

Hong Kong

**ADD** (no change)

Consensus ratings\*: Buy 22 Hold 2 Sell 2

Current price:	HK\$15.90
Target price:	HK\$23.30
Previous target:	HK\$32.10
Up/downside:	46.5%
CGSI / Consensus:	2.0%
Reuters:	2601.HK
Bloomberg:	2601 HK
Market cap:	US\$31,108m
	HK\$243,314m
Average daily turnover:	US\$22.43m
	HK\$175.8m
Current shares o/s:	9,620m
Free float:	52.4%

\*Source: Bloomberg

**Key changes in this note**

- FY23F EPS cut by 5.3%.
- FY24F EPS raised by 1.7%.
- FY25F EPS raised by 1.4%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	19.4	-9	-30.7
Relative (%)	11.6	-2	-11.1

Major shareholders	% held
Fortune Investment Co., Ltd.	14.2
Shenergy (Group) Co., Ltd	13.5
Shanghai Haiyan Investment	5.2

**Analyst(s)**



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# China Pacific Insurance

## Model adjustment

- We adjust our valuation models to reflect 2023's investment return movements in the equity and bond markets, and premium growth trends.
- Our FY23F EPS is cut by 5%, and FY24F-25F EPS is raised by 2% and 1%, respectively, based on the new IFRS 17 and IFRS 9 accounting standards.
- We reiterate Add rating with a lower TP of HK\$23.30

### Incorporating 2023's investment markets

We adjust our models to reflect 2023's investment return movements in the equity and bonds markets. As a result, our FY23F EPS forecast is cut by 5%, and FY24F and FY25F EPS forecasts are raised by 2% and 1% respectively (Fig 1). These EPS forecasts are based on the new accounting standards, International Financial Reporting Standards (IFRS) 17 and 9. Our FY24F-25F insurance revenue growth (Fig 4) assumption consists of FY24F-25F life insurance revenue growth of 0-3% and property and casualty (P&C) insurance revenue growth of 6-8%. We expect a rebound in investment yields (FY23F: 2.9%; FY24F: 4.0%; FY25F: 4.4%; Fig 4) to be the key drivers of net profit growth in FY24F-25F.

### Reiterate Add rating; TP cut to HK\$23.30

We cut our SOP-based TP to HK\$23.30, from HK\$32.10 previously, due to our higher beta assumption of 1.75 (previously 1.35; Fig 2) to reflect a more uncertain macroeconomic outlook and concerns about its long-term investment returns given falling bond yields. We reiterate our Add rating given that insurance demand remains strong in FY24F-25F as substitute products either offer lower yields or are seen as too risky. Potential re-rating catalysts: stronger premium growth, and higher investment returns. Key downside risks: senior management changes and weaker-than-expected bancassurance growth should banks switch their focus to selling products other than bancassurance.

### Financial Summary

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Gross Premium (Rmbm)	368,125	399,716	435,447	462,801	507,460
Investment And Other Income (Rmbm)	91,643	80,794	55,434	84,679	95,864
Net Premium (Rmbm)	347,368	378,025	411,154	435,835	476,988
Net Profit (Rmbm)	26,834	24,609	24,768	30,125	32,798
Normalised EPS (Rmb)	2.79	2.56	2.57	3.13	3.41
Normalised EPS Growth	6.0%	(8.3%)	0.6%	21.6%	8.9%
FD Normalised P/E (x)	5.24	5.71	5.68	4.67	4.29
P/NB (x)	(17.60)	(27.98)	(23.74)	(23.70)	(23.81)
DPS (Rmb)	1.00	1.02	1.06	1.25	1.47
Dividend Yield	6.8%	7.0%	7.2%	8.5%	10.1%
P/EV (x)	0.37	0.35	0.33	0.31	0.29
P/BV (x)	0.62	0.62	0.56	0.52	0.48
ROE	12.1%	10.8%	10.4%	11.6%	11.7%
% Change In Normalised EPS Estimates			(5.27%)	1.68%	1.40%
Normalised EPS/consensus EPS (x)			0.95	0.98	0.99

SOURCES: CGSI RESEARCH, COMPANY REPORTS

## Model adjustment

### Valuation and risks

We cut our FY23F EPS forecast by 5%, and raise our FY24F-25F EPS forecasts by 1-2% (Fig 1). These EPS forecasts are based on the new accounting standards of International Financial Reporting Standards (IFRS) 17 and 9.

