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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)

ANNOUNCEMENT OF THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The Board of Directors (the “Board”) of The People’s Insurance Company (Group) of China Limited (the “Company”) announces the following unaudited interim consolidated financial results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2019 together with the comparative figures for the previous year, which should be read in conjunction with the following management discussion and analysis:

FINANCIAL STATEMENTS AND MATERIAL NOTES

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2019
(Amounts in millions of Renminbi, unless otherwise stated)

	<i>Notes</i>	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)
Gross written premiums	4	322,875	286,162
Less: premiums ceded to reinsurers	4	(20,232)	(15,459)
Net written premiums	4	302,643	270,703
Change in unearned premium reserves		(40,091)	(23,143)
Net earned premiums		262,552	247,560
Reinsurance commission income		5,626	4,703
Investment income	5	18,370	15,703
Other income		1,530	1,707
TOTAL INCOME		288,078	269,673
Life insurance death and other benefits paid		53,085	77,326
Claims incurred		132,324	116,399
Changes in long-term life insurance contract liabilities		13,896	(11,023)
Policyholder dividends		1,396	1,253
Claims and policyholders' benefits		200,701	183,955
Less: claims and policyholders' benefits ceded to reinsurers		(8,266)	(6,161)
Net claims and policyholders' benefits		192,435	177,794
Handling charges and commissions		33,715	41,897
Finance costs		3,143	3,378
Exchange gains		–	(153)
Other operating and administrative expenses		45,054	33,164
TOTAL BENEFITS, CLAIMS AND EXPENSES		274,347	256,080
Share of profits or losses of associates and joint ventures		5,578	5,812
PROFIT BEFORE TAX	6	19,309	19,405
Income tax credit/(expense)	7	2,313	(5,057)
PROFIT FOR THE PERIOD		21,622	14,348
Attributable to:			
Owners of the Company		15,478	10,045
Non-controlling interests		6,144	4,303
		21,622	14,348
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– Basic (in RMB Yuan)	9	0.35	0.24

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2019
(Amounts in millions of Renminbi, unless otherwise stated)

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)
PROFIT FOR THE PERIOD	21,622	14,348
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
– Fair value gains/(losses)	12,706	(1,975)
– Reclassification of (gains)/losses to profit or loss on disposals	(2,013)	312
– Impairment losses	1,082	750
Income tax effect	(2,409)	115
	9,366	(798)
Share of other comprehensive income of associates and joint ventures	525	116
Exchange differences on translating foreign operations	8	10
NET OTHER COMPREHENSIVE INCOME/(EXPENSE) THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	9,899	(672)
Items that will not be reclassified to profit or loss:		
Gains on revaluation of properties and right-of-use assets/ prepaid land premiums upon transfer to investment properties	102	301
Income tax effect	(26)	(75)
	76	226
Actuarial losses on pension benefit obligation	(11)	(115)
Share of other comprehensive (expense)/income of associates and joint ventures	(7)	15
NET OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	58	126
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX	9,957	(546)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	31,579	13,802
Attributable to:		
– Owners of the Company	22,874	9,529
– Non-controlling interests	8,705	4,273
	31,579	13,802

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*AS AT 30 JUNE 2019**(Amounts in millions of Renminbi, unless otherwise stated)*

	<i>Notes</i>	30 June 2019 (Unaudited)	31 December 2018 (Audited)
ASSETS			
Cash and cash equivalents		79,392	61,601
Debt securities		338,852	316,394
Equity securities, mutual funds and trust schemes		124,324	116,697
Insurance receivables, net	10	84,562	44,218
Reinsurance assets		30,908	27,025
Term deposits		79,703	98,653
Restricted statutory deposits		13,794	13,794
Investments classified as loans and receivables		165,948	164,512
Investments in associates and joint ventures	11	110,785	107,492
Investment properties		12,589	12,782
Property and equipment		25,412	25,778
Right-of-use assets		6,939	–
Intangible assets		2,167	2,329
Prepaid land premiums		–	3,414
Deferred tax assets		10,939	8,662
Other assets		32,159	28,284
TOTAL ASSETS		1,118,473	1,031,635
LIABILITIES			
Securities sold under agreements to repurchase		52,599	54,889
Payables to reinsurers		21,642	15,551
Income tax payable		2,666	3,185
Bonds payable		57,833	57,732
Insurance contract liabilities		626,738	559,217
Investment contract liabilities for policyholders		38,437	41,808
Policyholder dividends payable		4,585	3,970
Pension benefit obligation		2,913	2,967
Lease liabilities		3,301	–
Deferred tax liabilities		1,176	1,021
Other liabilities		74,674	84,994
TOTAL LIABILITIES		886,564	825,334
EQUITY			
Issued capital	12	44,224	44,224
Reserves		128,233	108,829
Equity attributable to owners of the Company		172,457	153,053
Non-controlling interests		59,452	53,248
TOTAL EQUITY		231,909	206,301
TOTAL EQUITY AND LIABILITIES		1,118,473	1,031,635

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

(Amounts in millions of Renminbi, unless otherwise stated)

	Attributable to owners of the Company														Total
	Issued capital (note 12)	Available-for-sale financial asset		Agriculture catastrophic loss reserve		Share of other comprehensive (expense)/income of associates and joint ventures		Foreign currency translation reserve	Surplus reserve*	Actuarial losses on pension benefit obligation		Retained profits	Non-controlling interests		
		Share premium account	revaluation reserve	General risk reserve	loss reserve	Asset revaluation reserve	of associates and joint ventures			Other reserves	benefit obligation				
		**	**	**	**	**	**			**	**			**	
Balance at 31 December 2018(Audited)	44,224	23,973	(1,832)	9,874	1,705	2,892	(5)	(8)	12,041	(15,153)	(1,071)	76,413	153,053	53,248	206,301
Impact of change in accounting policy in associates	-	-	-	-	-	-	120	-	-	-	-	(1,483)	(1,363)	(560)	(1,923)
Balance at 1 January 2019(Restated)	44,224	23,973	(1,832)	9,874	1,705	2,892	115	(8)	12,041	(15,153)	(1,071)	74,930	151,690	52,688	204,378
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	15,478	15,478	6,144	21,622
Other comprehensive income/(expense)	-	-	6,961	-	-	52	388	6	-	-	(11)	-	7,396	2,561	9,957
Total comprehensive income/(expense)	-	-	6,961	-	-	52	388	6	-	-	(11)	15,478	22,874	8,705	31,579
Dividends paid to shareholders (note 8)	-	-	-	-	-	-	-	-	-	-	-	(2,021)	(2,021)	-	(2,021)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,923)	(1,923)
Others	-	-	-	-	-	-	(86)	-	-	-	-	-	(86)	(18)	(104)
Balance at 30 June 2019 (Unaudited)	44,224	23,973	5,129	9,874	1,705	2,944	417	(2)	12,041	(15,153)	(1,082)	88,387	172,457	59,452	231,909

* This reserve contains both statutory and discretionary surplus reserves.

** Consolidated reserves of RMB128,233 million in the condensed consolidated statement of financial position as at 30 June 2019 comprise these reserve accounts.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY-CONTINUED
FOR THE SIX MONTHS ENDED 30 JUNE 2019
(Amounts in millions of Renminbi, unless otherwise stated)

	Attributable to owners of the Company												Subtotal	Non-controlling interests	Total
	Issued capital	Available-for-sale financial asset		Agriculture catastrophic loss		Share of other comprehensive income		Foreign currency		Actuarial losses		Retained profits			
		Share premium	revaluation reserve	General risk reserve	loss reserve	Asset revaluation reserve	(expense)/income of associates and joint ventures	translation reserve	Surplus reserve*	Other reserves	on pension benefit obligation				
		**	**	**	**	**	**	**	**	**	**				
Balance at 1 January 2018(Audited)	42,424	19,925	159	8,473	1,705	2,625	(304)	(52)	11,759	(15,153)	(884)	66,856	137,533	49,348	186,881
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	10,045	10,045	4,303	14,348
Other comprehensive (expense)/income	-	-	(663)	-	-	189	66	7	-	-	(115)	-	(516)	(30)	(546)
Total comprehensive (expense)/income	-	-	(663)	-	-	189	66	7	-	-	(115)	10,045	9,529	4,273	13,802
Dividends paid to shareholders (note 8)	-	-	-	-	-	-	-	-	-	-	-	(1,672)	(1,672)	-	(1,672)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,586)	(1,586)
Balance at 30 June 2018 (Unaudited)	42,424	19,925	(504)	8,473	1,705	2,814	(238)	(45)	11,759	(15,153)	(999)	75,229	145,390	52,035	197,425

* This reserve contains both statutory and discretionary surplus reserves.

** Consolidated reserves of RMB102,966 million in the condensed consolidated statement of financial position as at 30 June 2018 comprise these reserve accounts.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*FOR THE SIX MONTHS ENDED 30 JUNE 2019**(Amounts in millions of Renminbi, unless otherwise stated)*

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)
Net cash flows from/(used in) operating activities	11,246	(24,799)
Net cash flows from/(used in) investing activities	12,093	(10,432)
Net cash flows (used in)/from financing activities	(5,562)	22,609
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Net increase/(decrease) in cash and cash equivalents	17,777	(12,622)
Cash and cash equivalents at beginning of the period	61,601	72,819
Effects of exchange rate changes on cash and cash equivalents	14	132
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Cash and cash equivalents at end of the period	79,392	60,329
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NOTES:

1. CORPORATE INFORMATION

The Company was established on 22 August 1996 in the People's Republic of China (the "PRC") and its registered office is located at 1-13/F, No. 88, West Chang'an Street, Xicheng District, Beijing 100031, PRC. The Company's predecessor, the People's Insurance Company of China, is a state-owned enterprise established on 20 October 1949 by the PRC government. The Company is listed on the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange. The ultimate controlling party of the Company is the Ministry of Finance ("MOF") of the PRC.

The Company is an investment holding company. During the six months ended 30 June 2019, the Company's subsidiaries mainly provide integrated financial products and services and are engaged in property and casualty insurance, life and health insurance, asset management and other businesses.

These condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company, and all values are rounded to the nearest million except when otherwise indicated.

2.1 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB"), as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2018.

The condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements, and therefore should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties, certain financial instruments and insurance contract liabilities.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

Except as described below, the application of these new and amendments to IFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Transition and summary of effects arising from initial application of IFRS 16

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease and not apply this Standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. Therefore, the Group did not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group has elected the modified retrospective approach for the application of IFRS 16 as lessee and has recognised the cumulative effect of initial application to opening retained profits without restating comparative information.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

The Group has recognized a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying IAS 17 at an amount that equals to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied a single discount rate to a portfolio of leases with a similar remaining term for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of premises, machinery and equipment in the PRC was determined on a portfolio basis.

On transition, the Group has made the following adjustments upon application of IFRS 16:

The Group recognised right-of-use assets of RMB6,920 million and lease liabilities of RMB3,374 million at 1 January 2019. Prepaid rent of RMB132 million and prepaid land premiums of RMB3,414 million were included in the right-of-use assets on 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rates applied by the group entities ranged from 3.82% to 4.65% for different lease terms.

As a lessor

The application of IFRS 16 has had no material impact on the Group's condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group's operating segments are presented in a manner consistent with the internal management reporting provided to the management for deciding how to allocate resources and for assessing performance.

For management purposes, the Group is organised into business units based on principal activities of subsidiaries and has the following operating and reportable segments:

- The non-life insurance segment offers a wide variety of insurance products to both personal and corporate customers including automobile insurance, agricultural, property and liabilities insurance;
- The life insurance segment offers a wide range of participating, endowments, annuity and universal life insurance products;
- The health insurance segment offers a wide range of health and medical insurance products;
- The asset management segment offers asset management services;
- The headquarters segment provides management and support for the Group's business through its strategy, risk management, treasury, finance, legal, and human resources functions;
- The others segment comprises insurance agent business, reinsurance business and other operating business of the Group.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on the segment results.

