the changes in accounting estimates above resulted in a decrease in liabilities of life insurance contracts by RMB783 million, an increase in liabilities of long-term health insurance contracts by RMB2,765 million and a decrease in profit before tax for the nine months ended 30 September 2019 by RMB1,982 million in aggregate.

Please refer to the Announcement on Changes in Accounting Estimates issued by the Company on Shanghai Stock Exchange website (www.sse.com.cn) for the details of this event.

By Order of the Board
New China Life Insurance Company Ltd.
LIU Haoling
Chairman

Beijing, China, 30 October 2019

As at the date of this announcement, the chairman and non-executive director of the Company is LIU Haoling; the executive director is LI Zongjian; the non-executive directors are XIONG Lianhua, YANG Yi, GUO Ruixiang, HU Aimin, LI Qiqiang and PENG Yulong; and the independent non-executive directors are LI Xianglu, ZHENG Wei, CHENG Lie and GENG Jianxin.

NEW CHINA LIFE INSURANCE COMPANY LTD.

§5 APPENDIX

Statement of Financial Position (unaudited)

30 September 2019

(All amounts in RMB million unless otherwise stated)

	As at 30 September 2019 Group	As at 31 December 2018 Group	As at 30 September 2019 Company	As at 31 December 2018 Company
Assets				
Assets				
Cash and bank deposits	15,188	8,945	13,900	8,259
Financial assets measured at fair value				
through profit or loss	13,510	9,940	7,411	8,120
Financial assets purchased under agreements to resell	931	4,315	433	3,789
Interest receivables	10,728	7,999	10,446	7,625
Premiums receivables	4,898	2,307	4,898	2,307
Receivables from reinsurers	45	246	45	246
Unearned premium reserves receivables from reinsurers	200	189	200	189
Claim reserves receivable from reinsurers	42	16	42	16
Reserves for life insurance receivables from reinsurers	1,417	1,348	1,417	1,348
Reserves for long-term health insurance				
receivables from reinsurance	1,183	892	1,183	892
Policy loans	34,086	31,327	34,086	31,327
Other receivables	920	3,897	1,354	3,851
Term deposits	65,690	64,690	65,430	64,130
Available-for-sale financial assets	356,392	300,949	349,077	294,433
Held-to-maturity investments	236,172	214,531	236,049	214,472
Investments classified as loans and receivables	45,585	50,509	34,578	39,902
Long-term equity investments	4,800	4,792	35,342	30,742
Statutory deposits	1,715	1,715	715	715
Investment properties	8,536	7,044	8,598	7,107
Fixed assets	8,988	7,455	7,055	5,689
Constructions in process	3,981	4,339	2,153	2,903
Intangible assets	3,583	3,665	1,581	1,672
Right-of -use assets	1,129	–	1,086	–
Deferred tax assets	690	1,777	558	1,752
Other assets	1,522	903	1,366	956
Separate account assets	152	139	152	139
Total assets	<u>822,083</u>	<u>733,929</u>	<u>819,155</u>	<u>732,581</u>

LIU Haoling
Chairman

YANG Zheng
Chief Financial Officer

GONG Xingfeng
Chief Actuary

ZHANG Tao
Head of Accounting Department

Statement of Financial Position (unaudited) (continued)
30 September 2019
(All amounts in RMB million unless otherwise stated)

	As at 30 September 2019 Group	As at 31 December 2018 Group	As at 30 September 2019 Company	As at 31 December 2018 Company
Liabilities and Equity				
Liabilities				
Financial liabilities measured at fair value through profit or loss	482	92	–	–
Financial assets sold under agreements to repurchase	34,381	12,959	34,183	12,894
Premiums received in advance	295	1,808	295	1,808
Brokerage and commission payable	2,840	2,188	2,840	2,188
Reinsurance payable	513	462	513	462
Salary and welfare payable	2,408	2,629	2,120	2,272
Taxes payable	242	1,460	105	1,437
Claims payable	6,036	5,318	6,036	5,318
Other payables	4,080	2,084	4,005	2,029
Policyholder deposits	45,757	40,359	45,757	40,359
Unearned premiums liabilities	2,567	1,805	2,567	1,805
Outstanding claims liabilities	1,111	1,064	1,111	1,064
Reserves for life insurance	554,186	527,494	554,186	527,494
Reserves for long-term health insurance	81,334	64,257	81,334	64,257
Borrowings	4,000	4,000	4,000	4,000
Lease liabilities	936	–	895	–
Provisions	29	29	29	29
Deferred income	520	–	–	–
Deferred tax liabilities	54	59	–	–
Other liabilities	362	133	361	131
Separate account liabilities	142	133	142	133
Total liabilities	742,275	668,333	740,479	667,680
Shareholders' equity				
Share capital	3,120	3,120	3,120	3,120
Capital reserve	23,858	23,914	23,856	23,912
Other comprehensive income	875	(2,791)	828	(2,813)
Surplus reserve	6,011	5,226	6,011	5,226
General reserve	4,707	4,707	4,707	4,707
Retained earnings	41,227	31,411	40,154	30,749
Total equity attributable to shareholders of the company	79,798	65,587	78,676	64,901
Non-controlling interests	10	9	–	–
Total shareholders' equity	79,808	65,596	78,676	64,901
Total liabilities and shareholders' equity	822,083	733,929	819,155	732,581