Our FY23F, FY24F and FY25F new business growth (NBV) forecasts are 29%, 12%, and 11%, respectively.

Figure 1: Key changes to estimates

(Rmb m)	FY23F			FY24F			FY25F		
	Old	New	% change	Old	New	% change	Old	New	% change
<b>Profit &amp; loss</b>									
Total Revenue	511,686	331,422	-35%	565,879	375,838	-34%	632,696	401,829	-36%
Total benefits, claims and expenses	481,532	301,224	-37%	532,118	339,584	-36%	595,935	362,707	-39%
Share of P/L from associates	401	1,303	225%	401	3,924	878%	401	4,926	1128%
Income tax	3,865	5,431	40%	4,043	6,129	52%	4,356	6,324	45%
Minority interests (or non-controlling interests)	545	1,303	139%	493	3,924	696%	460	4,926	972%
Net profit	26,146	24,768	-5%	29,627	30,125	2%	32,345	32,798	1%
EPS	2.72	2.57	-5%	3.08	3.13	2%	3.36	3.41	1%
DPS	1.18	1.06	-10%	1.37	1.25	-9%	1.61	1.47	-9%
BVPS	25.29	25.93	3%	26.99	28.00	4%	28.74	30.16	5%
<b>Key balance sheet items</b>									
Total investment assets	2,253,843	2,161,028	-4%	2,494,304	2,290,690	-8%	2,747,114	2,428,131	-12%
Total assets	2,419,532	2,246,028	-7%	2,676,561	2,379,939	-11%	2,946,797	2,522,736	-14%
Total shareholders' equity excl. minorities	243,259	249,426	3%	259,683	269,366	4%	276,517	290,147	5%
<b>Key EV and NBV metrics</b>									
NBV	9,955	11,874	19%	11,089	13,291	20%	12,648	14,809	17%
NBV growth	8%	29%	20.8% pts	11%	12%	0.6% pts	14%	11%	-2.6% pts
Life embedded value	437,475	422,529	-3%	472,058	455,614	-3%	508,923	493,184	-3%
Life ROEV	12%	8%	-3.7% pts	10%	10%	0.0% pts	10%	11%	0.6% pts
ROE	10%	11%	0.8% pts	11%	12%	0.7% pts	12%	12%	0.2% pts
NBV margin	29.1%	29.7%	0.6% pts	26.8%	30.3%	3.5% pts	25.3%	30.3%	5.0% pts
First year premiums (APE weighted)	34,198	39,964	17%	41,359	43,857	6%	50,026	48,865	-2%
<b>Other key metrics</b>									
Gross written premiums (GWP)	436,625	434,549	0%	488,659	461,903	-5%	548,776	506,562	-8%
GWP growth	9%	9%	-0.5% pts	12%	6%	-5.6% pts	12%	10%	-2.6% pts
FYP (APE) growth	17%	37%	19.8% pts	21%	10%	-11.2% pts	21%	11%	-9.5% pts
Gross investment yield	4.84%	2.90%	-1.9% pts	4.65%	4.10%	-0.6% pts	4.65%	4.40%	-0.3% pts
Effective tax rate	13%	17%	4.6% pts	12%	15%	3.4% pts	12%	14%	2.6% pts
Dividend payout ratio	43%	41%	-2.2% pts	45%	40%	-4.7% pts	48%	43%	-4.7% pts
EPS growth	6%	n.a.	n.a.	13%	18%	4.7% pts	9%	18%	8.8% pts
BVPS growth	6%	n.a.	n.a.	7%	8%	1.2% pts	6%	8%	1.2% pts

SOURCES: CGSI RESEARCH ESTIMATES

### Changes to our forecasts

We cut our SOP-based target price from HK\$32.10 to HK\$23.30.