As the revenue, net profit, assets and liabilities of operations outside Mainland China constitutes less than 1% of the consolidated amounts in these financial statements, geographical segmental information is not presented.

Inter-segment sales are transacted according to terms and conditions negotiated by the relevant parties within the Group.

During the reporting period, no direct written premiums from transactions with a single external customer amounted to 10% or more of the Group's total direct written premiums.

Segment revenue and results for the six months ended 30 June 2019:

(Unaudited)	Non-life insurance in RMB million	Life insurance in RMB million	Health insurance in RMB million	Asset management in RMB million	Headquarters in RMB million	Others in RMB million	Eliminations in RMB million	Total in RMB million
Net earned premiums	180,466	70,096	9,589	-	-	2,416	(15)	262,552
Reinsurance commission income	5,718	249	409	-	-	118	(868)	5,626
Investment income	8,717	7,750	775	320	5,035	308	(4,535)	18,370
Other income	773	341	95	887	39	378	(983)	1,530
TOTAL INCOME								
- SEGMENT INCOME	195,674	78,436	10,868	1,207	5,074	3,220	(6,401)	288,078
- External income	197,021	78,356	10,839	851	409	602	-	288,078
- Inter-segment income	(1,347)	80	29	356	4,665	2,618	(6,401)	-
Net claims and policyholders' benefits	116,764	66,055	8,318	-	-	1,661	(363)	192,435
Handling charges and commissions	27,614	6,245	369	-	-	-	(513)	33,715
Finance costs	993	1,392	232	8	511	18	(11)	3,143
Exchange (gains)/losses	(1)	5	(1)	2	(2)	(3)	-	-
Other operating and administrative expenses	38,037	4,098	1,768	579	385	1,591	(1,404)	45,054
TOTAL BENEFITS, CLAIMS AND EXPENSES	183,407	77,795	10,686	589	894	3,267	(2,291)	274,347
Share of profits or losses of associates and joint ventures	3,725	1,784	7	(3)	370	(30)	(275)	5,578
PROFIT/(LOSS) BEFORE TAX	15,992	2,425	189	615	4,550	(77)	(4,385)	19,309
Income tax credit/(expense)	1,642	654	75	(133)	164	(10)	(79)	2,313
PROFIT/(LOSS) FOR THE PERIOD								
- SEGMENT RESULTS	17,634	3,079	264	482	4,714	(87)	(4,464)	21,622

Segment revenue and results for the six months ended 30 June 2018:

(Unaudited)	Non-life insurance in RMB million	Life insurance in RMB million	Health insurance in RMB million	Asset management in RMB million	Headquarters in RMB million	Others in RMB million	Eliminations in RMB million	Total in RMB million
Net earned premiums	169,080	69,503	6,928	–	–	2,132	(83)	247,560
Reinsurance commission income	5,327	104	(11)	–	–	97	(814)	4,703
Investment income	7,807	6,625	606	251	4,127	221	(3,934)	15,703
Other income	948	387	55	792	1	394	(870)	1,707
TOTAL INCOME								
– SEGMENT INCOME	<u>183,162</u>	<u>76,619</u>	<u>7,578</u>	<u>1,043</u>	<u>4,128</u>	<u>2,844</u>	<u>(5,701)</u>	<u>269,673</u>
– External income	184,383	76,270	7,559	755	306	400	–	269,673
– Inter-segment income	<u>(1,221)</u>	<u>349</u>	<u>19</u>	<u>288</u>	<u>3,822</u>	<u>2,444</u>	<u>(5,701)</u>	<u>–</u>
Net claims and policyholders' benefits	<u>103,417</u>	<u>67,132</u>	<u>6,037</u>	<u>–</u>	<u>–</u>	<u>1,405</u>	<u>(197)</u>	<u>177,794</u>
Handling charges and commissions	37,592	4,462	343	–	–	–	(500)	41,897
Finance costs	1,094	1,550	243	4	487	–	–	3,378
Exchange gains	(92)	(40)	(1)	(2)	(9)	(9)	–	(153)
Other operating and administrative expenses	<u>27,456</u>	<u>3,660</u>	<u>940</u>	<u>568</u>	<u>385</u>	<u>1,498</u>	<u>(1,343)</u>	<u>33,164</u>
TOTAL BENEFITS, CLAIMS AND EXPENSES	<u>169,467</u>	<u>76,764</u>	<u>7,562</u>	<u>570</u>	<u>863</u>	<u>2,894</u>	<u>(2,040)</u>	<u>256,080</u>
Share of profits or losses of associates and joint ventures	<u>3,864</u>	<u>1,656</u>	<u>6</u>	<u>(2)</u>	<u>371</u>	<u>(6)</u>	<u>(77)</u>	<u>5,812</u>
PROFIT/(LOSS) BEFORE TAX	17,559	1,511	22	471	3,636	(56)	(3,738)	19,405
Income tax (expense)/credit	<u>(4,764)</u>	<u>19</u>	<u>–</u>	<u>(121)</u>	<u>(164)</u>	<u>(3)</u>	<u>(24)</u>	<u>(5,057)</u>
PROFIT/(LOSS) FOR THE PERIOD								
– SEGMENT RESULTS	<u><u>12,795</u></u>	<u><u>1,530</u></u>	<u><u>22</u></u>	<u><u>350</u></u>	<u><u>3,472</u></u>	<u><u>(59)</u></u>	<u><u>(3,762)</u></u>	<u><u>14,348</u></u>

Segment assets and liabilities as at 30 June 2019 and 31 December 2018 are as follows:

	Non-life insurance <i>in RMB million</i>	Life insurance <i>in RMB million</i>	Health insurance <i>in RMB million</i>	Asset management <i>in RMB million</i>	Headquarters <i>in RMB million</i>	Others <i>in RMB million</i>	Eliminations <i>in RMB million</i>	Total <i>in RMB million</i>
30 June 2019 (Unaudited)								
Segment assets	<u>611,014</u>	<u>420,541</u>	<u>42,178</u>	<u>11,572</u>	<u>123,783</u>	<u>18,135</u>	<u>(108,750)</u>	<u>1,118,473</u>
Segment liabilities	<u>444,985</u>	<u>382,410</u>	<u>35,962</u>	<u>2,620</u>	<u>25,146</u>	<u>10,505</u>	<u>(15,064)</u>	<u>886,564</u>
31 December 2018 (Audited)								
Segment assets	<u>559,314</u>	<u>391,661</u>	<u>35,086</u>	<u>10,887</u>	<u>118,646</u>	<u>14,882</u>	<u>(98,841)</u>	<u>1,031,635</u>
Segment liabilities	<u>408,433</u>	<u>360,767</u>	<u>29,528</u>	<u>2,323</u>	<u>22,744</u>	<u>7,257</u>	<u>(5,718)</u>	<u>825,334</u>

The headquarters, non-life and life segments hold equity interests of 0.85%, 5.91%, and 6.14% (31 December 2018: 0.85%, 5.91% and 6.14%), respectively, in the Industrial Bank Co., Ltd. (“Industrial Bank”), an associate of the Group. These interests are accounted for as available-for-sale financial assets in headquarters and non-life segments, while accounted for as investment in associate in life segment. On consolidation, these interests in aggregate are accounted for as an associate and the impacts of relevant adjustments to the condensed consolidated financial statements are allocated to the respective segments according to their respective equity interest holding.

4. GROSS AND NET WRITTEN PREMIUMS

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)
Gross written premiums		
– Long-term life insurance premiums	74,353	70,119
– Short-term health insurance premiums	11,697	10,355
– Non-life insurance premiums	<u>236,825</u>	<u>205,688</u>
TOTAL	<u>322,875</u>	<u>286,162</u>
Premiums ceded to reinsurers		
– Long-term life insurance premiums	(1,828)	(266)
– Short-term health insurance premiums	(206)	(443)
– Non-life insurance premiums	<u>(18,198)</u>	<u>(14,750)</u>
TOTAL	<u>(20,232)</u>	<u>(15,459)</u>
Net written premiums	<u>302,643</u>	<u>270,703</u>

5. INVESTMENT INCOME

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)
Dividend, interest and rental income (a)	16,923	16,868
Realised gains (b)	2,036	72
Fair value gains/(losses) (c)	493	(487)
Impairment losses of available-for-sale financial assets	<u>(1,082)</u>	<u>(750)</u>
TOTAL	<u>18,370</u>	<u>15,703</u>

(a) Dividend, interest and rental income

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)
Dividend income		
Equity securities, mutual funds and trust schemes		
– Available-for-sale	1,360	1,763
– At fair value through profit or loss	127	118
Subtotal	<u>1,487</u>	<u>1,881</u>
Interest income		
Current and term deposits	2,653	2,312
Debt securities		
– Held-to-maturity	3,137	2,948
– Available-for-sale	4,181	4,091
– At fair value through profit or loss	148	155
Loans and receivables	5,062	5,230
Subtotal	<u>15,181</u>	<u>14,736</u>
Operating lease income from investment properties	255	251
TOTAL	<u><u>16,923</u></u>	<u><u>16,868</u></u>

(b) Realised gains/(losses)

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)
Debt securities		
– Available-for-sale	220	(26)
– At fair value through profit or loss	15	10
Equity securities, mutual funds and trust schemes		
– Available-for-sale	1,797	18
– At fair value through profit or loss	4	70
TOTAL	<u><u>2,036</u></u>	<u><u>72</u></u>

(c) Fair value gains/(losses)

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)
Debt securities		
– At fair value through profit or loss	(8)	–
Equity securities, mutual funds and trust schemes		
– At fair value through profit or loss	535	(476)
Investment properties	(34)	(11)
	<hr/>	<hr/>
TOTAL	493	(487)
	<hr/> <hr/>	<hr/> <hr/>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging the following items:

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)
Employee costs (<i>note</i>)	24,654	19,791
Depreciation of property and equipment (<i>note</i>)	1,170	1,042
Depreciation of right-of-use assets (<i>note</i>)	534	–
Amortisation of intangible assets (<i>note</i>)	209	132
Minimum lease payments under operating leases in respect of land and buildings	–	470
Amortisation of prepaid land premiums	–	100
Recognition of impairment losses on insurance receivables (<i>note 10</i>)	541	135
(Reversal)/recognition of impairment losses on other assets	(30)	10
	<hr/> <hr/>	<hr/> <hr/>

Note: Certain employee costs, depreciation and amortisation are recorded as claim handling expenses and are not included in other operating and administrative expenses.

7. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)
Current tax	6,932	7,953
Adjustments in respect of prior years	(4,690)	5
Deferred tax	(4,555)	(2,901)
	<hr/>	<hr/>
TOTAL	(2,313)	5,057
	<hr/> <hr/>	<hr/> <hr/>

In accordance with the relevant PRC income tax rules and regulations, the Company and the Company's subsidiaries registered in the PRC are subject to corporate income tax at the statutory rate of 25% (six months ended 30 June 2018: 25%) on their respective taxable income. Income taxes on taxable income elsewhere were calculated at the rates of tax prevailing in the countries/ jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

In May 2019, Ministry of Finance and State Taxation Administration issued the "Announcement on the Tax Deduction Policy for Commission Expenses of Insurance Enterprises" (Announcement of MOF and State Taxation Administration [2019] No.72, the "New Policy"). According to the New Policy, the commission expenses paid by an insurance enterprise are deductible to the extent of 18% of its gross written premium, and the excess, if any, can be carried forward to the subsequent years. The New Policy is also applicable to 2018 annual income tax filing. The Group recognised the impact on income tax expense of RMB4,705 million for the year ended 31 December 2018 arising from the New Policy in current interim period, and therefore resulting in a tax credit for the current interim period.

