

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

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

2023 First Quarter Report

(Trading Symbol: CPIC)

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§1 Important Information

1.1 The Board of Directors, the Board of Supervisors, the directors, the supervisors and the senior management of the Company warrant that the contents of this quarterly report are true, accurate and complete and that there is no false representation, misleading statement or material omission in this quarterly report; and they severally and jointly accept responsibility for the contents of this quarterly report.

1.2 The 2023 First Quarter Report of the Company was considered and approved at the 24th meeting of the 9th Board of Directors of the Company on 27 April 2023, which 14 directors were required to attend and all of them attended in person.

1.3 The financial data contained in the 2023 First Quarter Report of the Company are unaudited and have been prepared in accordance with the PRC Accounting Standards for Business Enterprises. The Company adopted the new insurance standard and the new financial instruments standards (collectively hereinafter referred to as the “new standards”) from 1 January 2023. Figures for the same period of/as at the end of the previous year were restated according to requirements of the new insurance standard. According to requirements of new financial instruments standards, the Company did not adjust figures which related to investment business.

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

§2 Key Financial Information

2.1 Key accounting data and financial indicators

unit: RMB million

	For the three months ended 31 March 2023	For the three months ended 31 March 2022		Compared with the three months ended 31 March 2022 (%)
		Unadjusted	Adjusted ^{note 2}	Adjusted
Operating income	94,386	146,554	79,058	19.4
Net profit ^{note 1}	11,626	5,437	9,127	27.4
Net profit net of non-recurring profit or loss ^{note 1}	11,583	5,396	9,086	27.5
Net cash flows from operating activities	49,324	52,389	52,715	(6.4)
Basic earnings per share (RMB) ^{note 1}	1.21	0.57	0.95	27.4
Diluted earnings per share (RMB) ^{note 1}	1.21	0.57	0.95	27.4
Weighted average return on equity (%) ^{note 1}	4.9	2.4	4.7	0.2pt

	31 March 2023	31 December 2022		Change (%)
		Unadjusted	Adjusted ^{note 2}	Adjusted
Total assets	2,162,127	2,176,299	2,071,336	4.4
Equity ^{note 1}	248,431	228,446	196,477	26.4

Notes:

1. Attributable to shareholders of the parent.

2. The Company adopted the new insurance standard and the new financial instruments standards from 1 January 2023. Comparative figures of the prior period are restated according to the requirements of the new standards. According to requirements of the new insurance standard, the Company adjusted comparative figures of the prior period which related to insurance business. According to requirements of new financial instruments standards, the Company did not adjust comparative figures of the prior period which related to investment business. For detail information, please refer to “Other Information - Changes in Accounting Policies” and “appendix” of this report.

2.2 Non-recurring items

unit: RMB million

Non-recurring items	For the three months ended 31 March 2023
Government grants recognised in current profit or loss	60
Other net non-operating income and expenses other than aforesaid items	(1)
Effect of income tax relating to non-recurring profit or loss	(16)
Net non-recurring profit or loss attributable to non-controlling interests	-
Total	43

Note: As the Group is an integrated insurance group, investment is one of the major businesses of the Group. Therefore, the non-recurring items do not include fair value gains/(losses) and investment income, etc. from hold or disposal of financial investment, etc.

2.3 Significant changes of key accounting data and financial indicators and reasons for such changes

Applicable Not applicable

§3 Shareholder Information

As at the end of the reporting period, the Company had no shares with selling restrictions.

unit: share

Total number of shareholders as at the end of the reporting period: 122,007 (including 117,943 holders of A shares and 4,064 holders of H shares)							
Shares held by top ten shareholders							
Name of shareholders	Types of shareholders	Percentage of the shareholding	Total number of shares held	Increase or decrease (+ or -) of shareholding during the reporting period	Number of shares held with selling restriction	Number of shares subject to pledge or lock-up period	Type of shares
HKSCC Nominees Limited	Overseas legal person	28.82%	2,772,543,227	+13,000	-	-	H Share
Shenergy (Group) Co., Ltd.	State-owned legal person	14.05%	1,352,129,014	-	-	-	A Share
Hwabao Investment Co., Ltd.	State-owned legal person	13.35%	1,284,277,846	-	-	-	A Share
Shanghai State-Owned Assets Operation Co., Ltd.	State-owned legal person	6.34%	609,929,956	-	-	-	A Share
Shanghai Haiyan Investment Management Company Limited	State-owned legal person	4.87%	468,828,104	-	-	-	A Share
HKSCC	Others	3.38%	325,170,840	+127,061,207	-	-	A Share
China Securities Finance Co., Ltd.	Others	2.82%	271,089,843	-	-	-	A Share
Shanghai International Group Co. Ltd.	State-owned legal person	1.66%	160,000,000	-	-	-	A Share
Citibank, National Association	Others	1.55%	149,002,105	-17,950	-	-	A Share

