

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)

FIRST QUARTERLY REPORT OF 2019

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 first 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 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 2019 First Quarterly Report of the Company was considered and approved at the 12th meeting of the 3rd session of the Board of Directors of the Company on 29 April 2019, which 14 directors were required to attend and 12 of them attended in person. In which, Mr. Xie Yiqun, the Executive Director, did not attend the board meeting due to other business engagements and in writing appointed Mr. Tang Zhigang, the Executive Director, to attend the meeting and vote on his behalf. Mr. Lin Yixiang, the Independent Non-executive Director, did not attend the board meeting due to other business engagements and in writing appointed Mr. Chen Wuzhao, the Independent Non-executive Director, to attend the meeting and vote on his behalf.
- 1.3 Mr. Miao Jianmin (Chairman of the Company), Mr. Bai Tao (President 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 2019 First 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, except percentages</i>		
	As of 31 March 2019	As of 31 December 2018	Change (%)
Total Assets	1,085,313	1,031,690	5.2
Net assets attributable to shareholders of the parent company	167,551	152,468	9.9
Net assets per share attributable to the shareholders of the parent company (RMB/share)	3.79	3.45	9.9
	January to March 2019	January to March 2018	Change (%)
Net cash flows used in operating activities	(11,621)	(29,169)	(60.2)
Operating income	163,636	152,924	7.0
Net profit attributable to the shareholders of the parent company	5,887	5,250	12.1
Net profit attributable to the shareholders of the parent company after deducting non- recurring items	5,854	5,232	11.9
Basic earnings per share (RMB/share)	0.13	0.12	7.6
Diluted earnings per share (RMB/share)	0.13	0.12	7.6
Basic earnings per share after deducting non-recurring items (RMB/share)	0.13	0.12	7.3
Weighted average return on equity (%)	3.7	3.8	Decrease of 0.1 pt
Weighted average return on equity after deducting non- recurring items	3.7	3.8	Decrease of 0.1 pt

2.2 Non-recurring items

	<i>Unit: RMB million</i>	
	January to March 2019	January to March 2018
Gains or losses from disposal of non-current assets	(1)	9
Government grants included in profit or loss	12	28
Net non-recurring items other than those mentioned above	42	(4)
Effect of income tax on extraordinary items	(15)	(15)
Attributable to non-controlling interests	(5)	—
Total	33	18

2.3 Solvency of the Group and its Subsidiaries

	<i>Unit: RMB million, except percentages</i>			
As of 31 March 2019	PICC Group	PICC P&C	PICC Life	PICC Health
Core capital	250,172	148,037	68,040	7,286
Actual capital	312,230	175,760	80,718	10,964
Minimum capital	106,042	65,949	33,834	4,063
Core solvency margin ratio (%)	236	224	201	179
Comprehensive solvency margin ratio (%)	294	267	239	270