8. DIVIDENDS

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)
Dividends recognised as distribution during the period:		
Year 2017 Final-RMB 3.94 cents per share	–	1,672
Year 2018 Final-RMB 4.57 cents per share	2,021	–
	<hr/> <hr/>	<hr/> <hr/>

No interim dividend will be distributed by the Company in respect of the interim period for the six months ended 30 June 2019.

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2019 and the six months ended 30 June 2018 is based on the profit attributable to owners of the Company and the number of ordinary shares in issue during the periods.

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)
Profit attributable to owners of the Company for the period	<u>15,478</u>	<u>10,045</u>
Weighted average number of ordinary shares in issue (in million shares)	<u>44,224</u>	<u>42,424</u>
Basic earnings per share (in RMB Yuan)	<u><u>0.35</u></u>	<u><u>0.24</u></u>

On 16 November 2018, the Company completed its A shares offering on the Shanghai Stock Exchange and issued 1,800 million A shares.

No diluted earnings per share has been presented for the six months ended 30 June 2019 and 2018 as the Group had no potential ordinary shares in issue during the periods.

10. INSURANCE RECEIVABLES, NET

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Premiums receivable and agents' balances	73,518	33,117
Receivables from reinsurers	<u>14,790</u>	<u>14,309</u>
Subtotal	<u>88,308</u>	<u>47,426</u>
Less: impairment provision on		
– Premiums receivable and agents' balances	(3,542)	(3,009)
– Receivables from reinsurers	<u>(204)</u>	<u>(199)</u>
TOTAL	<u><u>84,562</u></u>	<u><u>44,218</u></u>

(a) The movements of provision for impairment of insurance receivables are as follows:

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)
At the beginning of the period	3,208	3,602
Recognition of impairment losses (<i>note 6</i>)	541	135
Amount written off as uncollectible	(3)	(4)
	<hr/>	<hr/>
At the end of the period	3,746	3,733
	<hr/> <hr/>	<hr/> <hr/>

(b) An aging analysis of insurance receivables as at the end of the reporting period, based on the payment due date and net of provision, is as follows:

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Not yet due and within 3 months	70,877	37,008
3 to 6 months	9,518	3,004
6 to 12 months	2,779	3,592
1 to 2 years	1,258	511
Over 2 years	130	103
	<hr/>	<hr/>
TOTAL	84,562	44,218
	<hr/> <hr/>	<hr/> <hr/>

The Group's credit risk associated with insurance receivables mainly arises from non-life insurance business for which the Group only issues insurance policies on credit to corporate customers or to individuals who purchase certain policies through insurance intermediaries. A policyholder usually has a maximum credit period of three months but a longer period can be granted on a discretionary basis. For large corporate customers and certain multi-year policies, payments by instalments are usually arranged.

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's investments in the associates and joint ventures as at 30 June 2019 and 31 December 2018 are as follows:

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Associates		
Cost of investment in associates	67,744	66,160
Share of post-acquisition profits and other comprehensive income(note)	39,913	38,226
	<hr/>	<hr/>
Subtotal	107,657	104,386
	<hr/>	<hr/>
Joint ventures		
Cost of investment in joint ventures	3,086	3,086
Share of post-acquisition profits and other comprehensive income	42	20
	<hr/>	<hr/>
Subtotal	3,128	3,106
	<hr/>	<hr/>
TOTAL	110,785	107,492
	<hr/> <hr/>	<hr/> <hr/>

Note: The Group's material associates, Industrial Bank and Hua Xia Bank Co., Limited (the "Hua Xia Bank") applied PRC new financial instrument accounting standards (which is equivalent to IFRS 9 Financial Instruments) retrospectively from 1 January 2019, with the practical expedients permitted under the standard. Comparatives of Industrial Bank and Hua Xia Bank for 2018 were not restated. This adoption has decreased the carrying amount of investments in associates and joint ventures by RMB1,923 million on 1 January 2019. Adjustment to equity is as follows:

	1 January 2019 (unaudited)
Share of other comprehensive income of associates and joint ventures	167
Retained profit	(2,090)
	<hr/>
Total equity	(1,923)
	<hr/> <hr/>

As permitted by Amendments to IFRS 4 Insurance Contracts, the Group elects not to apply uniform accounting policies when using the equity method for Industrial Bank and Hua Xia Bank.

As permitted by International Accounting Standard 28 “Investments in Associates and Joint Ventures”, for the six months ended 30 June 2019, the Group accounts for the share of profit of Industrial Bank, an associate of the Group, from 1 October 2018 to 31 March 2019.

12. ISSUED CAPITAL

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Issued and fully paid ordinary shares of RMB 1 each (<i>in million shares</i>)		
A shares	35,498	35,498
H shares	8,726	8,726
	44,224	44,224
	44,224	44,224
Issued capital (<i>in RMB million</i>)		
A shares	35,498	35,498
H shares	8,726	8,726
	44,224	44,224
	44,224	44,224

MANAGEMENT DISCUSSION AND ANALYSIS

The Group divides its three principal business lines of P&C insurance, life and health insurance and asset management into four operating segments: P&C insurance business constitutes the P&C insurance segment and includes PICC Property and Casualty Company Limited (“PICC P&C”) and The People’s Insurance Company of China (Hong Kong), Limited (“PICC Hong Kong”), in which the Company holds 68.98% and 75.0% equity interests, respectively; life and health insurance business constitutes two separate segments, including life insurance segment and health insurance segment, among which the life insurance segment includes PICC Life Insurance Company Limited (“PICC Life”), in which the Company holds 80.0% equity interest directly and indirectly, and the health insurance segment includes PICC Health Insurance Company Limited (“PICC Health”), in which the Company holds 95.45% equity interest directly and indirectly; and the asset management business constitutes the asset management segment and primarily includes PICC Asset Management Company Limited (“PICC AMC”), PICC Investment Holding Co., Ltd (“PICC Investment Holding”), PICC Capital Investment Management Company Limited (“PICC Capital”), and PICC Asset Management (Hong Kong) Company Limited (“PICC AMHK”), in which the Company holds 100%. The Company also holds 100% equity interest in PICC Financial Services Company Limited (“PICC Financial Services”), directly and indirectly holds 100% equity interest in PICC Reinsurance Company Limited (“PICC Reinsurance”) and holds 100% equity interest in PICC Pension Company Limited (“PICC Pension”).

I. KEY OPERATING INDICATORS

(1) Key Operating Data

Unit: RMB million

	For the Six Months Ended 30 June		
	2019	2018	(% of change)
Original Premiums Income			
PICC P&C	235,335	204,781	14.9
PICC Life	70,832	69,888	1.4
PICC Health	15,215	10,583	43.8
Combined ratio of PICC P&C (%)	97.6	96.0	Increase of 1.6 pt
Value of half year’s new business of PICC Life	3,853	3,068	25.6
Value of half year’s new business of PICC Health	341	304	12.2
Total investment yield (annualized) (%)	5.4	5.1	Increase of 0.3 pt

Unit: RMB million

	30 June 2019	31 December 2018	(% of change)
Market share ⁽¹⁾			
PICC P&C (%)	35.1	33.0	Increase of 2.1 pt
PICC Life (%)	3.8	3.6	Increase of 0.2 pt
PICC Health (%)	0.8	0.6	Increase of 0.2 pt
Embedded Value of PICC Life	82,573	70,632	16.9
Embedded Value of PICC Health	10,314	8,689	18.7

	30 June 2019	31 December 2018	(% of change)
Comprehensive solvency margin ratio (%)			
PICC Group	309	309	–
PICC P&C	286	275	Increase of 11 pt
PICC Life	245	244	Increase of 1 pt
PICC Health	242	282	Decrease of 40 pt
Core solvency margin ratio (%)			
PICC Group	249	244	Increase of 5 pt
PICC P&C	242	229	Increase of 13 pt
PICC Life	208	201	Increase of 7 pt
PICC Health	161	182	Decrease of 21 pt

- (1) The market share was independently calculated based on the Original Premiums Income in the PRC (excluding Hong Kong, Macau and Taiwan) published by the China Banking and Insurance Regulatory Commission (the “CBIRC”), and the market share of PICC P&C represents its market share among all P&C insurance companies, and the market share of PICC Life and PICC Health represents their respective market share among all life and health insurance companies.

Since 2019, by adhering to the general principle of making progress amidst stability, PICC overcame difficulties, forged ahead and solidly promoted the implementation of the “3411 project” of the Group. Under the complicated and severe situation, PICC has maintained a good momentum of development, achieved better than expected business growth, and made phased progress in transformation and development, reform and innovation as well as risk prevention. As of 30 June 2019, the market share of PICC P&C in the P&C insurance market was 35.1%, the market share of PICC Life in the life and health insurance market was 3.8% and the market share of PICC Health in the life and health insurance market was 0.8%. In terms of the total written premiums, for the six months ended 30 June 2019, the total written premiums of PICC P&C, PICC Life, PICC Health and PICC Hong Kong amounted to RMB235,335 million, RMB74,511 million, RMB15,864 million and RMB71 million, respectively.

(2) Key Financial Indicators

Unit: RMB million

	For the Six Months Ended 30 June		
	2019	2018	(% of change)
Gross written premiums	322,875	286,162	12.8
PICC P&C	236,036	205,041	15.1
PICC Life	70,833	69,891	1.3
PICC Health	15,215	10,583	43.8
Profit before tax	19,309	19,405	(0.5)
Net Profit	21,622	14,348	50.7
Net profit attributable to			
equity holders of the Company	15,478	10,045	54.1
Earnings per share (RMB)	0.35	0.24	47.8
Weighted average return on			
equity (unannualized) (%)	9.5	7.1	Increase of 2.4 pt

Unit: RMB million

	30 June 2019	31 December 2018	(% of change)
Total assets	1,118,473	1,031,635	8.4
Total liabilities	886,564	825,334	7.4
Total equity	231,909	206,301	12.4
Net assets per share (RMB)	3.90	3.46	12.7
Gearing ratio ⁽¹⁾ (%)	79.3	80.0	Decrease of 0.7 pt

(1) The gearing ratio refers to the ratio of total liabilities to total assets.

(3) Explanation for the differences between domestic and overseas accounting standards

Unit: RMB million

	Net profit attributable to equity holders of the Company		Equity attributable to equity holders of the Company	
	For the six months ended 30 June 2019	For the six months ended 30 June 2018	30 June 2019	31 December 2018
Under the China Accounting Standards for Business Enterprises	15,517	9,767	171,911	152,468
Items and amounts adjusted in accordance with the International Financial Reporting Standards:				
Catastrophic Risk Reserve of Agricultural Insurance	(29)	326	981	1,010
Impact of above adjustment on deferred income tax	7	(82)	(244)	(251)
Reclassification of insurance contract to investment contract	(17)	34	(191)	(174)
Under the International Financial Reporting Standards	15,478	10,045	172,457	153,053

Explanation for major adjustments:

1. According to the Cai Jin [2013] No.129 Document, PICC P&C made provision for catastrophic risk reserve of agricultural insurance based on a certain proportion of the retained premium of agricultural insurance; however, the provision for catastrophic risk reserve is not allowed under the International Financial Reporting Standards. Hence, there is a difference in the reserve between the two reporting standards.
2. At the end of 2014, PICC Life reviewed the test result of major insurance risks under the policies and reclassified contracts relating to certain risks from insurance contracts to investment contracts. However, under the International Financial Reporting Standards, once a contract is classified as an insurance contract, such classification shall remain so until the contract expires. This has led to difference in the measurement of the liabilities relating to such contracts under the two reporting standards.