China Structural Reform Fund Co. Ltd.	State-owned legal person	1.20%	115,181,140	+300,000	-	-	A Share
Description of connected relations or concerted actions among the aforesaid shareholders	HKSCC Nominees Limited and HKSCC are connected, as the former is a wholly-owned subsidiary of the latter; Shanghai State-Owned Assets Operation Co., Ltd. and Shanghai International Group Co. Ltd. are acting in concert, as the former is a wholly-owned subsidiary of the latter. Other than this, the Company is not aware of any connected relations or concerted actions among the above-mentioned shareholders.						
Description of securities margin trading and refinancing business by top 10 shareholders and top 10 shareholders without selling restrictions, if any.	None.						

Notes:

1. As at the end of the reporting period, the Company did not issue any preferred shares.
2. The shareholding of the top ten shareholders is based on the lists of registered shareholders provided by China Securities Depository and Clearing Corporation Limited Shanghai Branch (A share) and Computershare Hong Kong Investor Services Limited (H share) respectively. Shareholder types are based on “account types” as registered with China Securities Depository and Clearing Corporation Limited Shanghai Branch.
3. The shares held by HKSCC Nominees Limited are held on behalf of its clients. As SEHK does not require such shareholders to disclose to HKSCC Nominees Limited whether the shares held by them are subject to pledge or lock-up period, HKSCC Nominees Limited is unable to calculate, or make available such data. Pursuant to Part XV of the SFO, a Substantial Shareholder is required to give notice to SEHK and the Company on the occurrence of certain events including a change in the nature of its interest in shares such as the pledging of its shares. As at the end of the reporting period, the Company is not aware of any such notices from Substantial Shareholders under Part XV of the SFO.
4. HKSCC is the nominal holder of shares traded through Shanghai-Hong Kong Connect Programme.
5. Citibank, National Association is the depository of the Company’s GDRs, and the underlying A shares represented by GDRs are registered under its name in accordance with the applicable laws. Statistics provided by the depository indicated that, by the end of the reporting period, the remaining number of GDRs was 29,800,421, representing 26.69% of the number of GDRs issued and approved by CSRC.

§4 Business Review

For the reporting period, the Company realised insurance revenue of RMB65.390 billion, representing an increase of 6.9% as compared with the same period of 2022. Of this, insurance revenue from CPIC Life amounted to RMB21.974 billion, down by 5.5%; that from CPIC P/C^{note 1} RMB43.038 billion, up by 14.1%. Net profits^{note 2} amounted to RMB11.626 billion, up by 27.4%.

Notes:

1. Consolidated data of CPIC P/C and its subsidiary, China Pacific Anxin Agricultural Insurance Co., Ltd.
2. Attributable to shareholders of the parent.

CPIC Life

CPIC Life focused on value growth, persisted in prudent business operation, further consolidated progress of the Changhang Transformation, pushed for transition from “paradigm shift” towards “new paradigm establishment”, in a bid to follow through on the reform. In Q1 2023, the subsidiary reported RMB108.457 billion in written premiums, down by 3.8%. New business value amounted to RMB3.971 billion, an increase of 16.6% year-on-year. Insurance revenue reached RMB21.974 billion, down by 5.5%.

The agency channel continued to deepen the restructuring centering on “3 Directions and 5 Mosts”, increased the leverage of the new Basic Law (i.e., rules on management and compensation of agents), strengthened high-quality recruitment and coaching, rolled out closed-loop management, enhanced basic management, diversified the “Golden Triangle” of product and service offering, stepped up training and digital empowerment, and improved professional skills and capabilities of independent operation of the sales force. First, business momentum picked up, with regular-pay FYPs from the agency channel amounting to RMB8.443 billion, a year-on-year growth of 4.2%; second, core manpower started to stabilise, with improvement in the share of core manpower, monthly average FYC per core agent and monthly average pre-tax income per core agent; third, high-quality recruitment and coaching delivered substantial benefits, with number of new recruits growing year-on-year and marked improvement in 13-month retention for new recruits; fourth, business quality improved considerably, evidenced by a 13-month policy persistency ratio of 95.9%, up by 6.8pt from a year earlier.