LIU Haoling
Chairman
YANG Zheng
Chief Financial Officer
GONG Xingfeng
Chief Actuary
ZHANG Tao
Head of Accounting Department

Statement of Income (unaudited)

For the nine months ended 30 September 2019

(All amounts in RMB million unless otherwise stated)

	For the nine months ended 30 September 2019 Group	For the nine months ended 30 September 2018 Group	For the nine months ended 30 September 2019 Company	For the nine months ended 30 September 2018 Company
1. Operating Income	132,842	123,496	132,187	123,262
Premiums earned	105,219	97,601	105,219	97,601
Premium income	107,912	100,008	107,912	100,008
Less: Premiums ceded out	(1,942)	(1,511)	(1,942)	(1,511)
Net change in unearned premiums liabilities	(751)	(896)	(751)	(896)
Investment income	26,382	25,319	26,006	25,234
In: Share of profit of associates	220	136	186	125
Fair value gains/(losses)	633	(55)	533	(39)
Foreign exchange gains/(losses)	95	111	94	111
Other gains	42	53	15	33
Other operating income	471	467	320	322
2. Operating expenses	(120,494)	(113,192)	(120,262)	(113,072)
Surrenders	(9,978)	(29,865)	(9,978)	(29,865)
Claims expense	(48,527)	(38,186)	(48,527)	(38,186)
Less: Claims recoverable from reinsurers	708	498	708	498
Increase in insurance contracts reserve	(37,598)	(21,483)	(37,598)	(21,483)
Less: Insurance reserves recoverable from reinsurers	386	260	386	260
Policyholder dividends	(37)	(106)	(37)	(106)
Business tax and surcharges expenses	(114)	(104)	(100)	(91)
Commission and brokerage expenses	(13,026)	(13,077)	(13,026)	(13,077)
Administrative expenses	(8,949)	(8,688)	(8,815)	(8,625)
Less: Expenses recoverable from reinsurers	544	412	544	412
Other operating expenses	(2,217)	(2,098)	(2,133)	(2,054)
Impairment losses	(1,686)	(755)	(1,686)	(755)
3. Operating profit	12,348	10,304	11,925	10,190
Add: Non-operating income	62	28	12	28
Less: Non-operating expenses	(89)	(87)	(89)	(87)
4. Net profit before income tax expenses	12,321	10,245	11,848	10,131
Less: Income tax	683	(2,542)	744	(2,505)

Statement of Income (unaudited) (continued)

For the nine months ended 30 September 2019

(All amounts in RMB million unless otherwise stated)

	For the nine months ended 30 September 2019 Group	For the nine months ended 30 September 2018 Group	For the nine months ended 30 September 2019 Company	For the nine months ended 30 September 2018 Company
5. Net profit	<u>13,004</u>	<u>7,703</u>	<u>12,592</u>	<u>7,626</u>
(1) Classification of net profit				
Net profit from continuing operation	13,004	7,703	12,592	7,626
Net profit from discontinued operation	–	–	–	–
(2) Attributable to:				
Shareholders of the Company	13,003	7,702		
Non-controlling interests	<u>1</u>	<u>1</u>		
6. Other Comprehensive income, net of tax	3,666	(3,174)	3,641	(3,181)
Total other comprehensive income attribute to shareholders of the company, net of tax	3,666	(3,174)	3,641	(3,181)
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Share of other comprehensive income under the equity method and the effect on insurance contracts reserve and policyholder deposits, net of tax	(31)	(84)	(31)	(84)
Gains/(losses) arising from fair value changes and the effect on insurance contracts reserve and policyholder deposits, net of tax	3,689	(3,102)	3,672	(3,097)
Currency translation differences	8	12	–	–
Total other comprehensive income attribute to non-controlling interests, net of tax	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
7. Total Comprehensive income	<u>16,670</u>	<u>4,529</u>	<u>16,233</u>	<u>4,445</u>
Attributable to shareholders of the Company	16,669	4,528		
Attributable to non-controlling interests	1	1		
8. Earnings per share				
Basic earnings per share	RMB4.17	RMB2.47		
Diluted earnings per share	RMB4.17	RMB2.47		