II. BUSINESS ANALYSIS

(1) P&C INSURANCE BUSINESS

In the first half of 2019, the P&C insurance segment has adhered to the general principle of making progress amidst steady, earnestly implemented the supply-side structural reform requirements, actively aligned with the national governing policies, served the real economy and the people's livelihood, vigorously explored new insurance fields, continuously improved service quality and further optimized its business structure. The P&C insurance segment has changed its business model, established a high quality development indicator system, deepened the integrated development of the policy-based business and commercial business, improved claim handling quality and skills and further enhanced its internal quality; established a new goal of "Building a modern technology-based risk management company", accelerated the implementation of innovation-driven development strategy and digital strategy, empowered the transformation of operation and the change of business model, improved the level of operation and management and transformed the development momentum. It made steady progress in the organizational reform, strengthened its organizational structure to provide a strong base for its business transformation, fully implemented the new requirements for preventing financial risk, adhered to the bottom line of compliance risks and enhanced the risk prevention and control capabilities in key areas. The Company has made steady progress in the transformation towards quality enhancement.

1. PICC P&C

(1) ANALYSIS BY PRODUCT

The following table sets forth the gross written premiums ("GWP") by insurance type from PICC P&C for the reporting periods indicated:

Unit: RMB million

	For the Six Months Ended 30 June		
	2019	2018	(% of change)
Motor vehicle insurance	127,487	122,433	4.1
Accidental injury and health insurance	40,937	29,036	41.0
Agricultural insurance	22,031	18,672	18.0
Liability insurance	15,645	11,808	32.5
Credit insurance	10,437	4,847	115.3
Commercial property insurance	9,388	8,297	13.1
Cargo insurance	2,140	2,084	2.7
Other P&C insurance	7,971	7,864	1.4
Total	236,036	205,041	15.1

In the first half of 2019, PICC P&C has intensified reform and innovation efforts, continuously optimized its business structure, and its original premiums income increased steadily, achieving GWPs of RMB236,036 million, a 15.1% increase compared to the same period of last year.

GWPs for motor vehicle insurance increased by 4.1% to RMB127,487 million for the six months ended 30 June 2019 from RMB122,433 million for the same period in 2018. PICC P&C strengthened the integration of the transformation of business model and transformation of technology, continued to promote the upgrading of business model, and actively responded to challenges caused by the further decline in car sales and the continuous reform of premium rate for commercial motor vehicle insurance. In terms of incremental business, we gave full play to the advantages of existing pipelines, continued to promote resource management and channel cooperation, amplified resource utilization efficiency, and broadened the space for business development. In terms of existing business, we continued to improve service quality, strengthened professional marketing team building, and promoted transformation of e-commerce channels, strengthened the process of tracking and node management, explored the use of new technologies such as artificial intelligence, optimized the process of renewal and transfer, and continuously enhanced the ability to acquire high-quality existing business. All parties have worked together to promote the steady growth of the number of motor vehicle insurance and business scale.

GWPs for accidental injury and health insurance increased by 41.0% to RMB40,937 million for the six months ended 30 June 2019 from RMB29,036 million for the same period in 2018. Critical illness medical insurance for urban and rural residents and citizens and new rural cooperative medical insurance of PICC P&C developed rapidly, premiums of non-critical illness business such as poverty alleviation medical assistance insurance and long-term nursing care insurance exceeded RMB10 billion, forming a sound development trend of two-wheel drive for critical illness and non-critical illness health insurances. In addition, vehicle accident insurance, personal accident insurance and driver accident insurance of PICC P&C achieved rapid growth.

GWPs for agricultural insurance increased by 18.0% to RMB22,031 million for the six months ended 30 June 2019 from RMB18,672 million for the same period in 2018. PICC P&C responded positively to the central government's policy of continuing to increase support for agricultural insurance, further enhancing product innovation, and developing pig culling insurance, mutton weather index insurance, fur animal cost price insurance as well as silkworm and various kinds of aquatic products and other skits breeding insurance on the basis of traditional insurance, to increase the exploration of customer resources such as group customers and new agricultural entities, consolidate existing business and expand incremental business, continuously improve service breadth and depth, and achieve steady growth in business.

GWPs for liability insurance increased by 32.5% to RMB15,645 million for the six months ended 30 June 2019 from RMB11,808 million for the same period in 2018. PICC P&C continued to improve its policy liability insurance products, develop public security police law enforcement security, government anti-poverty assistance and pension service agency liability insurance, and support the further implementation of national policy of “simple administration, decentralization, optimization”, to consolidate its leading position in social governance liability insurance; promote commercial liability insurance product innovation, develop robot products, automatic control systems, green building performance liability insurance, to further strengthen the ability to serve the real economy and consolidate the dominant position in group customers; to focus on emerging channels and scenario marketing, develop transaction delay losses compensation and e-commerce operating platform liability insurance to further promote the rapid development of decentralized liability insurance business.

GWPs for credit insurance increased by 115.3% to RMB10,437 million for the six months ended 30 June 2019 from RMB4,847 million for the same period in 2018. PICC P&C upgraded the supply of products and strengthened the construction of sales teams, as a result, the capacity of new franchises has been freed up, and personal credit guarantee insurance developed rapidly.

GWPs for commercial property insurance increased by 13.1% to RMB9,388 million for the six months ended 30 June 2019 from RMB8,297 million for the same period in 2018. In the first half of 2019, while strictly controlling high-risk businesses, PICC P&C vigorously developed high quality business, actively promoted the conversion of new product capacity, and formed new premium growth points. It established a source map to strengthen the renewal and transfer of insurance management, enhance the renewal rate, and promote the steady development of commercial property insurance.

GWPs for cargo insurance increased by 2.7% to RMB2,140 million for the six months ended 30 June 2019 from RMB2,084 million for the same period in 2018. PICC P&C responded to the adverse impact of the downward pressure on domestic and international macroeconomic situation and Sino-US trade frictions. It tapped the Internet and e-commerce sales channel and achieved rapid development in this decentralized business sector, driving the overall steady growth of the cargo insurance business.

GWPs attributable to other P&C insurance increased by 1.4% to RMB7,971 million for the six months ended 30 June 2019 from RMB7,864 million for the same period in 2018. The two-wheel drive of policy and commercial businesses of PICC P&C enabled continuous improvement in innovation and competitiveness, and the family property insurance business has achieved rapid growth.

(2) Analysis by Channel

The following table sets forth a breakdown of original premiums income of PICC P&C by distribution channel for the reporting periods indicated, which can be further divided into insurance agents, direct sales and insurance brokerage.

Unit: RMB million

	For the Six Months Ended 30 June				
	2019			2018	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Insurance agents	145,287	61.7	9.5	132,659	64.8
Among which:					
Individual insurance agents	67,937	28.8	3.9	65,366	32.0
Ancillary insurance agents	24,887	10.6	(2.4)	25,490	12.4
Professional insurance agents	52,463	22.3	25.5	41,803	20.4
Direct sales	70,966	30.2	25.5	56,559	27.6
Insurance brokerage	19,082	8.1	22.6	15,563	7.6
Total	235,335	100.0	14.9	204,781	100.0

In the first half of 2019, PICC P&C followed the changing trend of car consumption, focused on customer acquisition, improved channel layout, accelerated the construction of its own channels such as e-commerce network sales, “PICC V Alliance”, direct sales team and agricultural network, strengthened the diversified allocation of resources, enhanced channel coordination and strived to build a low-cost business acquisition model. Among them, the original premiums income of the direct sales channel increased by 25.5% to RMB70,966 million for the six months ended 30 June 2019 from RMB56,559 million for the same period in 2018; the original premiums income of the insurance brokerage channel increased by 22.6% to RMB19,082 million for the six months ended 30 June 2019 from RMB15,563 million for the same period in 2018.

(3) *Analysis by Region*

The following table sets forth the original premiums income of PICC P&C in the top ten regions for the reporting periods indicated:

Unit: RMB million

	For the Six Months Ended 30 June		
	2019	2018	(% of change)
Guangdong Province	24,189	18,951	27.6
Jiangsu Province	21,081	18,949	11.3
Zhejiang Province	15,272	15,077	1.3
Shandong Province	14,268	12,632	13.0
Hebei Province	13,859	11,670	18.8
Hubei Province	11,522	9,327	23.5
Sichuan Province	10,746	7,860	36.7
Fujian Province	9,319	7,915	17.7
Hunan Province	9,249	8,010	15.5
Anhui Province	9,092	7,659	18.7
Other regions	96,738	86,731	11.5
Total	235,335	204,781	14.9

(4) Business information on major insurances

The following table sets forth the business information on major insurances of PICC P&C for the reporting period indicated:

Unit: RMB million

	For the six months ended 30 June 2019					
	Gross written premiums	Amount of insurance	Net claims	Liability balance of reserve	Underwriting profits	Combined ratio (%)
Motor vehicle insurance	127,487	35,545,374	71,511	189,875	2,257	98.1
Accidental injury and health insurance	40,937	405,822,471	16,896	37,319	(367)	101.5
Agricultural insurance	22,031	1,801,454	7,018	22,564	493	94.9
Liability insurance	15,645	67,227,117	4,737	22,613	421	95.6
Credit insurance	10,437	737,983	2,685	15,571	114	98.0
Commercial property insurance	9,388	19,788,051	2,145	14,445	760	83.4
Cargo insurance	2,140	6,692,601	753	2,502	274	80.6
Other P&C insurance	7,971	21,115,775	1,923	18,888	387	89.9
Total	236,036	558,730,826	107,668	323,777	4,339	97.6

(5) *Financial Analysis*

The following table sets forth certain selected key financial data of PICC P&C for the reporting periods indicated:

Unit: RMB million

	For the Six Months Ended 30 June		
	2019	2018	(% of change)
Net earned premiums	180,188	168,834	6.7
Investment income	7,931	7,069	12.2
Other income	773	948	(18.5)
Total income	194,671	182,248	6.8
Net claims and policyholders' benefits	116,654	103,269	13.0
Handling charges and commissions	27,602	37,574	(26.5)
Finance costs	991	1,093	(9.3)
Other operating and administrative expenses	37,982	27,407	38.6
Total benefits, claims and expenses	183,226	169,255	8.3
Profit before tax	15,169	16,856	(10.0)
Less: Income tax expense	(1,652)	4,765	–
Net profit	16,821	12,091	39.1

Net earned premiums

Benefiting from the development in the businesses of accidental injury and health insurance, credit insurance, motor vehicle insurance, liability insurance and agricultural insurance, net earned premiums of PICC P&C increased by 6.7% to RMB180,188 million for the six months ended 30 June 2019 from RMB168,834 million for the same period in 2018.

Investment income

Investment income of the PICC P&C increased by 12.2% to RMB7,931 million for the six months ended 30 June 2019 from RMB7,069 million for the same period in 2018. This was primarily due to better utilization of investment opportunities in the equity market.

Net claims and policyholders' benefits

Net claims and policyholders' benefits for PICC P&C increased by 13.0% to RMB116,654 million for the six months ended 30 June 2019 from RMB103,269 million for the same period in 2018, and the loss ratio increased by 3.5 percentage points to 64.7% for the six months ended 30 June 2019 from 61.2% for the same period of 2018. This was primarily due to an increase in claim payments as a result of the business growth and the increased loss ratio of agriculture insurance as a result of hailstorm, rainstorm and African swine fever.