The company seeks to diversify its channel mix, strives to secure the new business model of bancassurance, focuses on value-oriented banking outlets, products, and high-quality teams to boost value growth. For the first quarter of 2023, bancassurance channel reported RMB12.289 billion in written premiums, a decrease of 12.8%. Of this, new written premiums amounted to RMB2.906 billion, up by 399.1%. The group channel stepped up the reshaping of business model such as work-site marketing and employee benefits for small and medium-sized firms, and posted RMB9.617 billion in written premiums, down by 11.7%.

unit: RMB million

For the 3 months ended 31 March	2023	2022	Changes (%)
Written premiums	108,457	112,683	(3.8)
Agency channel	86,511	87,672	(1.3)
New policies	12,277	13,060	(6.0)
Regular premium business	8,443	8,099	4.2
Renewed policies	74,234	74,612	(0.5)
Bancassurance channel	12,289	14,094	(12.8)
New policies	11,145	13,451	(17.1)
Renewed policies	1,144	643	77.9
Group channel	9,617	10,897	(11.7)
New policies	9,239	10,579	(12.7)
Renewed policies	378	318	18.9
Other channels^{note}	40	20	100.0

Note: Other channels include telemarketing & internet sales.

CPIC P/C

CPIC P/C stayed committed to objectives of high-quality development, continued to enhance business quality control, stepped up systematic capacity-building, accelerated digital transitioning, and improved risk management in an all-around way. Automobile insurance focused on customer resources management (CRM), strengthened targeted management, enhanced centralised operational management, seized opportunities of new energy vehicles, deepened innovation in business model, and strived to improve customer retention. Non-auto insurance centered on China's national strategies and direction of government policies, promoted innovation in CRM, continuously boosted growth drivers of emerging markets, optimised business mix, innovated product and service supply, and continued to enhance capability of specialised operation.

During the reporting period, the subsidiary recorded RMB57.543 billion in direct business premiums, up by 16.8% from the same period of 2022. Of this, automobile insurance contributed RMB25.897 billion, up by 6.0%, and non-auto insurance RMB31.646 billion, up by 27.4%. The underwriting combined ratio^{note} stood at 98.4%, down by 1.2pt.

Note: Underwriting combined ratio = (insurance service expenses + insurance finance expenses for insurance contracts issued + changes in insurance premium reserves + (allocation of ceded premiums – recoveries of insurance service expenses from reinsurers - reinsurance finance income for reinsurance contracts held)) / insurance revenue.

	unit: RMB million		
For the 3 months ended 31 March	2023	2022	Changes (%)
Direct business premiums	57,543	49,282	16.8
Auto insurance	25,897	24,439	6.0
Non-auto insurance	31,646	24,843	27.4

Asset management

In the first quarter, credit spread narrowed and Treasury bond yield went up slightly. The equity market rallied, with the Shanghai composite index and GEM outperforming CSI300. The Company maintained a largely stable asset allocation based on profiles of liabilities. Under the guidance of Strategic Asset Allocation (SAA), it increased allocation into long-term fixed income assets to extend asset duration, while dynamically conducting Tactical Asset Allocation (TAA), seizing market opportunities and delivering largely solid investment results.

As at the end of the reporting period, Group investment assets amounted to RMB2,079.546 billion, an increase of 6.3% from the end of 2022^{note}. During the reporting period, net investment yield was 0.8%, down by 0.2pt from the same period of last year; total investment yield was 1.4%, up by 0.4pt.

Note: The figure as at the end of the previous year was adjusted.

For the three months ended 31 March	2023	2022	Changes
Net investment yield (%) ^{note 1}	0.8	1.0	(0.2pt)
Total investment yield (%) ^{note 2}	1.4	1.0	0.4pt

Notes:

1. Net investment yield was not annualised. Net investment as the numerator in the calculation of net investment yield included interest income, dividend income and rental income from investment properties, etc. Average investment assets as the denominator in the calculation of net investment yield are computed based on the Modified Dietz method.

2. Total investment yield was not annualised. Total investment as the numerator in the calculation of total investment yield included interest income, dividend income, gains from securities trading, gains/(losses) arising from changes in fair value and rental income from investment properties, etc. Average investment assets as the denominator in the calculation of total investment yield are computed based on the Modified Dietz method.

