

CPIC (SH601601, HK02601)
Stock Data (ending May 31, 2019)

Total equity base (in million)	9,062
A-share	6,287
H-share	2,775
Total Cap (in RMB million)	287,267
A-share	216,388
H-share (in HKD million)	80,484
6-month highest/lowest	
A-share (in RMB)	39.39/27.33
H-share (in HKD)	33.90/24.60

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Premium Income (Unit: in RMB million)

	January-May	Changes	May	Changes
P&C	56,225	11.25%	10,536	9.18%
Life	116,420	5.39%	13,668	10.38%

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Company Updates

● CPIC convenes 2018 Annual Shareholder's Meeting and 17th session of 8th Board of Directors

On June 5, CPIC Group convened its Annual Shareholder's Meeting in Fuzhou, which reviewed and passed resolutions including The 2018 Board of Directors' Report, The 2018 Board of Supervisors' Report, The 2018 Financial Statements Report, The 2018 Report on Profit Distribution. The meeting also elected Mr. LI Qiqiang director, and Ms. LIN Tingyi, Mr. CHEN Jizhong and Mr. JIANG Xuping independent director of the 8th Board of Directors, subject to approval of CBIRC.

During the Q&A session, shareholder representatives asked questions about topics of common interest, such as latest developments of Transformation 2.0, management reshuffling of the life operation, status of the life agency channel, business performance of the property and casualty insurance in Q1 and the impact of auto insurance regulation. There were also suggestions about information disclosure and improvement of transparency.

On the same day, the Company also held the 17th session of its 8th Board of Directors, which elected Mr. HUANG Di'nan vice chairman of the Board, as well as member of the Board Strategy & Investment Decision-making Committee, subject to approval of CBIRC.

Below is an excerpt of the Q&A session.

Q & A

Q: You made announcements on management changes of the life operation. According to this, Group chairman KONG Qingwei was elected director of the life company, and Ms. PAN Yanhong appointed general manager. What is the rationale behind this arrangement, and will this impact the strategy of your life business?

A: Group management concurrently serving as director of major subsidiaries is a common practice among Chinese insurance groups. In the case of CPIC, this is a normal succession plan implemented. Second, given our effort to enhance Group-level integrated control, it is necessary to have this kind of arrangement, so that group strategies and initiatives can better translate into subsidiaries. It also shows the commitment of Group board and management to support the development of the life business.

Q: Your property and casualty business has been doing well. Q1 report shows rapid growth of premiums, and what about combined ratio? In particular, the regulator has intensified clampdown on irregularities on auto insurance market. How would this impact your top-line growth and combined ratio for 2019?

A: After years of effort to optimize business mix, enhance development foundation, and improve business quality, our combined ratio has improved

steadily over the years, and its gap with market leaders has been narrowing, with a recovery of top-line growth.

As for impact of latest regulation on auto insurance, first, we will strictly follow regulatory requirements, and particularly the requirement for consistency of filed and actually applied commission rates. Second, our interpretation is the regulator encourages the insurance community to shift away from the development model driven solely by higher business acquisition cost, so that more insurance consumers can benefit from the industry's growth. As for CPIC, while persisting in high-quality development, we give priority to improving customer retention, digital empowerment, so that we can optimize resource-allocation and at the same time better serve our customers. Our guidance for 2019 is auto insurance will continue to slow down, and non-auto business will maintain strong momentum of growth. Overall, we strive to deliver a top-line growth in line with the industry. As for combined ratio, with tightened regulation, we have seen a steep fall of auto business commission ratio. On the other hand, with the deepening of commercial auto insurance, there will be upward pressure on the combined ratio. In balance, the combined ratio for 2019 will be largely stable.