CPIC Life contributes 62% to the group's valuation, while CPIC P&C forms 23%. Its other businesses make up the remaining 15%.

We assume a beta of 1.75 (previously 1.35), which results in a cost of equity of 17.0% (previously 13.8%) and a terminal growth rate of 4.9% (unchanged).

We value CPIC Life on a weighted P/EV and P/BV Gordon Growth Model (GGM) basis. We assign a 67% weighting for our P/BV valuation and a 33% weighting for our P/EV valuation as we believe that investors have lost faith in the

embedded value valuation methodology over time, based on our discussions with investors over the last seventeen years.

Our valuation for CPIC Life falls by 20% to HK\$17.58, driven by a 36% fall in our P/EV GGM-derived valuation and 8% fall in our P/BV GGM-derived valuation. We assume a Rmb/HK\$ exchange rate of 1.16 (unchanged).

For CPIC P&C, we use a P/BV GGM valuation method. We project a sustainable ROE of 15.7% (unchanged) for CPIC P&C, which results in a target P/BV multiple of 0.9x (previously 1.2x). When we apply this GGM-derived target P/BV multiple to our FY24F (previously FY23F) BVPS of Rmb6.27 (previously Rmb5.78), this results in a valuation for CPIC's P&C business of HK\$6.47 (previously HK\$8.09).

We value CPIC's other businesses based on half of their FY24F BV (previously FY23F) or HK\$8.66 (previously HK\$18.12). We have applied this 50% discount to reflect our belief that investors would not have easy access to the excess capital that is sitting within the 'other business' segment.

As a result, we derive a target price of HK\$23.30, which implies a 47% potential upside to CPIC's share price as of 21 Feb 2024 (Fig 2). Therefore, we reiterate our Add rating.

We see stabilisation of premium growth as well as any potential rebound in the A share market (which benefits investment income) as key re-rating catalysts.

Key downside risks to our call are increased loss of faith in EV- and NBV-based valuation metrics, A-share market weakness, potential acquisition risk, and more rapid agent turnover.

**Figure 2: Changes to our key valuation assumptions for CPIC**

	<b>New</b>	<b>Old</b>	<b>% change</b>
Equity risk premiums (ERP)	8.0%	8.0%	0.0%pts
Risk free rate	3.0%	3.0%	0.0%pts
Beta	1.75	1.35	30%
Cost of equity (COE)	17.0%	13.8%	3.2%pts
Terminal growth rate	4.9%	4.9%	0.0%pts
Sustainable life ROEV	9.0%	9.8%	-0.8%pts
Target P/EV (x)	0.3x	0.5x	-38%
CPIC Life FY24F EVPS (Rmb)	47.36	45.48	4%
CPIC Life FY24F EVPS (HK\$)	54.94	52.75	4%
Rmb/HK\$ exchange rate	1.16	1.16	0%
CPIC Life valuation (HK\$) under P/EV GGM approach	18.60	28.87	-36%
Sustainable ROE	17.4%	41.4%	-24.0%pts
Target P/BV (x)	1.0x	4.1x	-75%
CPIC Life FY24F BVPS (Rmb)	14.27	3.89	267%
CPIC Life FY24F BVPS (HK\$)	16.55	4.51	267%
CPIC Life valuation (HK\$) under P/BV GGM approach	17.08	18.48	-8%
CPIC Life weighted average valuation (HK\$)	17.58	21.94	-20%
Sustainable P&C ROE	15.7%	15.6%	0.1%pts
Target P/BV (x)	0.9x	1.2x	-26%
CPIC P&C FY24F BVPS (Rmb)	6.27	5.78	8%
CPIC P&C FY24F BVPS (HK\$)	7.27	6.70	8%
CPIC P&C valuation (HK\$)	6.47	8.09	-20%
Other business sustainable ROE	2%	0%	2.4%pts
Other business FY24F BVPS (Rmb)	7.46	15.62	-52%
Other business FY24F BVPS (HK\$)	8.66	18.12	-52%
Other business P/BV target (x)	0.5x	0.5x	0%
Other business valuation (HK\$)	4.33	9.06	-52%
Conglomerate discount	18%	18%	0.0%pts
P/EV weighting for CPIC Life	33%	33%	0.0%pts
P/BV weighting for CPIC Life	67%	67%	0.0%pts
Final target price	23.30	32.10	-27.4%
Current share price (HK\$)	15.90		
Upside/ downside	47%		
% of valuation from life	62%		
% of valuation from P&C	23%		
% of valuation from Other	15%		