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			A Share: 274,204; H Share: 5,977			
Name of shareholder (in full name)	Shareholdings of the Top Ten Shareholders			Pledged or frozen shares		
	Number of shares held as at the end of the reporting period	Proportion (%)	The number of shares held subject to selling restrictions			
	Status of the shares	Number of shares	Class of Shareholder			
Ministry of Finance (“MOF”)	29,896,189,564	67.60	29,896,189,564	–	–	The State
HKSCC Nominees Limited	8,705,027,648	19.68	0	–	–	Foreign legal person
National Council for Social Security Fund (“NSSF”)	3,801,567,019	8.60	3,801,567,019	–	–	The State
China Life Insurance Company Limited Traditional-Ordinary insurance products- 005L-CT001 SH	294,750,000	0.67	294,750,000	–	–	State-owned legal person
New China Life Insurance Company Ltd.- Dividend-Personal dividend-018LFH002 SH	89,820,000	0.20	89,820,000	–	–	State-owned legal person
Taiping Life Insurance Co., Ltd.-Traditional- Ordinary insurance products-022L-CT001 SH	89,820,000	0.20	89,820,000	–	–	State-owned legal person
Bank of China Limited-China Merchants 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	89,820,000	0.20	89,820,000	–	–	Others
China Construction Bank Corporation-E Fund 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	74,850,000	0.17	74,850,000	–	–	Others
Industrial and Commercial Bank of China Limited-China Universal 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	74,850,000	0.17	74,850,000	–	–	Others
Industrial and Commercial Bank of China Limited-China Southern 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	74,850,000	0.17	74,850,000	–	–	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	8,705,027,648	H Share	8,705,027,648
Li Xi	3,300,000	A Share	3,300,000
Liang Jide	3,176,700	A Share	3,176,700
Credit Suisse (Hong Kong) Limited	2,740,800	A Share	2,740,800
Chen Hongxian	2,660,300	A Share	2,660,300
Hong Kong Securities Clearing Company Limited	2,380,305	A Share	2,380,305
Chen Jinquan	2,280,000	A Share	2,280,000
Zhu Shaoying	2,163,500	A Share	2,163,500
Shanghai Kaishuang Investment Management Co., Ltd. — Kaishuang — Huanfang Xingchen No. 6 Private Equity Fund	1,654,400	A Share	1,654,400
Yang Shujun	1,555,500	A Share	1,555,500

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”.

Note: The Company received a notice from the MOF on 26 December 2018. The MOF decided to transfer 10% of the equity interests held by it to the NSSF, and the number of shares to be transferred was 2,989,618,956 shares (approximately 6.76% of the Company’s total share capital). At present, relevant regulatory approval procedures are being implemented. After the transfer, the shareholding percentage of the MOF will be 60.84%, and the shareholding percentage of the NSSF will be 15.36%.

3. QUARTERLY BUSINESS ANALYSIS

3.1 Key Financial Indicators

<i>Unit: RMB million, except percentages</i>			
	January to March 2019	January to March 2018	Change (%)
Gross written premiums	193,765	170,545	13.6
Profit before tax	9,409	9,759	(3.6)
Net profit	8,150	7,394	10.2
Net profit attributable to shareholders of the parent company	5,887	5,250	12.1
Earnings per share (RMB/share)	0.13	0.12	7.6
Weighted average return on equity (%)	3.7	3.8	Decrease of 0.1 pt
	As of 31 March 2019	As of 31 December 2018	Change (%)
Total assets	1,085,313	1,031,690	5.2
Total liabilities	859,557	826,264	4.0
Total equity	225,756	205,426	9.9
Net assets per share (RMB/share)	3.79	3.45	9.9
Gearing ratio (%)	79.2	80.1	Decrease of 0.9 pt

In the first quarter, the insurance income of the Group amounted to RMB193.765 billion, representing an increase of 13.6% on a period-to-period basis. The net profit amounted to RMB8.150 billion, representing an increase of 10.2% on a period-to-period basis. The net profit attributable to the shareholders of the parent company amounted to RMB5.887 billion, representing an increase of 12.1% on a period-to-period basis. The earnings per share amounted to RMB0.13, representing an increase of 7.6% on a period-to-period basis. The weighted average return on net assets was 3.7%, representing a decrease of 0.1 percentage point on a period-to-period basis.

The capital of the Group was further enriched. As of 31 March 2019, the total equity was RMB225.756 billion, representing an increase of 9.9% as compared to the beginning of the year; the net assets per share was RMB3.79, representing an increase of 9.9% as compared to the beginning of the year. The Group's gearing ratio as of 31 March 2019 was 79.2%, representing a decrease of 0.9 percentage points as compared to the beginning of the year.

3.2 PICC P&C

During the first quarter of 2019, PICC Property and Casualty Company Limited (“PICC P&C”) implemented the “3411 Project” of the Group and heeded the guidance of its keynote of seeking progress whilst maintaining stability. While stabilizing growth, stabilizing market share and stabilizing profit, PICC P&C accelerated its expansion in new areas, new business and new model, proactively served the economy and society and fulfill the demand of quality live of the citizens, continually provide innovative products, continually enhance its service quality, reform the quality of development, efficiency of development and motivation of development of the Company. And its market share was basically stable with a steadily strengthening comprehensive capability. During the reporting period, the net profit of PICC P&C¹ amounted to RMB5.209 billion and its combined ratio was 98.3%.