§5 Other Information

5.1 Other significant information pertaining to the business operation of the Company during the reporting period that deserves attention from investors

Applicable Not applicable

5.2 Changes in Accounting Policies

Ministry of Finance of the People's Republic of China promulgated and revised Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standard for Business Enterprises No. 23 - Transfer of Financial Assets, Accounting Standard for Business Enterprises No. 24 - Hedge Accounting and Accounting Standard for Business Enterprises No. 37 – Presentation of Financial Instruments (collectively hereinafter referred to as the “new financial instruments standards”) and Accounting Standard for Business Enterprises No. 25 - Insurance Contracts (hereinafter referred to as the "new insurance standard") in 2017 and 2020 sequentially. The Company adopted the new insurance standard and the new financial instruments standards from 1 January 2023 according to requirements. For detail information, please refer to appendix of this report.

5.3 Solvency

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

Definitions

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

“the Company” or “the Group”	China Pacific Insurance (Group) Co., Ltd.
“CPIC Life”	China Pacific Life Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CPIC P/C”	China Pacific Property Insurance Co., Ltd., a subsidiary of China Pacific Insurance (Group) Co., Ltd.
“CSRC”	China Securities Regulatory Commission
“SSE”	Shanghai Stock Exchange
“SEHK”	The Stock Exchange of Hong Kong Limited
“LSE”	London Stock Exchange
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Substantial Shareholder”	Has the meaning given to it under the Securities and Futures Ordinance, being a person who has an interest in the relevant share capital of the Company, the nominal value of which is equal to or more than 5% of the nominal value of the relevant share capital of the Company
“GDR”	Global depositary receipts
“RMB”	Renminbi
“pt”	Percentage point

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

27 April 2023

§6 APPENDIX

6.1

CONSOLIDATED BALANCE SHEET 31 March 2023

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

in RMB million

ITEM	31 March 2023	31 December 2022
	(unaudited)	(unaudited)
ASSETS		
Cash at bank and on hand	43,323	33,134
Financial assets at fair value through profit or loss	-	26,560
Derivative financial assets	177	197
Securities purchased under agreements to resell	18,092	21,124
Interest receivables	-	19,656
Term deposits	194,718	204,517
Available-for-sale financial assets	-	715,085
Held-to-maturity financial assets	-	514,250
Investments classified as loans and receivables	-	397,270
Financial Investments:		
Financial assets at fair value through profit or loss	460,055	-
Financial assets at amortised cost	90,167	-
Debt investments at fair value through other comprehensive income	1,137,923	-
Equity investments at fair value through other comprehensive income	90,287	-
Insurance contract liabilities	318	305
Reinsurance contract liabilities	33,061	33,205
Long-term equity investments	26,259	25,829
Restricted statutory deposits	7,555	7,290
Investment properties	10,990	11,202
Fixed assets	17,264	17,465
Construction in progress	2,119	2,291
Right-of-use assets	2,825	3,030
Intangible assets	6,441	6,666
Goodwill	1,372	1,372
Deferred income tax assets	7,176	19,661
Other assets	12,005	11,227
Total assets	2,162,127	2,071,336

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 March 2023

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

in RMB million

ITEM	31 March 2023	31 December 2022
	(unaudited)	(unaudited)
LIABILITIES AND EQUITY		
Derivative financial liabilities	5	8
Securities sold under agreements to repurchase	86,437	119,665
Premium received in advance	6,532	17,891
Employee benefits payable	6,444	8,635
Taxes payable	6,033	5,166
Interest payable	-	469
Bonds payable	12,180	9,999
Insurance contract liabilities	1,738,478	1,664,848
Reinsurance contract liabilities	789	809
Commission and brokerage payable	5,590	4,639
Insurance premium reserves	493	316
Lease liabilities	2,540	2,718
Deferred income tax liabilities	3,180	568
Other liabilities	38,909	33,933
Total liabilities	1,907,610	1,869,664
Issued capital	9,620	9,620
Capital reserves	79,665	79,665
Other comprehensive income	12,946	(11,581)
Surplus reserves	5,114	5,114
General reserves	22,907	21,071
Retained profits	118,179	92,588
Equity attributable to shareholders of the parent	248,431	196,477
Non-controlling interests	6,086	5,195
Total equity	254,517	201,672
Total liabilities and equity	2,162,127	2,071,336

Note: Figures as at the end of the previous year were restated. According to requirements of the new insurance standard, the Company adjusted figures which related to insurance business. According to requirements of new financial instruments standards, the Company did not adjust figures which related to investment business.