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG  
DATAAS OF 21 FEB 2024

**Figure 3: Sector comparison**

Ticker	Rec	Market Cap (US\$bn)	Price (Lcy)	Target Price (Lcy)	+/- (%)	P/EV (x)		VONB multiple (x)		P/BV (x)		Group ROEV (%)		ROE (%)		P/E (x)		Dividend yield (%)		
						FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F
China Life	2628 HK	Add	98.05	10.02	12.40	24%	0.20x	0.18x	-26.6x	-26.9x	0.6x	0.5x	10.3x	10.1x	7.7x	8.9x	8.3x	6.1x	5.2	5.2
Ping An	2318 HK	Add	96.17	35.90	80.00	123%	0.39x	0.36x	-29.3x	-30.0x	0.6x	0.5x	11.7x	11.9x	17.1x	17.3x	3.7x	3.1x	8.0	8.9
CPIC	2601 HK	Add	28.74	15.90	23.30	47%	0.26x	0.24x	-34.2x	-33.9x	0.6x	0.5x	6.6x	9.7x	11.1x	11.6x	5.8x	4.8x	7.1	8.3
NCI	1336 HK	Hold	11.24	15.46	14.40	-7%	0.16x	0.15x	-73.9x	-70.8x	0.4x	0.4x	9.4x	7.9x	7.8x	9.6x	5.5x	4.1x	6.3	8.6
PICC P&C	2328 HK	Add	26.37	10.06	14.80	47%	n.a.	n.a.	n.a.	n.a.	0.9x	0.8x	n.a.	n.a.	10.0x	12.8x	9.4x	6.9x	5.3	5.8
AIA	1299 HK	Add	97.97	65.20	91.00	40%	1.42x	1.32x	6.8x	4.3x	2.7x	2.5x	7.2x	12.7x	9.8x	19.9x	26.9x	13.0x	2.4	2.5
Pru	2378 HK	Add	29.49	80.05	114.00	42%	0.62x	0.56x	-5.8x	-6.1x	1.6x	1.5x	10.5x	13.9x	7.8x	11.7x	20.6x	12.9x	1.4	1.3
Manulife	945 HK	NR	35.13	189.40	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.5x	1.3x	n.a.	n.a.	14.2x	14.6x	10.0x	9.3x	4.4	4.7
HK-listed weighted average							0.62x	0.57x	-18.6x	-19.5x	1.2x	1.1x	9.5x	11.5x	11.3x	14.7x	11.9x	7.1x	5.4	5.9
HK-listed weighted average ex AIA, Pru and Manulife							0.28x	0.26x	-30.9x	-31.1x	0.6x	0.6x	10.4x	10.7x	11.8x	12.7x	6.3x	4.9x	6.5	7.1

DATAAS OF 21 FEB 2024

SOURCES: CGSI RESEARCH ESTIMATES, BLOOMBERG, COMPANY REPORTS



CPIC: China Pacific Insurance Company; NCI: New China Life Insurance; PICC P&C: PICC (The People's Insurance Company of China) Property & Casualty); Pru: Prudential plc