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

	<i>Unit: RMB million, except percentages</i>		
	January to March 2019	January to March 2018	Change (%)
Motor vehicle insurance	63,877	61,643	3.6
Accidental injury and health insurance	28,268	18,035	56.7
Agricultural insurance	8,863	7,429	19.3
Liability insurance	8,549	6,509	31.3
Commercial property insurance	5,050	4,593	10.0
Credit insurance	4,799	1,967	144.0
Cargo insurance	1,174	1,088	7.9
Other P&C insurance	4,883	4,797	1.8
Total	125,463	106,061	18.3

¹ the individual report data of PICC P&C

3.3 Life and Health Insurance

3.3.1 PICC Life

During the first quarter of 2019, PICC Life Insurance Company Limited (“PICC Life”) implemented the “3411 Project” of the Group, heeded the guidance of its keynote of seeking progress whilst maintaining stability, and determined to “change the way, optimize the structure, and change the momentum” to realize the “three changes”. During the reporting period, the original premiums income amounted to RMB58.661 billion, representing an increase of 3.3% on a period-to-period basis. PICC Life achieved RMB12.518 billion in first-year regular premiums of original premiums income, representing an increase of 22.4% on a period-to-period basis. The net profit of PICC Life amounted to RMB1.737 billion.

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

	<i>Unit: RMB million, except percentages</i>		
	January to March 2019	January to March 2018	Change (%)
First-year business of long-term insurance	35,564	40,349	(11.9)
Single premiums	23,046	30,124	(23.5)
First-year regular premiums	12,518	10,225	22.4
Renewal business	22,249	15,662	42.1
Short-term insurance	848	760	11.6
Total	58,661	56,771	3.3

3.3.2 PICC Health

During the first quarter of 2019, PICC Health Insurance Company Limited (“PICC Health”) promoted comprehensive and deepened reforms in accordance with the requirements of “professionalism, efficiency, competency and flat structure”, actively served the “Healthy China” strategy and the construction of a national multi-level medical security system, accelerated the transformation to high-quality development. Thus, the business in first quarter achieved a faster growth and a further optimization of its structure. During the reporting period, the first-year regular premium PICC Health amounted to RMB1.686 billion, representing an increase of 417.2% on a period-to-period basis and representing 91.0% of the first-year business of long-term insurance with a period-to-period increase of 14.1 percentage points. PICC Health also achieved a net profit of RMB263 million.

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

	<i>Unit: RMB million, except percentages</i>		
	January to March 2019	January to March 2018	Change (%)
First-year business of long-term insurance	1,853	424	337.0
Single premiums	167	98	70.4
First-year regular premiums	1,686	326	417.2
Renewal business	764	552	38.4
Short-term insurance	6,491	6,289	3.2
Total	9,108	7,265	25.4

3.4 Asset management business

During the first quarter of 2019, the Group’s asset management segment actively seized market opportunities, and added new fund-prioritized asset management products, agreement deposits and bonds. Among which, there was an increased allocation of bond types with relatively higher yield rate for bond investment and maintained a certain level of liquidity for seeking further investment opportunity. On the basis of the development of traditional equity and debt products, we focused on promoting support on financing pilot product innovation of agriculture and small and micro enterprises, the major business of synergistic insurance developed and maintained the stability of investment return level and effectively minimized the investment risk.