Handling charges and commissions

The regulatory reforms in the P&C insurance have been further implemented, market rationality has been continuously increased and reforms in premium rate for commercial motor vehicle insurance have been continuously deepened. The handling charges and commissions of PICC P&C decreased by 26.5% to RMB27,602 million for the six months ended 30 June 2019 from RMB37,574 million for the same period in 2018.

Finance costs

Finance costs of PICC P&C decreased by 9.3% to RMB991 million for the six months ended 30 June 2019 from RMB1,093 million for the same period in 2018. The decrease was mainly due to the decrease in interest expenses relating to securities sold under agreements to repurchase.

Income tax expense

The income tax expense of PICC P&C changed to RMB-1,652 million for the six months ended 30 June 2019 from RMB4,765 million for the same period in 2018, mainly due to written back of income tax expenses of RMB4,230 million due to the application of the new taxation rules on handling charges.

Net profit

As a result of the foregoing reasons, the net profit of the PICC P&C increased by 39.1% to RMB16,821 million for the six months ended 30 June 2019 from RMB12,091 million for the same period in 2018.

2. PICC Hong Kong

The Group mainly conducts overseas business through PICC Hong Kong. As of 30 June 2019, PICC Hong Kong's total assets amounted to RMB2,467 million, and net assets were RMB607 million. In the first half of 2019, the insurance income amounted to RMB496 million, the combined ratio was 104.1%, and the net profit amounted to RMB6 million.

(2) LIFE AND HEALTH INSURANCE

1. PICC Life

In the first half of 2019, PICC Life has fully implemented the “3411 project” of the Group, and it has been determined to “Mode Transformation, Structure Optimization and Growth Drivers Replacement”, focused on valuable regular premiums, continuously consolidated the foundation for the transformation to high-quality development, and strictly adhered to the bottom line of avoiding systematic risks. For the six months ended 30 June 2019, first year Total Written Premiums (“TWPs”) of PICC Life amounted to RMB14,803 million, the proportion of regular payment (including renewal) increased to 60.3%, representing an increase of 8.8 percentage points as compared to the same period of the previous year, first year TWPs with premium payable period of more than 10 years amounted to RMB3,446 million, representing an increase of 65.8% as compared to the same period of the previous year, renewal regular TWPs amounted to 30,134 million, representing an increase of 18.2% as compared to the same period of the previous year, the new business value realized RMB3,853 million, representing an increase of 25.6% as compared to the same period of the previous year. The value creation capability continued to improve.

(1) Analysis by Product

Income from various products of PICC Life for the purpose of original premiums income for reporting periods is as follows:

Unit: RMB million

	For the Six Months Ended 30 June			
	2019		2018	
	Amount	(% of total)	Amount	(% of total)
Life insurance	59,852	84.5	60,739	86.9
General life insurance	18,677	26.4	23,657	33.8
Participating life insurance	41,122	58.1	37,027	53.0
Universal life insurance	54	0.1	55	0.1
Health insurance	9,992	14.1	8,070	11.5
Accident insurance	988	1.4	1,079	1.6
Total	70,832	100.0	69,888	100.0

Note: Figures may not add up to total due to rounding.

The original premiums income of life insurance decreased by 1.5% to RMB59,852 million for the six months ended 30 June 2019 from RMB60,739 million for the same period in 2018, mainly due to PICC Life’s reduction of the scale of existing short and medium-term business and optimized the business structure in accordance with the strategy for transforming to high-quality development.

The original premiums income of health insurance increased by 23.8% to RMB9,992 million for the six months ended 30 June 2019 from RMB8,070 million for the same period in 2018, mainly due to PICC Life's active response to the call for insurance to focus more on protection, and promote the sales of critical illness insurance products. At the same time, it benefited from the increase of health care demand in the market and the growth of individual health insurance business.

The original premiums income of accident insurance decreased by 8.4% to RMB988 million for the six months ended 30 June 2019 from RMB1,079 million for the same period in 2018, mainly due to PPIC Life's optimization of the business structure and improved business efficiency so as to strengthen the management of business risk and the management of premiums receivable.

In terms of TWPs, for the six months ended 30 June 2019, the TWPs of general life insurance, participating life insurance and universal life insurance amounted to RMB18,677 million, RMB41,998 million and RMB2,854 million, respectively. TWPs of health insurance and accidental injury insurance amounted to RMB9,994 million and RMB988 million, respectively.

(2) *Analysis by Channel*

Income of PICC Life as categorized by distribution channel for the purpose of original premiums income for the reporting periods is as follows, which can be further divided into bancassurance channel, individual insurance agent channel and group insurance sales channel.

Unit: RMB million

	For the Six Months Ended 30 June				
	2019			2018	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Bancassurance	36,189	51.1	(15.4)	42,759	61.2
First-year business of					
long-term insurance	25,999	36.7	(21.5)	33,109	47.4
Single premiums	20,158	28.5	(28.8)	28,330	40.5
First-year regular					
premiums	5,841	8.2	22.2	4,779	6.8
Renewal business	10,113	14.3	5.5	9,585	13.7
Short-term insurance	77	0.1	18.5	65	0.1
Individual Insurance	30,900	43.6	33.7	23,120	33.1
First-year business of					
long-term insurance	11,383	16.1	45.2	7,840	11.2
Single premiums	3,067	4.3	426.1	583	0.8
First-year regular					
premiums	8,316	11.7	14.6	7,257	10.4
Renewal business	19,119	27.0	27.8	14,963	21.4
Short-term insurance	398	0.6	25.6	317	0.5

For the Six Months Ended 30 June

	2019			2018	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Group Insurance	3,743	5.3	(6.6)	4,009	5.7
First-year business of					
long-term insurance	2,465	3.5	(12.7)	2,824	4.0
Single premiums	2,010	2.8	(27.9)	2,787	4.0
First-year regular					
premiums	455	0.6	1,129.7	37	0.1
Renewal business	204	0.3	10.9	184	0.3
Short-term insurance	1,074	1.5	7.3	1,001	1.4
Total	70,832		1.4	69,888	

Note: Figures may not add up to total due to rounding.

The original premiums income of bancassurance decreased by 15.4% to RMB36,189 million for the six months ended 30 June 2019 from RMB42,759 million for the same period in 2018, mainly due to PICC Life's reduction of the scale of existing short and medium-term business and optimized the business structure in accordance with the strategy for transforming to high-quality development.

The original premiums income of individual insurance increased by 33.7% to RMB30,900 million for the six months ended 30 June 2019 from RMB23,120 million for the same period in 2018, mainly due to PICC Life's promotion of big individual life insurance strategy, strengthening the construction of sales force and improving the sales capacity.

The original premiums income of group insurance decreased by 6.6% to RMB3,743 million for the six months ended 30 June 2019 from RMB4,009 million for the same period in 2018, mainly due to PICC Life's suspension of the sales of group supplementary medical products.

In terms of TWPs, the TWPs from the bancassurance channel, individual insurance agent channel and group insurance sales channel amounted to RMB37,125 million, RMB32,734 million and RMB4,652 million, respectively, for the six months ended 30 June 2019. As of 30 June 2019, the number of insurance agents for PICC Life was 250,653. The first-year TWPs per capita from sales agent amounted to RMB3,802 and the number of new life insurance policies per capita was 1.21 per month.

(3) *Persistency Ratios of Premiums*

The following table sets forth the 13-month and 25-month premium persistency ratios for individual customers of the PICC Life segment for the reporting periods indicated:

Item	For the Six Months Ended 30 June	
	2019	2018
13-month premium persistency ratio ⁽¹⁾ (%)	93.0	94.4
25-month premium persistency ratio ⁽²⁾ (%)	92.2	91.3

(1) The 13-month premium persistency ratio for a given year is the proportion of actual TWPs of long-term regular premium individual life insurance policies issued in the preceding year on the 13th month after they were issued and effective, to the actual TWPs of such policies in the year of their issuance;

(2) The 25-month premium persistency ratio for a given year is the proportion of actual TWPs of long-term regular premium individual life insurance policies issued in the penultimate year on the 25th month after they were issued and effective, to the actual TWPs of such policies in the year of their issuance.

(4) *Analysis by Region*

The following table sets forth the original premiums income of PICC Life in the top ten regions for the reporting periods indicated:

	<i>Unit: RMB million</i>		
	For the Six Months Ended 30 June		
	2019	2018	(% of change)
Zhejiang Province	6,156	3,421	79.9
Sichuan Province	5,131	5,087	0.9
Hunan Province	3,862	3,826	0.9
Jiangsu Province	3,764	3,896	(3.4)
Hebei Province	3,669	3,908	(6.1)
Henan Province	3,570	3,924	(9.0)
Hubei Province	3,224	3,345	(3.6)
Shaanxi Province	3,123	3,478	(10.2)
Shandong Province	3,055	3,026	1.0
Jiangxi Province	2,522	2,401	5.0
Other regions	32,756	33,576	(2.4)
Total	70,832	69,888	1.4

(5) *Top five products*

The following table sets forth the operating results of PICC Life's top five insurance products (in terms of original premiums income) for the reporting periods indicated:

Unit: RMB million

For the six months ended 30 June 2019			
	Type of insurance	Sales channels	Original Premiums Income
PICC Life Xin An Endowment Insurance (Participating) (Type C)	Participating	Individual insurance/ Bancassurance	19,906
PICC Life Xing Fu Bao Annuity Insurance (Type B)	General	Individual insurance/ Bancassurance	8,680
PICC Life Ru Yi Bao Endowment Insurance (Participating)	Participating	Individual insurance/ Bancassurance	5,549
PICC Life Zun Ying Ren Sheng Annuity Insurance (Participating)	Participating	Individual insurance/ Bancassurance	4,808
PICC Life Le Xiang Sheng Huo Annuity Insurance	General	Individual insurance/ Bancassurance	4,517

(6) *Financial Analysis*

The following table sets forth certain selected key financial data of PICC Life for the reporting periods indicated:

Unit: RMB million

	For the Six Months Ended 30 June		
	2019	2018	(% of change)
Net earned premiums	70,096	69,503	0.9
Investment income	7,750	6,625	17.0
Other income	341	387	(11.9)
Total income	78,436	76,619	2.4
Net claims and policyholders' benefits	66,055	67,132	(1.6)
Handling charges and commissions	6,245	4,462	40.0
Finance costs	1,392	1,550	(10.2)
Other operating and administrative expenses	4,098	3,660	12.0
Total benefits, claims and expenses	77,795	76,764	1.3
Profit before tax	2,425	1,511	60.5
Less: Income tax expense	(654)	(19)	–
Net profit	3,079	1,530	101.2

Net earned premiums

Net earned premiums for PICC Life increased by 0.9% to RMB70,096 million for the six months ended 30 June 2019 from RMB69,503 million for the same period in 2018, mainly due to PICC Life's achievement of remarkable results in transformation to high-quality development, and as it has continuously optimized the business structure, its premium income has grown steadily with the scale increasing slightly.

Investment income

Investment income of PICC Life increased by 17.0% to RMB7,750 million for the six months ended 30 June 2019 from RMB6,625 million for the same period in 2018, mainly due to the investment opportunities seized by it in the equity market.

Other income

Other income of PICC Life decreased by 11.9% to RMB341 million for the six months ended 30 June 2019 from RMB387 million for the same period in 2018, mainly due to adjustments in product structure, resulting in lower initial fee income of the policies.

Net claims and policyholders' benefits

Net claims and policyholders' benefits for PICC Life decreased by 1.6% to RMB66,055 million for the six months ended 30 June 2019 from RMB67,132 million for the same period in 2018, mainly due to the adjustment in business structure and the decrease in maturity benefits.