Note that we use Bloomberg consensus data to compute valuation multiples for Manulife as we do not cover the stock

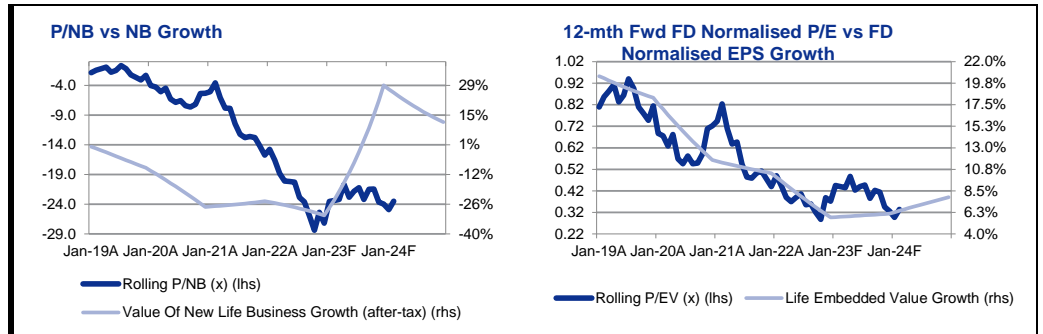
**Figure 4: Key financial data (under the new accounting adopted since 2023)**

(Rmb m)	FY23F	FY24F	FY25F
<b><u>Profit &amp; loss</u></b>			
Insurance revenue	271,000	286,057	300,742
Investment income	55,434	84,679	95,864
Other operating income	4,988	5,103	5,223
Total income	331,422	375,838	401,829
Insurance service expenses	(236,689)	(250,322)	(263,533)
Insurance finance expenses	(47,923)	(72,412)	(82,059)
Total expense	(301,224)	(339,584)	(362,707)
Share of profit in equity accounted investees	1,303	3,924	4,926
Profit before tax	31,501	40,178	44,048
Income tax	(5,431)	(6,129)	(6,324)
Net profit before minorities	26,071	34,048	37,724
Minorities interest	1,303	3,924	4,926
Net profit attributable to ordinary shareholders	24,768	30,125	32,798
EPS	2.57	3.13	3.41
DPS	1.06	1.25	1.47
BVPS	25.93	28.00	30.16
EVPS	57.19	61.84	67.20
NBV per share	1.23	1.38	1.54
<b><u>Key balance sheet items</u></b>			
Total investment assets	2,161,028	2,290,690	2,428,131
Total assets	2,246,028	2,379,939	2,522,736
Total shareholders' equity excl. minorities	249,426	269,366	290,147
<b><u>Key EV and NBV metrics</u></b>			
NBV	11,874	13,291	14,809
NBV growth	29%	12%	11%
Life embedded value	422,529	455,614	493,184
Life ROEV	8%	10%	11%
Group embedded value	543,959	585,781	633,084
Group ROEV	7%	10%	10%
ROE	11.1%	11.6%	11.7%
NBV margin	29.7%	30.3%	30.3%
First year premiums (APE weighted)	39,964	43,857	48,865
<b><u>Other key metrics</u></b>			
Investment return yield (Group)	2.9%	4.1%	4.4%
The ratio of insurance service expenses to insurance revenue (Group)	88%	88%	88%
The ratio of insurance finance expenses to investment income (Group)	84%	82%	81%
The ratio of insurance service expenses to insurance revenue (Life & Health)	68%	68%	68%
Combined ratio	98.8%	98.3%	98.2%
Effective tax rate	17%	15%	14%
Dividend payout ratio	41%	40%	43%
Growth in insurance revenue	n.a.	6%	5%
Growth in net profit attributable to ordinary shareholders	n.a.	22%	9%