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, except percentages

Key financial indicators	As of 31 March 2019	As of 31 December 2018	Change (%)	Reasons of major changes
Total assets	1,085,313	1,031,690	5.2	Expanded scale of insurance business and the increased scale of assets available for investment
Total liabilities	859,557	826,264	4.0	An increase in insurance reserves
Net assets attributable to shareholders of the parent company	167,551	152,468	9.9	Due to the effect of net profits and an increase in other comprehensive income during the Reporting Period

Unit: RMB million, except percentages

Key financial indicators	January to March 2019	January to March 2018	Change (%)	Reasons of major changes
Operating income	163,636	152,924	7.0	Growth in insurance business income
Net profit attributable to the shareholders of the parent company	5,887	5,250	12.1	Growth in insurance business and increase in investment income

4.1.2 Material changes in major financial items and analysis

Items in Balance Sheet	Unit: RMB million, except percentages			
	As of 31 March 2019	As of 31 December 2018	Change (%)	Reasons of major changes
Premiums receivable	68,772	29,627	132.1	Seasonality difference in the settlement of policy business
Reinsurers' share of long-term health insurance reserves	664	450	47.6	Increase in reinsurance business
Premiums received in advance	15,759	28,249	(44.2)	The business has been concentrated since the beginning of the year, resulting in a higher balance of prepaid premiums at the end of last year
Payables to reinsurers	21,077	15,551	35.5	Affected by the reinsurance business cycle, the premiums ceded at the beginning of the year were relatively more concentrated

<i>Unit: RMB million, except percentages</i>				
Items in income statement	January to March 2019	January to March 2018	Change (%)	Reasons of major changes
Change in unearned premium reserves	33,875	20,124	68.3	Expanded scale of insurance business
Fair value gains/(losses)	555	(194)	–	Fluctuation in capital market
Exchange losses	(236)	(416)	(43.3)	Fluctuation in exchange rate
Change in insurance contract liability reserves	8,661	(11,060)	–	A large amount of reserves were released due to the surrender of short and medium-term business in the same period of last year
Interest expenses credited to policyholders' deposits	1,046	709	47.5	Growth of participating life insurance business
General and administrative expenses	20,150	14,013	43.8	Strengthened sales team construction, optimized resource allocation, and increased marketing expenses
Impairment losses	728	147	395.2	Fluctuation in capital market
Income tax expenses	1,259	2,365	(46.8)	The handling fee did not exceed the pre-tax deduction limit, resulting in the actual tax rate decreased as compared to the same period of last year.
Other comprehensive income/(expense)	12,180	(191)	–	Fluctuation in capital market

4.2 Explanation and analysis of significant events and their impacts and solutions

☐ Applicable ☒ Not applicable

4.3 Undertakings during the reporting period or continued in the reporting period

Background	Commitment	Commitment party	Commitment	Time and term of commitment	Performance term or not	Performed in time and strictly or not
Commitment related to the initial public offering of A Shares		MOF	Restrictions on the stock circulation and shareholders' voluntary lock-up commitment to the shares held by them in the Company's prospectus.	16 November 2018 to 15 November 2021	Yes	Yes
		NSSF	Restrictions on the stock circulation and shareholders' voluntary lock-up commitment to the shares held by them in the Company's prospectus.	16 November 2018 to 15 November 2019	Yes	Yes
	Restriction on sale of A Shares	China Life Insurance Company Limited, Taiping Life Insurance Co., Ltd., New China Life Insurance Company Ltd., China Merchants Fund Management Company Limited (招商基金管理有限公司), E Fund Management Co., Limited, China Southern Asset Management Company Limited and China Universal Asset Management Company Limited	The shares will not be transferred in any form within 12 months from the date of the listing of the shares in issue, nor will any other rights such as pledge, mortgage and others be created on the shares.	16 November 2018 to 15 November 2019	Yes	Yes
	Others	MOF	Shareholders' intention to hold shares and commitments in relation to reducing their holdings in the Company's prospectus.	Effective from 16 November 2018	Yes	Yes
		NSSF	Shareholders' intention to hold shares and commitments in relation to reducing their holdings in the Company's prospectus.	Effective from 16 November 2018	Yes	Yes