Kong Qingwei
Legal Representative

Zhang Yuanhan
Principal in charge of Accounting Affairs

Xu Zhen
Head of Accounting Department

CONSOLIDATED INCOME STATEMENT
For the three months ended 31 March 2023

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

in RMB million

ITEM	For the three months ended 31 March 2023	For the three months ended 31 March 2022
	(unaudited)	(unaudited)
I. Operating income	94,386	79,058
Insurance revenue	65,390	61,192
Interest income	14,812	-
Investment income	1,100	17,371
Including: Share of profits of associates and joint ventures	451	128
Other income	60	51
Gains/(losses) arising from changes in fair value	12,198	(368)
Exchange losses	(137)	(84)
Other operating income	963	896
II. Operating expense	(79,474)	(68,038)
Insurance service expenses	(55,615)	(51,703)
Allocation of ceded premiums	(1,938)	(3,480)
Less: Recoveries of insurance service expenses from reinsurers	1,687	2,791
Insurance finance expenses for insurance contracts issued	(20,529)	(13,193)
Less: Reinsurance finance income for reinsurance contracts held	122	283
Changes in insurance premium reserves	(177)	(135)
Interest expenses	(669)	(720)
Commission and brokerage expenses	(32)	(17)
Taxes and surcharges	(104)	(79)
Operating and administrative expenses	(2,216)	(1,205)
Impairment losses on financial assets	246	-
Asset impairment losses	-	(372)
Other operating expenses	(249)	(208)
III. Operating profit	14,912	11,020
Add: Non-operating income	12	24
Less: Non-operating expenses	(13)	(17)
IV. Profit before tax	14,911	11,027
Less: Income tax	(3,023)	(1,693)
V. Net profit	11,888	9,334
Classified by continuity of operations:		
Net profit from continuing operations	11,888	9,334
Net profit from discontinued operations	-	-
Classified by ownership of the equity:		
Attributable to shareholders of the parent	11,626	9,127
Non-controlling interests	262	207
VI. Other comprehensive income/(loss)	6,590	(10,098)
Other Comprehensive Income/(loss) that will not be reclassified to profit or loss:	1,624	-
Changes in the fair value of equity investments at fair value through other comprehensive income	1,687	-
Insurance finance income/(expenses) for insurance contracts issued that will not be reclassified to profit or loss	(63)	-

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the three months ended 31 March 2023

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

in RMB million

ITEM	For the three months ended 31 March 2023 (unaudited)	For the three months ended 31 March 2022 (unaudited)
Other Comprehensive Income/(loss) that will be reclassified to profit or loss:	4,966	(10,098)
Share of other comprehensive income/(loss) that will be reclassified to profit or loss of investees accounted for using the equity method	(20)	-
Changes in the fair value of debt investments at fair value through other comprehensive income	5,295	-
Changes in provisions for credit risks of debt investments at fair value through other comprehensive income	(232)	-
Exchange differences on translation of foreign operations	(12)	(12)
Insurance finance income/(expenses) for insurance contracts issued that will be reclassified to profit or loss	(65)	8,017
Reinsurance finance income/(expenses) for reinsurance contracts held that will be reclassified to profit or loss	-	(5)
Changes of fair value of available-for-sale financial assets	-	(24,139)
Income tax impact relating to available-for-sale financial assets	-	6,041
VII. Total comprehensive income	18,478	(764)
Attributable to shareholders of the parent	18,102	(780)
Attributable to non-controlling interests	376	16
VIII. Earnings per share		
Basic earnings per share (RMB per share)	1.21	0.95
Diluted earnings per share (RMB per share)	1.21	0.95

Note: Figures for the same period of the previous year were restated. According to requirements of the new insurance standard, the Company adjusted figures which related to insurance business. According to requirements of new financial instruments standards, the Company did not adjust figures which related to investment business.