Handling charges and commissions

Handling charges and commissions of PICC Life increased by 40.0% to RMB6,245 million for the six months ended 30 June 2019 from RMB4,462 million for the same period in 2018, mainly due to the transformation effect of PICC Life and a significant increase in the proportion of regular premium products.

Finance costs

Finance costs of PICC Life decreased by 10.2% to RMB1,392 million for the six months ended 30 June 2019 from RMB1,550 million for the same period in 2018, mainly due to the decrease in interest expense of securities sold under agreements to repurchase.

Income tax expense

The income tax expense of PICC Life changed to RMB-654 million for the six months ended 30 June 2019 from RMB-19 million for the same period in 2018, mainly due to the written back of income tax expenses of RMB475 million as a result of the application of the new taxation rules on handling charges.

Net profit

As a result of the foregoing reasons, the net profit of PICC Life increased by 101.2% to RMB3,079 million for the six months ended 30 June 2019 from RMB1,530 million for the same period in 2018.

2. PICC Health

In the first half of 2019, PICC Health thoroughly implemented the “3411 Project”, followed the guidance of “professional, capable, efficient and flattened”, promoted comprehensive in-depth reforms, implemented flattened management to highlight the professionalism and reflect innovation with its own characteristics, actively served the “healthy China” strategy and the construction of the national multi-level medical security system, accelerated the transition to high-quality development, which demonstrated a good momentum of accelerating business development, optimizing business structure, improving profitability, enhancing professional capability and laying a solid foundation for development. First-year premiums income increased by 357.7% as compared to the same period of the previous year, and the value of new business increased by 12.2% as compared to the same period of the previous year, which indicated further improvement of value creation capabilities.

(1) Analysis by Product

Income from various products of PICC Health for the purpose of original premiums income for the reporting periods is as follows:

Unit: RMB million

Health insurance products	For the Six Months Ended 30 June			
	2019		2018	
	Amount	(% of total)	Amount	(% of total)
Nursing care insurance	917	6.0	916	8.7
Medical insurance	11,825	77.8	7,910	74.7
Illness insurance	807	5.3	707	6.7
Accidental injury insurance	355	2.3	403	3.8
Participating endowment insurance	1,246	8.2	583	5.5
Disability losses insurance	65	0.4	64	0.6
Total	15,215	100.0	10,583	100.0

The original premiums income of nursing care insurance increased by 0.1% to RMB917 million for the six months ended 30 June 2019 from RMB916 million for the same period in 2018.

The original premiums income of medical insurance increased by 49.5% to RMB11,825 million for the six months ended 30 June 2019 from RMB7,910 million for the same period in 2018, mainly due to the focus of PICC on the development of supplementary medical insurance business which is connected with basic medical insurance.

The original premiums income of illness insurance increased by 14.1% to RMB807 million for the six months ended 30 June 2019 from RMB707 million for the same period in 2018, mainly due to the promotion of products with outstanding protection attributes to make the industry protection-oriented of PICC Health.

The original premiums income of accidental injury insurance decreased by 11.9% to RMB355 million for the six months ended 30 June 2019 from RMB403 million for the same period in 2018, mainly due to the increase in the quality control of intermediary business of PICC Health and the decrease in premium income of intermediary businesses with higher risks.

The original premiums income of participating endowment insurance increased by 113.7% to RMB1,246 million for the six months ended 30 June 2019 from RMB583 million for the same period in 2018, mainly due to the continued development of the long-term regular premiums business in recent years, new policies and renewals.

The original premiums income of disability losses insurance increased by 1.6% to RMB65 million for the six months ended 30 June 2019 from RMB64 million for the same period in 2018.

In terms of TWPs, for the six months ended 30 June 2019, the TWPs of nursing care insurance, medical insurance, illness insurance, accidental injury insurance, participating endowment insurance and disability losses insurance amounted to RMB1,347 million, RMB12,044 million, RMB807 million, RMB355 million, RMB1,246 million and RMB65 million, respectively. In addition, PICC Health has also actively developed government commissioned processing business, and the basic medical insurance fund size under management was RMB28,197 million.

(2) Analysis by Channel

Income of PICC Health by distribution channel for the purpose of original premiums income for the reporting periods is as follows, which can further be divided into bancassurance channel, individual insurance agent channel and group insurance sales channel.

Unit: RMB million

For the Six Months Ended 30 June

	2019			2018	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Bancassurance	729	4.8	74.4	418	3.9
First-year business of					
long-term insurance	486	3.2	99.2	244	2.3
Single premiums	285	1.9	179.4	102	1.0
First-year regular premiums	201	1.3	41.5	142	1.3
Renewal business	232	1.5	44.1	161	1.5
Short-term insurance	11	0.1	(15.4)	13	0.1
Individual Insurance	4,610	30.3	156.1	1,800	17.0
First-year business of					
long-term insurance	3,103	20.4	428.6	587	5.5
Single premiums	23	0.2	4.5	22	0.2
First-year regular premiums	3,080	20.2	445.1	565	5.3
Renewal business	1,199	7.9	52.2	788	7.4
Short-term insurance	308	2.0	(27.5)	425	4.0
Group Insurance	9,876	64.9	18.1	8,365	79.1
First-year business of					
long-term insurance	33	0.2	65.0	20	0.2
Single premiums	23	0.1	187.5	8	0.1
First-year regular premiums	10	0.1	(16.7)	12	0.1
Renewal business	13	0.1	62.5	8	0.1
Short-term insurance	9,830	64.6	17.9	8,337	78.8
Total	15,215	100.0	43.8	10,583	100.0

Note: Figures may not add up to total due to rounding.

The original premiums income of bancassurance increased by 74.4% to RMB729 million for the six months ended 30 June 2019 from RMB418 million for the same period in 2018, mainly due to the strengthening of the professional capacity building of the sales team, enhancing the cooperation with the bank channel and promoting the steady development of the bancassurance business.

The original premiums income of individual insurance increased by 156.1% to RMB4,610 million for the six months ended 30 June 2019 from RMB1,800 million for the same period in 2018, mainly due to the continuous increase in the development of long-term regular premiums business, strengthening of the renewal business management, focusing on income and the actual active individual insurance agents of the marketing team to achieve faster business growth.

The original premiums income of group insurance increased by 18.1% to RMB9,876 million for the six months ended 30 June 2019 from RMB8,365 million for the same period in 2018, mainly due to that PICC Health has focused on the market of core cities for commercial group insurance business, further strengthened the development of comprehensive welfare and security plan for employees, and promotion of the transformation of group insurance business to high-quality development, and continual exploration of diversified development pattern in the government-entrusted business, increase the fees for the renewal of major illness projects and active expansion of the long-term nursing care insurance and poverty alleviation insurance businesses.

In terms of TWPs, for the six months ended 30 June 2019, the TWPs from the bancassurance channel, individual insurance sales channel, and group insurance agent channel amounted to RMB755 million, RMB4,891 million and RMB10,218 million respectively. As of 30 June 2019, the number of sales agents for PICC Health was 21,197. The first-year TWPs of new insurance policies amounted to RMB3,264 per sales agent per month and new insurance policies were 1.02 per sales agent per month.

(3) *Persistency Ratios of Premiums*

The following table sets forth the 13-month and 25-month premium persistency ratios for individual customers of PICC Health for the reporting periods indicated:

Items	For the Six Months Ended 30 June	
	2019	2018
13-month premium persistency ratio ⁽¹⁾ (%)	86.1	85.7
25-month premium persistency ratio ⁽²⁾ (%)	81.9	79.1

(1) The 13-month premium persistency ratio for a given year is the proportion of actual TWPs of long-term regular premium individual life insurance policies issued in the preceding year on the 13th month after they were issued and effective, to the actual TWPs of such policies in the year of their issuance;

(2) The 25-month premium persistency ratio for a given year is the proportion of actual TWPs of long-term regular premium individual life insurance policies issued in the penultimate year on the 25th month after they were issued and effective, to the actual TWPs of such policies in the year of their issuance.

(4) Analysis by Region

The following table sets forth the original premiums income of PICC Health in the top ten regions for the reporting periods indicated:

Unit: RMB million

	For the Six Months Ended 30 June		
	2019	2018	(% of change)
Guangdong Province	4,294	1,113	285.8
Henan Province	1,387	1,624	(14.6)
Jiangxi Province	1,309	950	37.8
Liaoning Province	1,252	1,003	24.8
Yunnan Province	985	684	44.0
Anhui Province	739	734	0.7
Jiangsu Province	696	515	35.1
Shanxi Province	669	517	29.4
Shandong Province	648	559	15.9
Xinjiang Uygur Autonomous Region	509	485	4.9
Other regions	2,727	2,399	13.7
Total	15,215	10,583	43.8

(5) *Top five products*

The following table sets forth the operating results of PICC Health's top five insurance products in terms of premium income for the reporting periods indicated:

Unit: RMB million

	For the Six Months Ended 30 June 2019		
	Type of insurance	Sales channels	Original Premiums Income
Group critical illness medical insurance for urban and rural residents (Type A)	Medical insurance	Group Insurance channel	3,815
He Xie Sheng Shi large amount supplementary group medical insurance for urban employees	Medical insurance	Group Insurance channel	3,704
Jian Kang Jin Fu You Xiang Bao individual medical insurance (2018)	Medical insurance	Individual Insurance channel	2,545
Kang Li Ren Sheng Endowment Insurance (Participating)	Participating endowment insurance	Bancassurance channel, Individual Insurance channel	1,029
Social security supplementary group medical insurance for nursing care experts	Medical insurance	Group Insurance channel	595

(6) *Financial Analysis*

The following table sets forth certain selected key financial data of PICC Health for the reporting periods indicated:

Unit: RMB million

	For the Six Months Ended 30 June		
	2019	2018	(% of change)
Net earned premiums	9,589	6,928	38.4
Investment income	775	606	27.9
Other income	95	55	72.7
Total income	10,868	7,578	43.4
Net claims and policyholders' benefits	8,318	6,037	37.8
Handling charges and commissions	369	343	7.6
Finance costs	232	243	(4.5)
Other operating and administrative expenses	1,768	940	88.1
Total benefits, claims and expenses	10,686	7,562	41.3
Profit before tax	189	22	759.1
Less: Income tax expense	(75)	–	–
Net profit	264	22	1,100.0

Net earned premiums

Net earned premiums of PICC Health increased by 38.4% to RMB9,589 million for the six months ended 30 June 2019 from RMB6,928 million for the same period in 2018, mainly due to the rapid growth of business year-on-year.

Investment income

Investment income of PICC Health increased by 27.9% to RMB775 million for the six months ended 30 June 2019 from RMB606 million for the same period in 2018, mainly due to better grasp of investment opportunities in the equity market.

Other income

Other income of PICC Health increased by 72.7% to RMB95 million for the six months ended 30 June 2019 from RMB55 million for the same period in 2018, mainly due to the increase in income from health management services and government commissioned processing business.

Net claims and policyholders' benefits

Net claims and policyholders' benefits of PICC Health increased by 37.8% to RMB8,318 million for the six months ended 30 June 2019 from RMB6,037 million for the same period in 2018, mainly due to the growth in scale of the short-term insurance business.

Handling charges and commissions

Handling charges and commissions of PICC Health increased by 7.6% to RMB369 million for the six months ended 30 June 2019 from RMB343 million for the same period in 2018, mainly due to the growth of business scale.

Finance costs

Finance costs of PICC Health decreased by 4.5% to RMB232 million for the six months ended 30 June 2019 from RMB243 million for the same period in 2018, mainly due to the decrease in interest expenses relating to financial assets sold under agreements to repurchase.

Net profit

As a result of the foregoing reasons, the net profit of PICC Health increased by 1,100.0% to RMB264 million for the six months ended 30 June 2019 from RMB22 million for the same period in 2018.