Background	Commitment	Commitment party	Commitment	Time and term of commitment	Performance term or not	Performed in time and strictly or not
	Others	The Company and related directors and senior management	Measures for stabilizing stock prices after listing in the Company's prospectus.	16 November 2018 to 15 November 2021	Yes	Yes
	Dividend	The Company	The dividend commitment in the Company's prospectus.	Effective from 16 November 2018	Yes	Yes
		The Company	Commitment to take remedial measures for the dilution impact on immediate return in the Company's prospectus.	Effective from 16 November 2018	Yes	Yes
	Others	Directors and senior management	Commitment to take remedial measures for the dilution impact on immediate return in the Company's prospectus.	Effective from 16 November 2018	Yes	Yes
		The Company	Commitment in relation to the contents of the prospectus in the Company's prospectus.	Effective from 5 November 2018	Yes	Yes
	Others	Directors, supervisors and senior management	Commitment in relation to the contents of the prospectus in the Company's prospectus.	Effective from 5 November 2018	Yes	Yes

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 31 March 2019 and 31 December 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

(Amounts in millions of Renminbi, unless otherwise stated)

	31 March 2019 (Unaudited)	31 December 2018
ASSETS		
Monetary funds	37,518	38,681
Financial assets at fair value through profit and loss	19,776	20,551
Financial assets purchased under resale agreements	25,113	23,053
Premiums receivable	68,772	29,627
Receivables from reinsurers	16,223	14,110
Reinsurers' share of unearned premium reserves	11,541	9,739
Reinsurers' share of outstanding claim reserves	15,630	16,591
Reinsurers' share of life insurance reserves	6	6
Reinsurers' share of long-term health insurance reserves	664	450
Policy loans	3,722	3,537
Other receivables	15,659	13,571
Term deposits	84,570	98,653
Available-for-sale financial assets	295,895	284,363
Held-to-maturity investments	131,426	128,177
Investments classified as loans and receivables	165,793	164,512
Long-term equity investments	111,308	107,492
Restricted statutory deposits	13,794	13,794
Investment properties	12,779	12,782
Fixed assets	24,919	25,245
Intangible assets	6,529	6,276
Right-of-use assets	4,145	—
Deferred tax assets	7,825	9,028
Other assets	11,706	11,452
TOTAL ASSETS	1,085,313	1,031,690

	31 March 2019 (Unaudited)	31 December 2018
LIABILITIES AND EQUITY		
LIABILITIES		
Securities sold under agreements to repurchase	50,283	54,889
Premiums received in advance	15,759	28,249
Handling charges and commission payable	9,144	7,700
Payables to reinsurers	21,077	15,551
Salaries and staff welfare payables	15,839	17,306
Tax payable	11,421	10,846
Claims payable	9,897	10,994
Policyholders' dividend payable	4,148	3,632
Other payable	11,928	12,630
Policyholders' deposits	39,076	42,977
Unearned premium reserves	177,151	141,474
Outstanding claim reserves	141,145	141,066
Life insurance reserves	257,126	249,935
Long-term health insurance reserves	24,902	23,511
Premiums reserve	3,753	3,333
Bonds payable	57,782	57,732
Lease liabilities	3,984	–
Deferred tax liabilities	910	1,021
Other liabilities	4,232	3,418
TOTAL LIABILITIES	859,557	826,264
EQUITY		
Share capital	44,224	44,224
Capital reserve	7,571	7,571
Other comprehensive income	9,156	(40)
Surplus reserve fund	12,041	12,041
General risk reserve	9,886	9,875
Agriculture catastrophic loss reserve	1,705	1,705
Retained profits	82,968	77,092
Equity attributable to equity holders of the Company	167,551	152,468
Non-controlling interests	58,205	52,958
TOTAL EQUITY	225,756	205,426
TOTAL LIABILITIES AND EQUITY	1,085,313	1,031,690

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

As at 31 March 2019

(Amounts in millions of Renminbi, unless otherwise stated)

