

**CPIC (SH601601, HK02601)**
**Stock Data (ending April 30, 2020)**

Total equity base (in million)	9,062
A-share	6,287
H-share	2,775
Total Cap (in RMB million)	258,567
A-share	193,442
H-share (in HKD million)	71,325
6-month highest/lowest	
A-share (in RMB)	39.62/26.37
H-share (in HKD)	31.70/18.16

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**Premium Income (Unit: in RMB million)**

	January-April	Changes	April	Changes
<b>P&amp;C</b>	50,780	11.14%	12,101	14.80%
<b>Life</b>	102,757	0.00%	10,917	10.27%

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## Company Updates

### ● CBIRC releases IRR results for Q1 2020

Recently, CBIRC released the results of Integrated Risk Rating (IRR) for insurance companies for Q1 2020. All the insurance subsidiaries of CPIC Group did well, with the life, health and agricultural insurance operations maintaining the A rating, while the P/C company maintaining the B rating.

### ● New board of CPIC makes its debut

On May 12, CPIC held its 2019 Annual General Shareholder's Meeting in Jiashan, Zhejiang Province. The meeting considered and approved resolutions relating to the election of the 9th Board of Directors and the 9th Board of Supervisors, with appointment qualifications of some directors/supervisors pending regulatory approval. In the ensuing 1st session of the 9th Board of Directors, KONG Qingwei was elected chairman, and HUANG Dinan vice chairman of the board. The board appointed FU Fan president of the company.

The composition of the new board shows 3 distinct features. First is a new Technological Innovation and Consumer Rights Protection Committee under the board, set up mainly in response to increased need for transformation and digital empowerment, and to push for the establishment of an effective operational system by the management. Second is further diversification of the professional background of newly-elected independent directors, such as Ms. LIU Xiaodan, an investment banker with rich experience in capital market deals, and WOO Ka Biu, Jackson, a renowned lawyer in the UK, Australia and Hong Kong, who would help with the prevention of governance-related risks, particularly given the company's plan to issue GDRs on London Stock Exchange. Third is the record share of women directors, with Ms. LU Qiaoling, a shareholder director nominated by Baosteel Group joining the board, further improving board gender diversity.

In the face of complex and fast-changing market environment, Mr. KONG Qingwei reiterated the company's commitments on behalf of the new board. It remains confident of the long-term growth potential of China's insurance market, stays committed to high-quality development, customer orientation and compliance in its business operation. The new board will press ahead with transformation in the face of increasing market uncertainties and challenges, and in particular, will push forward the establishment of long-term incentive mechanisms to inject vitality into the organization. On the other hand, it will step up the implementation of transformation projects, focusing on key areas such as technology, health care and synergy across business segments so as to promote long-term capacity building and foster new growth engines of the company.

## Q & A

**Q: Your Q1 NPAT grew by 53.1%, much higher than that of your listed peers. Why?**

A: Net profits are impacted by multiple factors. Accounting standards, and difference in the treatment of unrealized gains on equity securities are both important variables.

In our case, NPAT attributable to equity holders of the parent for Q1 amounted to RMB8.388, a growth of 53.1%, mainly due to:

- 1) Increased release of life insurance residual margin, and growth of underwriting profits of property and casualty insurance, leading to increased contribution from the insurance underwriting business.
- 2) We seized market opportunities and realized some trading gains on equity investments, boosting the investment income.
- 3) Changes to tax deductibles of fees and commissions were introduced in Q2 2019, and differences in tax policies between Q1 2020 and Q1 2019 was another reason for high net profit growth.