SOURCES: CGSI RESEARCH ESTIMATES

Refinitiv ESG Scores	
	
	
<b>ESG in a nutshell</b>	
<p>CPIC scored a B rating for its combined ESG score by Refinitiv in FY21. CPIC identifies ESG risks in its operations and management, formulates response strategies, and optimises the operating system in accordance with the ESG report guidelines. CPIC leverages its advantages in risk management and financing to support rural revitalisation and empowering the country with science and technology. The company has continuously upgraded smart devices of E-agricultural insurance and has built up a digital operation management platform cluster suitable for different agricultural scenarios, making the entire business process more efficient. In 2020, CPIC's poverty alleviation programmes covered about 7.62m registered impoverished households nationwide and provided a total of Rmb3.08tr in sum assured to poverty-stricken areas. In 2021, Changjiang Pension, a subsidiary of CPIC, issued the first ESG insurance asset management product in China, which channelled funds to support green development. Going forward, CPIC will continue to incorporate ESG management concepts and requirements into its daily operation and contribute to alleviating poverty.</p>	
<p><b>Keep your eye on</b></p> <p>Climate change has become a new focus areas for the insurance industry due to its profound impact on catastrophe risks.</p>	<p><b>Implications</b></p> <p>We note that the company disclosed more details on its measures against climate change risks for the first time in FY20. The company has rolled out catastrophe insurance products and services, and developed agricultural index insurance to fight risks caused by severe weather, etc. We expect the company to continue doing so and to provide more information on how it affects the insurance products pricing.</p>
<p><b>ESG highlights</b></p> <p>CPIC's B ESG score ranks around the average of ESG scoring of its peers, driven by its full incorporation of ESG into its efforts in rural revitalisation.</p>	<p><b>Implications</b></p> <p>CPIC has increasingly committed to improving ESG over the past few years and has incorporated ESG into its entire business process. While we have not priced its ESG efforts into its valuations at the current stage, we believe CPIC's progress in ESG adoption will help support future re-rating cycles.</p>
<p><b>Trends</b></p> <p>CPIC's ESG score increased from B- in FY19 to B in FY21. Its Environmental pillar score increased from B- in FY19 to B+ in FY21, its Governance pillar score increased from A- in FY19 to A in FY21, while social pillar score fell to C- in FY22 from C in FY21. The company's ESG Controversies score has remained at A+ since FY16.</p>	<p><b>Implications</b></p> <p>We believe the trend will remain relatively stable in the coming years. The key driver would be the company's management of the Social pillar.</p>
<small>SOURCES: CGSI RESEARCH, REFINITIV</small>	

## BY THE NUMBERS



### Profit & Loss

(Rmbm)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue	339,525	368,728	400,547	424,489	464,490
Total Claims and Changes in Reserves	(321,223)	(329,300)	(323,665)	(359,781)	(396,150)
Acq. Costs/Other Underwriting Exp.					
Total Underwriting Result	(61,864)	(60,583)	(24,478)	(47,781)	(56,219)
Investment Income on Tech Reserve	0	0	0	0	0
Insurance Profit / (Loss)	(61,864)	(60,583)	(24,478)	(47,781)	(56,219)
Total Other Technical Income	88,512	84,206	54,363	83,721	95,027
<b>Total Other Revenues</b>	<b>8,294</b>	<b>2,184</b>	<b>5,878</b>	<b>5,878</b>	<b>5,878</b>
<b>Total Operating Costs</b>	<b>(4,945)</b>	<b>(1,032)</b>	<b>(5,564)</b>	<b>(5,564)</b>	<b>(5,564)</b>
Other Technical Income / (Loss)					
<b>Depreciation And Amortisation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating Profit</b>	<b>29,997</b>	<b>24,775</b>	<b>30,199</b>	<b>36,254</b>	<b>39,122</b>
Pretax Income/(Loss) from Assoc.	799	401	1,303	3,924	4,926
Post-Tax Oper. Earnings - Life/Other Biz					
Head Office Costs					
<b>Non-Operating Income/(Expense)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Interest Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Investment Income on Shareholders Fund					
Other Income					
Exceptional Items					
<b>Pre-tax Profit</b>	<b>30,796</b>	<b>25,176</b>	<b>31,501</b>	<b>40,178</b>	<b>44,048</b>
Taxation	(3,178)	64	(5,431)	(6,129)	(6,324)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>27,618</b>	<b>25,240</b>	<b>26,071</b>	<b>34,048</b>	<b>37,724</b>
Minority Interests	(784)	(631)	(1,303)	(3,924)	(4,926)
Preferred Dividends					
Special Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>26,834</b>	<b>24,609</b>	<b>24,768</b>	<b>30,125</b>	<b>32,798</b>