	31 March 2019 (Unaudited)	31 December 2018
ASSETS		
Monetary funds	187	1,341
Financial assets at fair value through profit and loss	759	1,368
Financial assets purchased under resale agreements	333	953
Other receivables	814	666
Term deposit	3,962	3,963
Available-for-sale financial assets	14,762	11,741
Investments classified as loans and receivables	1,870	1,281
Long-term equity investments	89,904	89,850
Investment properties	2,615	2,615
Fixed assets	3,076	3,099
Intangible assets	86	87
Other assets	50	376
	<hr/>	<hr/>
TOTAL ASSETS	118,418	117,340
	<hr/> <hr/>	<hr/> <hr/>

	31 March 2019 (Unaudited)	31 December 2018
LIABILITIES AND EQUITY		
LIABILITES		
Securities sold under agreements to repurchase	365	—
Salaries and staff welfare payables	3,433	3,543
Tax payable	6	1
Other payable	606	581
Bonds payable	17,979	17,977
Other liabilities	866	643
	<hr/>	<hr/>
TOTAL LIABILITIES	23,255	22,745
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Share capital	44,224	44,224
Capital reserve	35,578	35,578
Other comprehensive income	806	100
Surplus reserve fund	12,041	12,041
Retained profits	2,514	2,652
	<hr/>	<hr/>
TOTAL EQUITY	95,163	94,595
	<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY	118,418	117,340
	<hr/> <hr/>	<hr/> <hr/>

5.2 Consolidated income statement and income statement of the Company for the three months ended 31 March 2019 and for the three months ended 31 March 2018

CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2019

(Amounts in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March 2019 (Unaudited)	Three months ended 31 March 2018
I. OPERATING INCOME	163,636	152,924
Net earned premiums	150,774	142,326
Gross written premiums	193,765	170,545
Included: Reinsurance premiums income	503	344
Less: Premiums ceded to reinsurers	(9,116)	(8,095)
Change in unearned premium reserves	(33,875)	(20,124)
Investment income	11,734	10,325
Included: Share of profits and losses of associates and joint ventures	2,016	2,351
Fair value gains/(losses)	555	(194)
Exchange losses	(236)	(416)
(Losses)/gains from disposal of assets	(1)	9
Other income	5	9
Other operating income	<u>805</u>	<u>865</u>
II. OPERATING EXPENSES	154,281	143,189
Surrenders	39,689	53,186
Gross claims paid	67,882	66,585
Less: Paid losses recoverable from reinsurers	(3,244)	(3,712)
Change in insurance contract liability reserves	8,661	(11,060)
Less: Reinsurers' share of insurance contract liability reserves	747	770
Change in premium reserve	299	295
Interest expenses credited to policyholders' deposits	1,046	709
Reinsurance expenses	133	76
Tax and other surcharges	525	537
Handling charges and commissions	17,826	21,564
General and administrative expenses	20,150	14,013
Less: Net reinsurance commission income	(2,260)	(2,143)
Other operating costs	2,099	2,222
Impairment losses	<u>728</u>	<u>147</u>

	Three months ended 31 March 2019 (Unaudited)	Three months ended 31 March 2018
III. OPERATING PROFIT	9,355	9,735
Add: Non-operating income	82	63
Less: Non-operating expenses	(28)	(39)
IV. PROFIT BEFORE TAX	9,409	9,759
Less: Income tax expense	(1,259)	(2,365)
V. NET PROFIT	8,150	7,394
(1) By continuing/discontinued operations:		
Net profit from continuing operations	8,150	7,394
(2) By ownership:		
1. Net profit attributable to equity holders of the Company	5,887	5,250
2. Non-controlling interests	2,263	2,144
VI. OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		
Other comprehensive income/(expense) attributable to equity holders of the company, net of tax	9,196	(183)
(1) OTHER COMPREHENSIVE INCOME/ (EXPENSE) THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:		
Fair value gains/(losses) of available-for-sale financial assets	9,059	(212)
Gains on revaluation transferred to investment properties	—	97
Other comprehensive income/(expense) that may be reclassified to profit or loss under the equity method	158	(42)
Exchange differences arising on translation of foreign operations	(21)	(37)