Kong Qingwei
Legal Representative

Zhang Yuanhan
Principal in charge of Accounting Affairs

Xu Zhen
Head of Accounting Department

6.3

CONSOLIDATED CASH FLOW STATEMENT

For the three months ended 31 March 2023

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

in RMB million

ITEM	For the three months ended 31 March 2023 (unaudited)	For the three months ended 31 March 2022 (unaudited)
I Cash flows from operating activities		
Cash received from premium of insurance contracts issued	134,796	125,442
Net cash received from reinsurance contracts issued	224	251
Net cash received from reinsurance contracts held	-	1,593
Net decrease in policy loans	1,080	326
Refund of taxes and surcharges	10	10
Cash received relating to other operating activities	1,205	1,556
Sub-total of cash inflows	137,315	129,178
Cash paid for claims under insurance contracts issued	(46,130)	(42,291)
Net cash paid under reinsurance contracts held	(722)	-
Cash paid for commission and brokerage expenses	(8,904)	(7,467)
Cash paid to and on behalf of employees	(8,507)	(7,888)
Payments of taxes and surcharges	(2,477)	(1,998)
Cash paid relating to other operating activities	(21,251)	(16,819)
Sub-total of cash outflows	(87,991)	(76,463)
Net cash flows from operating activities	49,324	52,715
II Cash flows from investing activities		
Cash received from disposal of investments	176,623	88,701
Cash received from returns on investments and interest income	18,872	18,679
Net cash received from disposal of subsidiaries and other business entities	39	1
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	34	2
Sub-total of cash inflows	195,568	107,383
Cash paid to acquire investments	(207,511)	(168,929)
Net cash paid to acquire subsidiaries and other business entities	-	(225)
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(467)	(5,578)
Cash paid relating to other investing activities	(96)	(65)
Sub-total of cash outflows	(208,074)	(174,797)
Net cash flows used in investing activities	(12,506)	(67,414)
III Cash flows from financing activities		
Cash received from issuing bonds	2,000	-
Increase in securities sold under agreements to repurchase, net	-	15,156
Cash received relating to other financing activities	4,051	319
Sub-total of cash inflows	6,051	15,475
Cash repayments of borrowings	(400)	(2,387)
Cash payments for distribution of dividends, profits or interest expenses	(813)	(775)
Decrease in securities sold under agreements to repurchase, net	(33,724)	-
Cash paid relating to other financing activities	(652)	(847)
Sub-total of cash outflows	(35,589)	(4,009)
Net cash flows (used in)/from financing activities	(29,538)	11,466

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the three months ended 31 March 2023

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

in RMB million

ITEM	For the three months ended 31 March 2023 (unaudited)	For the three months ended 31 March 2022 (unaudited)
IV Effects of exchange rate changes on cash and cash equivalents	(129)	(41)
V Net increase/(decrease) in cash and cash equivalents	7,151	(3,274)
Add: Cash and cash equivalents at the beginning of period	53,810	45,628
VI Cash and cash equivalents at the end of period	60,961	42,354

Note: Figures for the same period of the previous year were restated. According to requirements of the new insurance standard, the Company adjusted figures which related to insurance business. According to requirements of new financial instruments standards, the Company did not adjust figures which related to investment business.

Kong Qingwei
Legal Representative

Zhang Yuanhan
Principal in charge of Accounting Affairs

Xu Zhen
Head of Accounting Department

6.4

BALANCE SHEET

31 March 2023

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

in RMB million

ITEM	31 March 2023 (unaudited)	31 December 2022 (audited)
ASSETS		
Cash at bank and on hand	7,253	6,610
Financial assets at fair value through profit or loss	-	2
Securities purchased under agreements to resell	1,000	-
Interest receivables	-	562
Term deposits	6,269	8,999
Available-for-sale financial assets	-	37,692
Investments classified as loans and receivables	-	15,543
Financial Investments:		
Financial assets at fair value through profit or loss	10,236	-
Financial assets at amortised cost	15,302	-
Debt investments at fair value through other comprehensive income	23,120	-
Equity investments at fair value through other comprehensive income	1,847	-
Long-term equity investments	70,650	69,900
Investment properties	3,263	3,274
Fixed assets	878	924
Construction in progress	3	3
Right-of-use assets	345	364
Intangible assets	202	233
Other assets	566	564
Total assets	140,934	144,670
LIABILITIES AND EQUITY		
Securities sold under agreements to repurchase	-	3,919
Employee benefits payable	193	282
Taxes payable	83	34
Interest payable	-	2
Lease liabilities	355	404
Deferred income tax liabilities	114	59
Other liabilities	792	886
Total liabilities	1,537	5,586
Issued capital	9,620	9,620
Capital reserves	79,312	79,312
Other comprehensive income	417	546
Surplus reserves	4,810	4,810
Retained profits	45,238	44,796
Total equity	139,397	139,084
Total liabilities and equity	140,934	144,670