(3) Asset management business

In the first half of 2019, the Group adopted the dynamic balanced strategy for the asset management segment, prudently captured the investment opportunities in the equity market, actively grasped the fixed-income allocation tempo and opportunities, focused on equity investment opportunities from the strategic perspective, and coordinated with the development of major insurance businesses. The insurance asset management products of the asset management segment had a registered scale of RMB14,450 million, ranked fourth in the industry. Among them, the registered scale of debt plan amounted to RMB14,450 million. As of 30 June 2019, the scale of third-party assets management products of the asset management segment amounted to RMB246,144 million.

The investment income of the asset management segment of the Group does not include investment income generated by the investment assets managed by our asset management segment on behalf of the Group's insurance segments. The investment income generated by the investment assets managed by the asset management segment on behalf of other segments has already been included in the investment income of the relevant segments.

The following table sets forth the income statement data of the asset management segment for the reporting periods indicated:

Unit: RMB million

	For the Six Months Ended 30 June		
	2019	2018	(% of change)
Investment income	320	251	27.5
Other income	887	792	12.0
Total income	1,207	1,043	15.7
Finance costs	8	4	100.0
Other operating and administrative expenses	579	568	1.9
Total expenses	589	570	3.3
Profit before tax	615	471	30.6
Less: Income tax expense	133	121	9.9
Net profit	482	350	37.7

Investment income

Investment income from the asset management segment increased by 27.5% to RMB320 million for the six months ended 30 June 2019 from RMB251 million for the same period in 2018, mainly due to the asset management projects achieved good dividend income.

Other income

Other income of the asset management segment increased by 12.0% to RMB887 million for the six months ended 30 June 2019 from RMB792 million for the same period in 2018, mainly due to an increase in assets entrusted by the third parties and entrusted assets raised publicly.

Finance costs

Finance costs for the asset management segment increased by 100.0% to RMB8 million for the six months ended 30 June 2019 from RMB4 million for the same period in 2018, primarily due to the increase in interest expenses relating to financial assets sold under agreements to repurchase.

Net profit

As a result of the foregoing reasons, the net profit of the asset management segment increased by 37.7% to RMB482 million for the six months ended 30 June 2019 from RMB350 million for the same period in 2018.

(4) Investment Portfolio and Investment Income

In the first half of 2019, the capital market grew significantly compared to that at the beginning of the year but fluctuated widely. The Group prudently carried out investments in the equity market, actively grasped the fixed-income allocation tempo and opportunities, and increased the allocation of long-term bonds and non-standard debt products to effectively prevent investment risks.

1. Investment Portfolio

The following table sets forth certain information regarding the composition of the investment portfolio of the Group as of the dates indicated:

Unit: RMB million

	30 June 2019		31 December 2018	
	Amount	(% of total)	Amount	(% of total)
Investment assets	929,391	100.0	895,462	100.0
By investment object				
Cash and cash equivalents	79,392	8.5	61,601	6.9
Fixed-income investments	602,301	64.8	594,890	66.4
Term deposits	79,703	8.6	98,653	11.0
Treasury bonds	45,130	4.9	29,191	3.3
Financial bonds	116,865	12.6	102,779	11.5
Corporate bonds	159,066	17.1	157,766	17.6
Long-term debt investment scheme	104,933	11.3	104,813	11.7
Other fixed-income investments ⁽¹⁾	96,604	10.4	101,688	11.4
Fund and equity securities				
investments at fair value	100,051	10.8	97,155	10.8
Fund	60,220	6.5	61,944	6.9
Equity securities	37,351	4.0	34,918	3.9
Perpetual bond	2,480	0.3	293	—
Other investments	147,647	15.9	141,816	15.8
Investment in associates and joint ventures	110,785	11.9	107,492	12.0
Others ⁽²⁾	36,862	4.0	34,324	3.8

	30 June 2019		31 December 2018	
	Amount	(% of total)	Amount	(% of total)
By the purpose for which it was held				
Financial assets at fair value				
through profit or loss	16,875	1.8	20,551	2.3
Held-to-maturity investments	145,403	15.6	128,177	14.3
Available-for-sale financial assets	300,898	32.4	284,363	31.8
Long-term equity investments	110,785	11.9	107,492	12.0
Loans and others ⁽³⁾	355,430	38.2	354,879	39.6

Note: Figures may not add up to total due to rounding.

- (1) Other fixed-income investments primarily consist of Tier 2 capital instruments, wealth management products, capital guarantee deposits, policy loans, trust products and asset management products.
- (2) Others primarily consist of investment properties, equity investment scheme, reinsurance arrangements classified as investment contracts, unlisted equity investments and derivative financial assets.
- (3) Loans and others primarily consist of monetary funds, term deposits, financial assets purchased under resale agreements, policy loans, and capital guarantee deposits, investments classified as loans and receivables, and investment real estate.

1) *Classified by investment object*

In terms of fixed-income investments, the Group accelerated the allocation of non-standard assets and invested in scarce quality assets with high returns in the context that non-standard assets still have high allocation value. At the same time, it actively seized the opportunity of bond allocation and increased allocation in long-term bond when bond yield peaked in the year as well allocation in long-duration assets.

As of 30 June 2019, the bond investment accounted for 34.6%. The liabilities under corporate bonds and non-policy bank financial bonds or their issuers are rated at AA/A-1 and above, of which, those rated at AAA accounted for 97.5%. The industries associated with credit bond currently held by the Group are diversified, involving various fields such as bank, transportation, public utilities and non-bank finance. Relevant entity's ability to repay debt is generally strong and the credit risk is controllable as a whole. In the years of credit bond investment, the Group has always been paying close attention to the prevention and control of credit risks, strictly followed relevant regulatory requirements of the CBIRC, established investment management and risk control mechanisms in line with market practices and investment needs for insurance funds, and continued to optimize the same in practice. At the same time, the Group has strengthened the tracking, evaluation, research and identification of the stock credit products in investment portfolio, improved the comprehensiveness and accuracy of credit risk prevention and control with big data and artificial intelligence technology actively, improved relevant systems and operational procedures, handled the credit products that may be subject to risks in time, and controlled the credit risk dynamically on a forward-looking basis.

The overall credit risk of the Group's investment in non-standard financial asset is controllable, assets with credit rating of AAA account for 97.4%. At present, the non-standard assets cover most of the provincial administrative regions in the country. The industries cover transportation, municipal, energy, steel, environmental protection, commercial real estate and shantytown renovation. These industries played a positive role in developing and supporting the implementation of major national strategies. The Group have effective credit enhancement measures in place, such as guarantees, repurchase, shortfall compensation, asset mortgages/pledges and others; it has no arrangement for products assuring credit extension and the qualification of entities to repay debt meets the relevant credit exemption condition of CBIRC, which provides a sound guarantee for the repayment of the principal and investment income. Major counterparties of investment in wealth management products of commercial banks entrusted by the Group are large state-owned commercial banks or joint-stock commercial banks with financial strength and good credit qualifications. The trust plan invested by the Group mainly provides financing for large state-owned non-bank financial institutions and large state-owned enterprises.

In terms of equity investment, under the premise of keeping the proportion of equity assets basically stable, the Group actively grasped the opportunities of price fluctuations, and gradually reduced its equity position after the market surged sharply in the first quarter according to the partial rebalancing idea and optimized its position structure to leave room for capturing better market opportunities in future.

2) *Classified by investment purpose*

From the perspective of investment purposes, the Group's investment assets are mainly distributed in three categories, available-for-sale financial assets, held-to-maturity investments, loans and others. Financial assets at fair value through profit or loss decreased by 17.9% as compared with those as at the end of last year, mainly due to reduced investment in bonds held for trading. The held-to-maturity investment increased by 13.4% as compared with those as at the end of last year, mainly due to the increase in bond allocation at the beginning of the year when the interest rate reached its high level. Available-for-sale financial assets increased by 5.8% as compared with those as at the end of last year, mainly due to the Group's increased investment in configuration bonds.

2. Investment income

The following table sets forth certain information relating to the investment income of the Group for the reporting periods indicated:

Unit: RMB million

Items	For the Six Months Ended 30 June	
	2019	2018
Cash and cash equivalents	443	542
Fixed-income investment	14,923	14,086
Interest income	14,696	14,101
Gains and losses from disposal of financial instruments	235	(15)
Gains and losses on fair value changes	(8)	–
Impairment	–	–
Fund and equity securities investments at fair value	2,740	600
Dividends and bonus income	1,486	1,711
Gains and losses from disposal of financial instruments	1,801	87
Gains and losses on fair value changes	535	(448)
Impairment	(1,082)	(750)
Other investments	5,842	6,287
Investment income from associates and joint ventures	5,578	5,812
Other profits and losses	264	475
Total investment income	23,948	21,515
Net investment income ⁽¹⁾	22,501	22,652
Total investment yield (annualized) ⁽²⁾ (%)	5.4	5.1
Net investment yield (annualized) ⁽³⁾ (%)	5.1	5.4

- (1) Net investment income = total investment income – gains and losses from the disposal of investment assets – gains and losses on fair value changes of investment assets – impairment losses of investment assets
- (2) Total investment yield (annualized) = (total investment income – interest expenses on securities sold under agreements to repurchase)/(average total investment assets at the beginning and end of the period – average amount of financial assets sold under agreement to repurchase as of the beginning and end of the period) × 2
- (3) Net investment yield (annualized) = (net investment income – interest expenses on securities sold under agreements to repurchase)/(average total investment assets at the beginning and end of the period – average amount of financial assets sold under agreement to repurchase as of the beginning and end of the period) × 2

In the first half of 2019, the total investment income of the Group increased by 11.3% to RMB23,948 million for the six months ended 30 June 2019 from RMB21,515 million for the same period in 2018; the net investment income decreased by 0.7% to RMB22,501 million for the six months ended 30 June 2019 from RMB22,652 million for the same period in 2018; the annualized total investment yield of the Group increased by 0.3 percentage point to 5.4% for the six months ended 30 June 2019 from 5.1% for the same period in 2018; the annualized net investment yield of the Group decreased by 0.3 percentage point to 5.1% for the six months ended 30 June 2019 from 5.4% for the same period in 2018.

III. SPECIFIC ANALYSIS

(1) Liquidity Analysis

1. *Liquidity Analysis*

The liquidity of the Group is mainly derived from premiums income, investment income, cash from sales or maturity of investment assets and its own financing activities. The demand for liquidity primarily arises from insurance claims or benefits, surrenders, withdrawals or other forms of early termination of insurance policies, payment of dividends to shareholders and cash required for payment of various ordinary expenses.

The Group generally collects premiums before the payment of insurance claims or benefits. At the same time, the Group maintains a certain proportion of assets with high liquidity to meet liquidity requirements. In addition, the Group could also obtain additional liquidity from the arrangements of securities sold under agreement to repurchase, interbank borrowings and other financing methods.

As a holding company, the Company's cash flows are mainly derived from the investment income arising from investment activities, cash flow generated by financing activities and dividends from its subsidiaries. The Company believes that it has enough liquidity to meet foreseeable liquidity requirements of the Group and the Company in the foreseeable future.

2. Statement of Cash Flows

The Group has established a cash flow monitoring mechanism, regularly conducts cash flow rolling analysis and forecasting, and actively develops management plans and response measures to effectively prevent liquidity risks.