	Three months ended 31 March 2019 (Unaudited)	Three months ended 31 March 2018
(2) OTHER COMPREHENSIVE INCOME/(EXPENSE) THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		
Other comprehensive income that cannot be reclassified to profit or loss under the equity method	–	11
Other comprehensive income/(expense) attributable to non-controlling interests, net of tax	<u>2,984</u>	<u>(8)</u>
TOTAL	<u>12,180</u>	<u>(191)</u>
VII. TOTAL COMPREHENSIVE INCOME	<u>20,330</u>	<u>7,203</u>
Attributable to equity holders of the Company	15,083	5,067
Attributable to non-controlling interests	<u>5,247</u>	<u>2,136</u>
VIII. EARNINGS PER SHARE (in RMB Yuan)		
– Basic	<u>0.13</u>	<u>0.12</u>

Note: The Group had no potential ordinary shares in issue during the three months ended 31 March 2019.

INCOME STATEMENT OF THE COMPANY*For the three months ended 31 March 2019**(Amounts in millions of Renminbi, unless otherwise stated)*

	Three months ended 31 March 2019 (Unaudited)	Three months ended 31 March 2018
I OPERATING INCOME	306	406
Investment income	234	366
Included: Share of profits and losses of associates and joint ventures	54	120
Fair value gains/(losses)	2	(4)
Exchange losses	(11)	(33)
Other operating income	81	77
	<hr/>	<hr/>
II OPERATING EXPENSES	445	495
Tax and other surcharges	3	3
General and administrative expenses	191	187
Other operating costs	251	222
Impairment losses	–	83
	<hr/>	<hr/>
III OPERATING PROFIT	(139)	(89)
Add: Non-operating income	1	–
Less: Non-operating expenses	–	(1)
	<hr/>	<hr/>
IV PROFIT BEFORE TAX	(138)	(90)
Less: Income tax expense	–	(97)
	<hr/>	<hr/>
V NET PROFIT	(138)	(187)
	<hr/> <hr/>	<hr/> <hr/>

	Three months ended 31 March 2019 (Unaudited)	Three months ended 31 March 2018
VI OTHER COMPREHENSIVE INCOME/(EXPENSE)		
(1) OTHER COMPREHENSIVE INCOME/(EXPENSE) THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		
Fair value gains/(losses) of available-for-sale financial assets	706	(289)
Gains on revaluation transferred to investment properties	—	—
Other comprehensive income/(expense) that may be reclassified to profit or loss under the equity method	—	(10)
(2) OTHER COMPREHENSIVE INCOME/(EXPENSE) THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		
Remeasurement of the variation of defined benefit plans	—	—
OTHER COMPREHENSIVE INCOME/(EXPENSE), NET OF TAX	706	(299)
VII TOTAL COMPREHENSIVE INCOME	568	(486)

5.3 Consolidated statement of cash flow and statement of cash flow of the Company for the three months ended 31 March 2019 and for the three months ended 31 March 2018

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2019

(Amounts in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March 2019 (Unaudited)	Three months ended 31 March 2018
I. CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from premiums under original insurance contracts	143,582	139,925
Other cash inflows from operating activities	3,489	959
Cash inflows from operating activities	147,071	140,884
Cash paid for claim payments under original insurance contracts	(67,822)	(67,143)
Decrease in policyholders' deposits	(4,227)	(2,858)
Cash paid for reinsurance, net	(2,594)	(200)
Handling charges and commissions paid	(16,642)	(21,722)
Interest paid to policyholders' deposits	(530)	(1,211)
Payment to and on behalf of staff	(13,148)	(12,005)
Taxes and surcharges paid	(4,057)	(4,573)
Other cash outflows from operating activities	(49,672)	(60,341)
Cash outflows from operating activities	(158,692)	(170,053)
Net cash flows used in operating activities	(11,621)	(29,169)
II. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from disposal or maturities of investments	74,433	82,418
Cash received from investment income	10,121	8,197
Proceeds from disposal of fixed assets, intangible assets and other long term assets	98	27
Cash inflows from investing activities	84,652	90,642