Kong Qingwei
Legal Representative

Zhang Yuanhan
Principal in charge of Accounting Affairs

Xu Zhen
Head of Accounting Department

INCOME STATEMENT

For the three months ended 31 March 2023

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

in RMB million

ITEM	For the three months ended 31 March 2023	For the three months ended 31 March 2022
	(unaudited)	(unaudited)
I. Operating income	777	871
Interest income	520	-
Investment income	30	634
Other income	3	4
Gains arising from changes in fair value	152	-
Exchange losses	(98)	(46)
Other operating income	170	279
II. Operating expenses	(388)	(571)
Interest expenses	(8)	(8)
Taxes and surcharges	(19)	(22)
Operating and administrative expenses	(374)	(527)
Impairment losses on financial assets	53	-
Asset impairment losses	-	25
Other operating expenses	(40)	(39)
III. Operating profit	389	300
IV. Profit before tax	389	300
Less: Income tax	(89)	(66)
V. Net profit	300	234
Classified by continuity of operations:		
Net profit from continuing operations	300	234
Net profit from discontinued operations	-	-
VI. Other comprehensive income/(loss)	28	(602)
Other Comprehensive Income/(loss) that will not be reclassified to profit or loss:	5	-
Changes in the fair value of equity investments at fair value through other comprehensive income	5	-
Other Comprehensive Income/(loss) that will be reclassified to profit or loss:	23	(602)
Changes in the fair value of debt investments at fair value through other comprehensive income	63	-
Changes in provisions for credit risks of debt investments at fair value through other comprehensive income	(40)	-
Changes of fair value of available-for-sale financial assets and related impact to insurance liabilities	-	(803)
Income tax impact relating to available-for-sale financial assets	-	201
VII. Total comprehensive income	328	(368)

Kong Qingwei
Legal Representative

Zhang Yuanhan
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Xu Zhen
Head of Accounting Department

CASH FLOW STATEMENT
For the three months ended 31 March 2023

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

in RMB million

ITEM	For the three months ended 31 March 2023	For the three months ended 31 March 2022
	(unaudited)	(unaudited)
I Cash flows from operating activities		
Cash received relating to other operating activities	164	155
Sub-total of cash inflows	164	155
Cash paid to and on behalf of employees	(263)	(475)
Payments of taxes and surcharges	(10)	(27)
Cash paid relating to other operating activities	(275)	(102)
Sub-total of cash outflows	(548)	(604)
Net cash flows used in operating activities	(384)	(449)
II Cash flows from investing activities		
Cash received from disposal of investments	8,701	3,001
Cash received from returns on investments and interest income	447	425
Sub-total of cash inflows	9,148	3,426
Cash paid to acquire investments	(3,075)	(3,055)
Net cash paid to acquire subsidiaries and other business entities	-	(700)
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(26)	(7)
Sub-total of cash outflows	(3,101)	(3,762)
Net cash flows used in investing activities	6,047	(336)
III Cash flows from financing activities		
Cash payments for distribution of dividends, profits or interest expenses	(7)	(5)
Decrease in securities sold under agreements to repurchase, net	(3,919)	(720)
Cash paid relating to other financing activities	(5)	(12)
Sub-total of cash outflows	(3,931)	(737)
Net cash flows used in financing activities	(3,931)	(737)
IV Effect of exchange rate changes on cash and cash equivalents	(89)	(20)
V Net increase/(decrease) in cash and cash equivalents	1,643	(1,542)
Add: Cash and cash equivalents at the beginning of period	6,610	5,271
VI Cash and cash equivalents at the end of period	8,253	3,729

Kong Qingwei
Legal Representative

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Xu Zhen
Head of Accounting Department

Adoption of the new standards for the first time in 2023- impact on the opening balance

The Company adopted the new standards from 1 January 2023. According to the transitional provisions of the new standards, the Company adjusted retrospectively for any differences between accounting treatments of insurance contracts before the initial application date and requirements of the new insurance standard; any differences to the carrying amounts of financial instruments at the date of transition were recognised in opening retained earnings or other comprehensive income.