### Operating Ratios

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Premium Retention Ratio (life & Health)	100.0%	100.0%	100.0%	100.0%	100.0%
Benefits Ratio (life & Health)	(104%)	(98%)	(84%)	(91%)	(93%)
Acquisition Expense Ratio (life & Health)	0%	0%	0%	0%	0%
Admin Expense Ratio (life & Health)	0%	0%	0%	0%	0%
Total Expense Ratio (life & Health)	19.1%	24.6%	21.2%	23.0%	23.4%
Policyholder Dividends Ratio (life & Health)	5.80%	5.34%	4.58%	4.99%	5.08%
Combined Underwriting Ratio (life & Health)	(79.3%)	(67.6%)	(58.2%)	(63.4%)	(64.5%)
Underwriting Profit Margin (life & Health)	(29.6%)	(28.1%)	(10.3%)	(20.0%)	(22.1%)
Operating Profit Margin (life & Health)	8.8%	5.8%	9.9%	10.4%	10.2%

SOURCES: CGSI RESEARCH, COMPANY REPORTS



## BY THE NUMBERS... cont'd

### Balance Sheet

(Rmbm)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Fixed Assets	20,142	19,756	17,770	18,658	19,778
Intangible Assets	4,851	11,068	4,095	4,299	4,557
Other Long Term Assets	1,831,564	2,059,632	2,162,730	2,291,862	2,429,374
<b>Total Non-current Assets</b>	<b>1,856,557</b>	<b>2,090,456</b>	<b>2,184,594</b>	<b>2,314,820</b>	<b>2,453,709</b>
Total Cash And Equivalents	32,545	33,134	35,176	37,286	39,523
Trade Debtors	57,321	52,906	26,258	27,833	29,503
Other Current Assets	0	0	0	0	0
<b>Total Current Assets</b>	<b>89,866</b>	<b>86,040</b>	<b>61,434</b>	<b>65,120</b>	<b>69,027</b>
Creditors - Direct & Reinsurance Business					
Provision For Claims Outstanding					
Other Current Liabilities	34,167	38,474	18,979	20,065	21,229
<b>Total Current Liabilities</b>	<b>34,167</b>	<b>38,474</b>	<b>18,979</b>	<b>20,065</b>	<b>21,229</b>
Total Long-term Debt	9,995	9,999			
Hybrid Debt - Debt Component					
Other Liabilities	259,110	313,260	180,045	190,353	201,388
<b>Total Non-current Liabilities</b>	<b>269,105</b>	<b>323,259</b>	<b>180,045</b>	<b>190,353</b>	<b>201,388</b>
<b>Total Technical &amp; Other Provisions</b>	<b>1,410,487</b>	<b>1,580,438</b>	<b>1,791,652</b>	<b>1,894,229</b>	<b>2,004,046</b>
<b>Total Liabilities</b>	<b>1,713,759</b>	<b>1,942,171</b>	<b>1,990,676</b>	<b>2,104,647</b>	<b>2,226,663</b>
Shareholders' Equity	226,741	228,446	249,426	269,366	290,147
Minority Interests	5,664	5,682	5,926	5,926	5,926
<b>Total Equity</b>	<b>232,405</b>	<b>234,128</b>	<b>255,352</b>	<b>275,292</b>	<b>296,073</b>
Life Embedded Value	376,643	398,191	422,529	455,614	493,184