	Three months ended 31 March 2019 (Unaudited)	Three months ended 31 March 2018
Payment for purchases of investments	(65,954)	(81,265)
Net increase in policy loans	(185)	(115)
Payment for purchases of fixed assets, intangible assets and other long term assets	(596)	(742)
Other cash outflows from investing activities	(14)	(127)
Cash outflows from investing activities	(66,749)	(82,249)
Net cash flows generated from investing activities	17,903	8,393
III. CASH FLOWS FROM FINANCING ACTIVITIES		
Other cash inflows from financing activities	–	2,455
Cash inflows from financing activities	–	2,455
Repayment of debts	(252)	–
Cash paid for distribution of dividends, profits or interests	(633)	(548)
Included: dividends paid by subsidiaries to non-controlling interests	–	–
Other cash outflows from financing activities	(4,606)	–
Cash outflows from financing activities	(5,491)	(548)
Net cash flows (used in)/generated from financing activities	(5,491)	1,907
IV. EFFECT OF FOREIGN EXCHANGE MOVEMENT ON CASH AND CASH EQUIVALENTS	(54)	(51)
V. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	737	(18,920)
Add: Opening balance of cash and cash equivalents	61,601	72,819
VI. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	62,338	53,899

STATEMENT OF CASH FLOWS OF THE COMPANY

For the three months ended 31 March 2019

(Amounts in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March 2019 (Unaudited)	Three months ended 31 March 2018
I. CASH FLOWS FROM OPERATING ACTIVITIES		
Other cash inflows from operating activities	<u>82</u>	<u>77</u>
Cash inflows from operating activities	<u>82</u>	<u>77</u>
Payment to and on behalf of staff	(240)	(247)
Taxes and surcharges paid	–	(31)
Other cash outflows from operating activities	<u>(52)</u>	<u>(36)</u>
Cash outflows from operating activities	<u>(292)</u>	<u>(314)</u>
Net cash flows used in operating activities	<u>(210)</u>	<u>(237)</u>
II. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from disposal or maturities of investments	1,723	641
Cash received from investment income	202	211
Proceeds from disposal of fixed assets, intangible assets and other long term assets	1	–
Other cash inflows from investing activities	<u>5</u>	<u>9</u>
Cash inflows from investing activities	<u>1,931</u>	<u>861</u>
Payment for purchases of investments	(3,831)	(2,368)
Payment for purchases of fixed assets, intangible assets and other long term assets	(15)	(16)
Other cash outflows from investing activities	<u>(2)</u>	<u>(53)</u>
Cash outflows from investing activities	<u>(3,848)</u>	<u>(2,437)</u>
Net cash flows used in investing activities	<u>(1,917)</u>	<u>(1,576)</u>

	Three months ended 31 March 2019 (Unaudited)	Three months ended 31 March 2018
III. CASH FROM FINANCING ACTIVITIES		
Other cash inflows from financing activities	<u>365</u>	<u>—</u>
Cash inflows from financing activities	<u>365</u>	<u>—</u>
Cash paid for interests	<u>(2)</u>	<u>—</u>
Cash outflows from financing activities	<u>(2)</u>	<u>—</u>
Net cash flows generated from financing activities	<u>363</u>	<u>—</u>
IV. EFFECT OF FOREIGN EXCHANGE MOVEMENT ON CASH AND CASH EQUIVALENTS	<u>(10)</u>	<u>(31)</u>
V. NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,774)	(1,844)
Add: Opening balance of cash and cash equivalents	<u>2,294</u>	<u>2,833</u>
VI. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	<u><u>520</u></u>	<u><u>989</u></u>

By Order of the Board
The People's Insurance Company (Group) of China Limited
Miao Jianmin
Chairman

Beijing, the PRC, 29 April 2019

As at the date of this announcement, the executive directors of the Company are Mr. Miao Jianmin, Mr. Bai Tao, Mr. Xie Yiqun and Mr. Tang Zhigang, the non-executive directors are Mr. Wang Qingjian, Mr. Xiao Xuefeng, Ms. Hua Rixin, 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.