LIU Haoling
Chairman

YANG Zheng
Chief Financial Officer

GONG Xingfeng
Chief Actuary

ZHANG Tao
Head of Accounting Department

Statement of Income (unaudited)

For the three months ended 30 September 2019

(All amounts in RMB million unless otherwise stated)

	For the three months ended 30 September 2019 Group	For the three months ended 30 September 2018 Group	For the three months ended 30 September 2019 Company	For the three months ended 30 September 2018 Company
1. Operating Income	42,610	39,827	42,343	39,750
Premiums earned	33,181	31,316	33,181	31,316
Premium income	33,918	32,138	33,918	32,138
Less: Premiums ceded out	(694)	(635)	(694)	(635)
Net change in unearned premiums liabilities	(43)	(187)	(43)	(187)
Investment income	9,053	8,102	8,882	8,118
In: Share of profit of associates	42	(85)	9	(85)
Fair value gains/(losses)	80	145	63	104
Foreign exchange gains/(losses)	90	91	89	92
Other gains	31	9	7	9
Other operating income	175	164	121	111
2. Operating expenses	(40,149)	(37,311)	(40,064)	(37,258)
Surrenders	(3,105)	(4,109)	(3,105)	(4,109)
Claims expense	(13,861)	(15,741)	(13,861)	(15,741)
Less: Claims recoverable from reinsurers	242	184	242	184
Increase in insurance contracts reserve	(14,980)	(9,290)	(14,980)	(9,290)
Less: Insurance reserves recoverable from reinsurers	120	99	120	99
Policyholder dividends	(18)	(71)	(18)	(71)
Business tax and surcharges expenses	(26)	(25)	(23)	(22)
Commission and brokerage expenses	(4,083)	(4,421)	(4,083)	(4,421)
Administrative expenses	(3,098)	(3,160)	(3,051)	(3,128)
Less: Expenses recoverable from reinsurers	205	184	205	184
Other operating expenses	(879)	(695)	(844)	(677)
Impairment losses	(666)	(266)	(666)	(266)
3. Operating profit	2,461	2,516	2,279	2,492
Add: Non-operating income	4	20	4	20
Less: Non-operating expenses	(36)	(39)	(36)	(39)
4. Net profit before income tax expenses	2,429	2,497	2,247	2,473
Less: Income tax	29	(594)	39	(594)

Statement of Income (unaudited) (continued)
For the three months ended 30 September 2019
(All amounts in RMB million unless otherwise stated)

	For the three months ended 30 September 2019 Group	For the three months ended 30 September 2018 Group	For the three months ended 30 September 2019 Company	For the three months ended 30 September 2018 Company
5. Net profit	<u>2,458</u>	<u>1,903</u>	<u>2,286</u>	<u>1,879</u>
(1) Classification of net profit				
Net profit from continuing operation	2,458	1,903	2,286	1,879
Net profit from discontinued operation	–	–	–	–
(2) Attributable to:				
Shareholders of the Company	2,458	1,903		
Non-controlling interests	–	–		
6. Other Comprehensive income, net of tax	781	(1,070)	762	(1,075)
Total other comprehensive income attribute to shareholders of the company, net of tax	781	(1,070)	762	(1,075)
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Share of other comprehensive income under the equity method and the effect on insurance contracts reserve and policyholder deposits, net of tax	(34)	(54)	(34)	(54)
Gains/(losses) arising from fair value changes and the effect on insurance contracts reserve and policyholder deposits, net of tax	810	(1,026)	796	(1,021)
Currency translation differences	5	10	–	–
Total other comprehensive income attribute to non-controlling interests, net of tax	–	–	–	–
7. Total Comprehensive income	<u>3,239</u>	<u>833</u>	<u>3,048</u>	<u>804</u>
Attributable to shareholders of the Company	3,239	833		
Attributable to non-controlling interests	–	–		
8. Earnings per share				
Basic earnings per share	RMB0.79	RMB0.61		
Diluted earnings per share	RMB0.79	RMB0.61		

LIU Haoling
Chairman

YANG Zheng
Chief Financial Officer

GONG Xingfeng
Chief Actuary

ZHANG Tao
Head of Accounting Department

Statement of Cash Flows (unaudited)**For the nine months ended 30 September 2019***(All amounts in RMB million unless otherwise stated)*