### Key Ratios

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Net Premium Growth	1.21%	8.83%	8.76%	6.00%	9.44%
Operating Profit Growth (Life & Health)	(6.1%)	(30.1%)	82.7%	7.1%	5.2%
Value Of New Life Business Growth (after-tax)	(24.8%)	(31.4%)	29.0%	11.9%	11.4%
Life Embedded Value Growth	10.3%	5.7%	6.1%	7.8%	8.2%
Pre-tax Margin	9.07%	6.83%	7.86%	9.46%	9.48%
Net Profit Margin	7.90%	6.67%	6.18%	7.10%	7.06%
Effective Tax Rate	10.3%	0.0%	17.2%	15.3%	14.4%
Net Dividend Payout Ratio	35.9%	39.9%	41.1%	39.9%	43.2%
Return On Average Assets	1.49%	1.22%	1.18%	1.47%	1.54%
Net Gearing	(11.0%)	(11.3%)	(16.4%)	(16.1%)	(15.8%)
Financial Leverage	8.41	9.06	9.25	8.92	8.76
Equity / Assets	11.6%	10.5%	11.1%	11.3%	11.5%

### Key Drivers

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total GWP	0.0	0.1	0.1	0.1	0.1
Net earned premiums/ GWP ratio	0.9	0.9	0.9	0.9	0.9
Gross investment income yield (computed)	0.1	0.0	0.0	0.0	0.0
weight of CPIC Life investment income	0.9	0.9	0.9	0.9	0.9
Effective tax rate	0.1	(0.0)	0.2	0.2	0.2
Minority interests growth yoy	0.0	(0.2)	(0.1)	2.0	0.3

SOURCES: CGSI RESEARCH, COMPANY REPORTS

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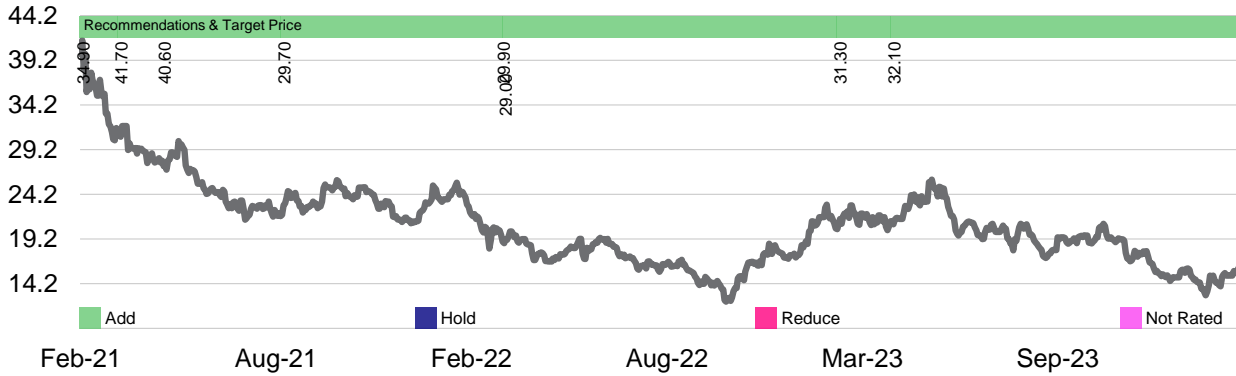
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	Rating Distribution (%)	Investment Banking clients (%)
Add	67.5%	1.3%
Hold	22.5%	0.0%
Reduce	10.1%	0.2%

**Spitzer Chart for stock being researched ( 2 year data )**

**China Pacific Insurance (2601 HK)**

— Price Close



<b>Recommendation Framework</b>	
<b>Stock Ratings</b>	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
<i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i>	
<b>Sector Ratings</b>	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.
<b>Country Ratings</b>	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.