Unit: RMB million

	For the Six Months Ended 30 June		
	2019	2018	(% of change)
Net cash flows from operating activities	11,246	(24,799)	–
Net cash flows from investing activities	12,093	(10,432)	–
Net cash flows from financing activities	(5,562)	22,609	–

The Group's net cash flows from operating activities changed to a net inflow of RMB11,246 million for the six months ended 30 June 2019 from net outflow of RMB24,799 million for the same period in 2018, mainly due to the fact that: (1) the business transformation of the life and health insurance sector has achieved remarkable results with continuous improvement in business quality, which led to a sound development and significant decrease in the surrender payment and the maturity benefits; (2) in addition to its steady business growth, the P&C sector also strengthened credit policy management, optimized the capital income and expenditure strategy and strictly controlled the premiums receivable to effectively improve the cash flow of operating activities; and (3) the tax-related capital expenditure of the Group also significantly reduced as a result of the impact of favorable policies under the new taxation rules on handling charges.

The Group's net cash flows from investing activities changed to a net inflow of RMB12,093 million for the six months ended 30 June 2019 from net outflow of RMB10,432 million for the same period in 2018, mainly due to the expiration of time deposits.

The Group's net cash flows from financing activities changed to a net outflow of RMB5,562 million for the six months ended 30 June 2019 from net inflow of RMB22,609 million for the same period in 2018, mainly due to a decrease in securities sold under agreements to repurchase and the issuance of supplementary capital bonds in the same period.

(2) Solvency

The Group calculated and disclosed the actual capital, core capital, minimum capital, comprehensive solvency margin ratio and core solvency margin ratio in accordance with the relevant CBIRC requirements.

	30 June 2019	31 December 2018	<i>Unit: RMB million</i> (% of change)
PICC Group			
Actual capital	322,275	292,677	10.1
Core capital	260,112	230,672	12.8
Minimum capital	104,438	94,616	10.4
Comprehensive solvency margin ratio (%)	309	309	–
Core solvency margin ratio (%)	249	244	Increase of 5 pt
PICC P&C			
Actual capital	181,211	162,860	11.3
Core capital	153,402	135,172	13.5
Minimum capital	63,418	59,136	7.2
Comprehensive solvency margin ratio (%)	286	275	Increase of 11 pt
Core solvency margin ratio (%)	242	229	Increase of 13 pt
PICC Life			
Actual capital	83,655	73,242	14.2
Core capital	70,963	60,577	17.1
Minimum capital	34,171	30,069	13.6
Comprehensive solvency margin ratio (%)	245	244	Increase of 1pt
Core solvency margin ratio (%)	208	201	Increase of 7pt
PICC Health			
Actual capital	10,984	10,355	6.1
Core capital	7,302	6,680	9.3
Minimum capital	4,533	3,678	23.2
Comprehensive solvency margin ratio (%)	242	282	Decrease of 40 pt
Core solvency margin ratio (%)	161	182	Decrease of 21pt

As of 30 June 2019, the comprehensive solvency margin ratio of the Group was 309%, which was the same as at 31 December 2018, and its core solvency margin ratio was 249%, representing an increase of 5 percentage points as compared to that as at 31 December 2018.

As of 30 June 2019, the comprehensive solvency margin ratio of PICC P&C was 286%, representing an increase of 11 percentage points as compared to that as of 31 December 2018, and its core solvency margin ratio was 242%, representing an increase of 13 percentage points as compared to that as of 31 December 2018; the comprehensive solvency margin ratio of PICC Life was 245%, representing an increase of 1 percentage point as compared to that as of 31 December 2018, and its core solvency margin ratio was 208%, representing an increase of 7 percentage points as compared to that as of 31 December 2018; the comprehensive solvency margin ratio of PICC Health was 242%, representing a decrease of 40 percentage points as compared to that as of 31 December 2018, and its core solvency margin ratio was 161%, representing a decrease of 21 percentage points as compared to that as of 31 December 2018.

PROSPECTS

Since this year, China's economy has been running smoothly in general, the pace of replacing old drivers of growth with new ones accelerated, and economic growth remained resilient. Looking forward to the second half of the year, the implementation of "Six Stabilization" policy will be sped up, and China's economy will pay more attention to the enhancement of the quality of development and optimization of structure. China will emphasize on employment and residents' income growth, and the economic fundamentals will remain stable and positive.

China's insurance industry still faces a complex business environment, and opportunities and challenges coexist. The CBIRC will regulate the order of the market and strictly implement the "integration of implementation and execution", which will create a good ecological environment for the development of motor vehicle insurance. The fiscal policy remains proactive, the strategy of rural revitalization is making extensive progress, and the modernization of state governance is accelerating, which will promote the rapid development of non-motor vehicle insurance. The increase in disposable income will accelerate life insurance business, especially protection life insurance. As the health awareness of residents is strengthened and the reform of medical and health system is continuously deepened, the commercial health insurance business will have new development opportunities. The wide application of modern technology will continuously promote the optimization and transformation of insurance business model. At the same time, the auto market has entered into a period of slackened growth while the reform in premium rate for commercial motor vehicle insurance is implemented extensively. This will bring dual pressure on the development and profitability of motor vehicle insurance. The development of the insurance industry is facing various uncertainties such as great uncertainties in the Sino-US trade friction and prominent supply-side structural conflicts. Cross-sector competition is increasingly intensified which will bring impact on the traditional business model of the insurance market.

With firm confidence, the Group will stay focused, take serving the real economy and people’s lives as the basis, speed up the insurance supply-side structural reform, push forward the implementation of the “3411 Project” of the Group, and accelerate the transition to high-quality development. In the second half of the year, we will focus on the following tasks: Firstly, we will improve benchmarking of our business models, address shortcomings and weaknesses and expand advantages. With “two integrations” at the center, we will insist on “dis-intermediary, lower costs, improve services and strengthen customer stickiness” and accelerate the implementation of “ten key points work” of PICC P&C. We will persist on advancing the comprehensive and deepening reform of PICC Health. In accordance with the requirements of “professional, capable, efficient and flattened”, we will put more efforts in developing the business of commercial health insurance and health management services. Focusing on “three changes”, we will emphasize on strengthening infrastructure of PICC Life. The investment segment will strengthen investment and research capability, and actively develop wealth management business while providing good services to its principal business. The emerging segments will strengthen the building up of professional capability and create boutique companies. Secondly, we will deepen reform. Taking organizational reform as the opportunity, we will establish a market-oriented organization, incentive and personnel selection mechanism. Thirdly, we will stick to the bottom line, properly prevent key risks and properly handle the relationship between stabilising growth, adjusting structure and preventing risk.

EMBEDDED VALUE

1. Result Summary

Embedded Value of PICC Life and PICC Health as at 30 June 2019 and 31 December 2018 with 10% as the risk discount rate are summarized below (in RMB million):

	PICC Life		PICC Health	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Adjusted Net Worth	51,086	44,257	5,497	4,968
Value of In-Force Business before CoC	40,099	33,394	5,398	4,231
Cost of Required Capital	(8,612)	(7,019)	(582)	(510)
Value of In-Force Business after CoC	31,487	26,375	4,817	3,722
Embedded Value	82,573	70,632	10,314	8,689

Note: Figures may not add up to total due to rounding.

Value of Half Year's New Business for the 6 months up to 30 June 2019 and 30 June 2018 of PICC Life and PICC Health with 10% as the risk discount rate are summarized below (in RMB million):

	PICC Life		PICC Health	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Value of Half Year's New Business before CoC	5,280	4,030	597	358
Cost of Required Capital	(1,427)	(962)	(256)	(54)
Value of Half Year's New Business after CoC	3,853	3,068	341	304

Note: Figures may not add up to total due to rounding.

Value of Half Year's New Business for the 6 months up to 30 June 2019 and 30 June 2018 of PICC Life and PICC Health by distribution channel are summarized below (in RMB million):

	PICC Life		PICC Health	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Bancassurance Channel	105	397	14	20
Individual insurance agent Channel	3,393	2,545	290	266
Group insurance sales Channel	355	125	38	18
Reinsurance	–	0	–	–
Total	3,853	3,068	341	304

Note: Figures may not add up to total due to rounding.

The results disclosed in this report are based on 100% shareholding of PICC Life and PICC health.

2. Key Assumptions

For the results as at 30 June 2019 disclosed above, the assumption on risk discount rate is 10% and the assumption on the rate of investment return is 5.25% p.a. used by PICC Life and PICC Health. Corporate income tax is currently levied at 25% on taxable profits. The assumptions on mortality rates, morbidity rates, lapse rates, expenses and commissions are based on the operational experience of PICC Life and PICC Health, as well as expectations on future experience and etc.

3. Sensitivity Tests

Sensitivity tests are based on a range of alternative assumptions. In each of the tests, only the assumption referred to is changed, while other assumptions remain unchanged. For the investment return assumption scenarios, the expected participating policyholder dividend will also change.

The results of sensitivity tests for PICC Life at 30 June 2019 are summarized below (in RMB million):

Scenarios	Risk Discount Rate at 10% (Note)	
	Value of In-Force Business after CoC	Value of Half Year's New Business after CoC
Base Scenario	31,487	3,853
Risk Discount Rate at 9%	36,007	4,620
Risk Discount Rate at 11%	27,709	3,195
Rate of investment return increased by 50 bps	39,903	5,248
Rate of investment return decreased by 50 bps	23,272	2,456
Expenses increased by 10%	30,611	3,671
Expenses decreased by 10%	32,363	4,035
Lapse rates increased by 10%	31,100	3,772
Lapse rates decreased by 10%	31,888	3,935
Mortality increased by 10%	31,139	3,789
Mortality reduced by 10%	31,839	3,918
Morbidity increased by 10%	30,697	3,664
Morbidity reduced by 10%	32,285	4,045
Short-term business claim ratio increased by 10%	31,425	3,776
Short-term business claim ratio decreased by 10%	31,549	3,930
Participating Ratio (80/20)	30,282	3,826

Note: Except for the sensitivity scenarios on risk discount rate, the risk discount rate used for other scenarios is 10%.

The results of sensitivity tests for PICC Health at 30 June 2019 are summarized below (in RMB million):

Scenarios	Risk Discount Rate at 10% (Note)	
	Value of In-Force Business after CoC	Value of Half Year's New Business after CoC
Base Scenario	4,817	341
Risk Discount Rate at 9%	5,152	442
Risk Discount Rate at 11%	4,520	248
Rate of investment return increased by 50 bps	5,262	435
Rate of investment return decreased by 50 bps	4,373	247
Expenses increased by 10%	4,619	192
Expenses decreased by 10%	5,013	489
Lapse rates increased by 10%	4,884	370
Lapse rates decreased by 10%	4,738	307
Mortality increased by 10%	4,798	339
Mortality reduced by 10%	4,834	342
Morbidity increased by 5%	4,431	148
Morbidity reduced by 5%	5,201	533
Short-term business claim ratio increased by 5%	4,185	120
Short-term business claim ratio decreased by 5%	5,447	562
Participating Ratio (80/20)	4,788	332

Note: Except for the sensitivity scenarios on risk discount rate, the risk discount rate used for other scenarios is 10%.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules in the first half of 2019, and has adopted the recommended best practices under appropriate circumstances.

INTERIM DIVIDEND

The Company does not declare any interim dividend for the first half of 2019.

NO MATERIAL CHANGES

Save as disclosed in this announcement, after the publication of the annual report 2018, no material changes affecting the Company's performance need to be disclosed under paragraph 46 (3) of Appendix 16 to the Listing Rules.

PURCHASE, DISPOSAL OR REDEMPTION OF LISTED SECURITIES

In the first half of 2019, the Company and its subsidiaries did not purchase, dispose of or redeem any listed securities of the Company or its subsidiaries.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Board has, in the presence of the external auditor, reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019.

PUBLICATION OF THE INTERIM REPORT

The 2019 Interim Report of the Company will be published on the website of the Company (www.picc.com) and the disclosure website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) in due course.

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

Beijing, the PRC, 23 August 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.