	For the nine months ended 30 September 2019 Group	For the nine months ended 30 September 2018 Group	For the nine months ended 30 September 2019 Company	For the nine months ended 30 September 2018 Company
1. Cash flows from operating activities				
Premium received	103,835	95,867	103,835	95,867
Net increase in policyholder deposits	4,150	5,032	4,150	5,032
Cash received for taxes and surcharges	–	26	–	26
Cash received from other operating activities	977	678	261	512
Sub-total of cash inflows from operating activities	108,962	101,603	108,246	101,437
Cash paid for claims	(57,786)	(66,137)	(57,786)	(66,137)
Net cash paid from reinsurance business	(441)	(249)	(441)	(249)
Cash paid for brokerage and commission fees	(12,375)	(11,912)	(12,375)	(11,912)
Cash paid for policyholder dividends	(37)	(106)	(37)	(106)
Cash paid to and for employees	(6,711)	(6,619)	(6,299)	(6,212)
Cash paid for taxes and surcharges	(1,464)	(3,057)	(1,345)	(2,930)
Cash paid for other operating activities	(2,060)	(2,811)	(1,975)	(2,605)
Sub-total of cash outflows from operating activities	(80,874)	(90,891)	(80,258)	(90,151)
Net cash flows from operating activities	28,088	10,712	27,988	11,286

Statement of Cash Flows (unaudited) (continued)
For the nine months ended 30 September 2019
(All amounts in RMB million unless otherwise stated)

	For the nine months ended 30 September 2019 Group	For the nine months ended 30 September 2018 Group	For the nine months ended 30 September 2019 Company	For the nine months ended 30 September 2018 Company
2. Cash flows from investing activities				
Cash received from sales and redemption of investments	138,776	109,878	130,679	104,882
Cash received from investment income	23,858	22,473	23,731	22,397
Net cash received from sales of fixed assets, intangible assets and other long-term assets	17	1	13	1
Cash received from financial assets purchased under agreements to resell	3,385	–	3,355	–
Cash received from acquisition of subsidiaries	63	9	–	–
Sub-total of cash inflows from investing activities	166,099	132,361	157,778	127,280
Cash paid for investment	(202,277)	(133,724)	(194,641)	(132,581)
Net increase in policy loans	(2,759)	(3,391)	(2,759)	(3,391)
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(2,844)	(4,546)	(2,161)	(4,278)
Cash paid for financial assets purchased under agreements to resell	–	(1,566)	–	(1,220)
Cash paid for other investing activities	(64)	(10)	(406)	(490)
Sub-total of cash outflows from investing activities	(207,944)	(143,237)	(199,967)	(141,960)
Net cash flows from investing activities	(41,845)	(10,876)	(42,189)	(14,680)

Statement of Cash Flows (unaudited) (continued)
For the nine months ended 30 September 2019
(All amounts in RMB million unless otherwise stated)

	For the nine months ended 30 September 2019 Group	For the nine months ended 30 September 2018 Group	For the nine months ended 30 September 2019 Company	For the nine months ended 30 September 2018 Company
3. Cash flows from financing activities				
Cash received from investors	<u>39</u>	<u>115</u>	<u>–</u>	<u>–</u>
In: Capital injected into subsidiaries by non-controlling interests	39	115	–	–
Cash received from financial assets sold under agreements to repurchase	<u>22,538</u>	<u>11,982</u>	<u>22,406</u>	<u>11,950</u>
Sub-total of cash inflows from financing activities	<u>22,577</u>	<u>12,097</u>	<u>22,406</u>	<u>11,950</u>
Cash paid for dividends and interests	(2,321)	(1,569)	(2,321)	(1,569)
Cash paid for lease liabilities and interests	(401)	–	(388)	–
Cash paid for other financing activities	<u>–</u>	<u>(5)</u>	<u>–</u>	<u>–</u>
Sub-total of cash outflows from financing activities	<u>(2,722)</u>	<u>(1,574)</u>	<u>(2,709)</u>	<u>(1,569)</u>
Net cash flows from financing activities	<u>19,855</u>	<u>10,523</u>	<u>19,697</u>	<u>10,381</u>
4. Effect of exchange rate changes on cash and cash equivalents	<u>69</u>	<u>125</u>	<u>70</u>	<u>116</u>
5. Net increase/(decrease) in cash and cash equivalents	<u>6,167</u>	<u>10,484</u>	<u>5,566</u>	<u>7,103</u>
Add: Opening balance of cash and cash equivalents	<u>9,005</u>	<u>8,812</u>	<u>8,338</u>	<u>8,263</u>
6. Closing balance of cash and cash equivalents	<u>15,172</u>	<u>19,296</u>	<u>13,904</u>	<u>15,366</u>

LIU Haoling
Chairman

YANG Zheng
Chief Financial Officer

GONG Xingfeng
Chief Actuary

ZHANG Tao
Head of Accounting Department