CONSOLIDATED BALANCE SHEET

in RMB million

ITEM	31 December 2022	1 January 2023	Adjusted
	(unaudited)	(unaudited)	
ASSETS			
Cash at bank and on hand	33,134	33,138	4
Financial assets at fair value through profit or loss	26,560	-	(26,560)
Derivative financial assets	197	197	-
Securities purchased under agreements to resell	21,124	21,134	10
Interest receivables	19,656	-	(19,656)
Term deposits	204,517	211,234	6,717
Available-for-sale financial assets	715,085	-	(715,085)
Held-to-maturity financial assets	514,250	-	(514,250)
Investments classified as loans and receivables	397,270	-	(397,270)
Financial Investments:			
Financial assets at fair value through profit or loss	-	415,758	415,758
Financial assets at amortised cost	-	91,428	91,428
Debt investments at fair value through other comprehensive income	-	1,119,324	1,119,324
Equity investments at fair value through other comprehensive income	-	85,086	85,086
Insurance contract liabilities	305	305	-
Reinsurance contract liabilities	33,205	33,205	-
Long-term equity investments	25,829	25,829	-
Restricted statutory deposits	7,290	7,603	313
Investment properties	11,202	11,202	-
Fixed assets	17,465	17,465	-
Construction in progress	2,291	2,291	-
Right-of-use assets	3,030	3,030	-
Intangible assets	6,666	6,666	-
Goodwill	1,372	1,372	-
Deferred income tax assets	19,661	8,363	(11,298)
Other assets	11,227	11,116	(111)
Total assets	2,071,336	2,105,746	34,410

CONSOLIDATED BALANCE SHEET (CONTINUED)

in RMB million

ITEM	31 December 2022	1 January 2023	Adjusted
	(unaudited)	(unaudited)	
LIABILITIES AND EQUITY			
Derivative financial liabilities	8	8	-
Securities sold under agreements to repurchase	119,665	119,831	166
Premium received in advance	17,891	17,891	-
Employee benefits payable	8,635	8,635	-
Taxes payable	5,166	5,166	-
Interest payable	469	-	(469)
Bonds payable	9,999	10,302	303
Insurance contract liabilities	1,664,848	1,664,848	-
Reinsurance contract liabilities	809	809	-
Commission and brokerage payable	4,639	4,630	(9)
Insurance premium reserves	316	316	-
Lease liabilities	2,718	2,718	-
Deferred income tax liabilities	568	505	(63)
Other liabilities	33,933	34,048	115
Total liabilities	1,869,664	1,869,707	43
Issued capital	9,620	9,620	-
Capital reserves	79,665	79,665	-
Other comprehensive income	(11,581)	6,470	18,051
Surplus reserves	5,114	5,114	-
General reserves	21,071	22,875	1,804
Retained profits	92,588	106,585	13,997
Equity attributable to shareholders of the parent	196,477	230,329	33,852
Non-controlling interests	5,195	5,710	515
Total equity	201,672	236,039	34,367
Total liabilities and equity	2,071,336	2,105,746	34,410

Note: Figures as at the end of the previous year were restated. According to requirements of the new insurance standard, the Company adjusted figures at the end of the previous year which related to insurance business. According to requirements of new financial instruments standards, the Company did not adjust figures at the end of the previous year which related to investment business.

BALANCE SHEET

in RMB million

ITEM	31 December 2022	1 January 2023	Adjusted
	(audited)	(unaudited)	
ASSETS			
Cash at bank and on hand	6,610	6,610	-
Financial assets at fair value through profit or loss	2	-	(2)
Interest receivables	562	-	(562)
Term deposits	8,999	9,199	200
Available-for-sale financial assets	37,692	-	(37,692)
Investments classified as loans and receivables	15,543	-	(15,543)
Financial Investments:			
Financial assets at fair value through profit or loss	-	13,611	13,611
Financial assets at amortised cost	-	15,695	15,695
Debt investments at fair value through other comprehensive income	-	23,193	23,193
Equity investments at fair value through other comprehensive income	-	1,079	1,079
Long-term equity investments	69,900	69,900	-
Investment properties	3,274	3,274	-
Fixed assets	924	924	-
Construction in progress	3	3	-
Right-of-use assets	364	364	-
Intangible assets	233	233	-
Other assets	564	564	-
Total assets	144,670	144,649	(21)
LIABILITIES AND EQUITY			
Securities sold under agreements to repurchase	3,919	3,921	2
Employee benefits payable	282	282	-
Taxes payable	34	34	-
Interest payable	2	-	(2)
Lease liabilities	404	404	-
Deferred income tax liabilities	59	53	(6)
Other liabilities	886	886	-
Total liabilities	5,586	5,580	(6)
Issued capital	9,620	9,620	-
Capital reserves	79,312	79,312	-
Other comprehensive income	546	389	(157)
Surplus reserves	4,810	4,810	-
Retained profits	44,796	44,938	142
Total equity	139,084	139,069	(15)
Total liabilities and equity	144,670	144,649	(21)