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中國太平洋保險（集團）股份有限公司

## **CHINA PACIFIC INSURANCE (GROUP) CO., LTD.**

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

**(Stock Code: 02601)**

### **2010 Third Quarter Report**

This announcement is made by China Pacific Insurance (Group) Co., Ltd. (the "Company") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial data of the Company for the third quarter of 2010 are unaudited and have been prepared in accordance with the PRC Accounting Standards for Business Enterprises.

#### **§I Important Information**

1.1 The board of directors, the board of supervisors of the Company, the Directors, Supervisors and senior management warrant that there are no false representations, misleading statements or material omissions in this report and severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the contents of this report.

1.2 The 2010 third quarter report of the Company was considered and approved at the 3<sup>rd</sup> session of the 6<sup>th</sup> board of directors on 29 October 2010, which 15 directors were required to attend and 15 of them attended in person.

1.3 The financial data of the Company for the third quarter of 2010 are unaudited and have been prepared in accordance with the PRC Accounting Standards for Business Enterprises.

1.4 The data for the comparative period in the report has been properly restated according to the retrospective result in line with the change of accounting policies.

1.5 Mr. GAO Guofu (Chairman of the Board), Mr. NGO Tai Chuan Alan (Chief Financial Officer), Ms. CHI Xiaolei (Chief Actuary) and Ms. WANG Ying (Deputy Chief Financial Officer) warrant the truthfulness and completeness of the financial statements contained in this report.

## §II Corporate Information

### 2.1 Key Accounting Data and Financial Indicators

in RMB million

	30 September 2010	31 December 2009	Variance (%)
Total assets	456,828	397,187	15.0
Equity <sup>Note</sup>	78,608	74,651	5.3
Net assets per share (RMB) <sup>Note</sup>	9.14	8.80	3.9
	For the nine months ended 30 September 2010		Compare with the same period of last year (%)
Net cash inflow from operating activities	50,190		82.2
Net cash inflow per share from operating activities (RMB)	5.84		63.1
	For the three months from 1 July to 30 September 2010	For the nine months ended 30 September 2010	the three months from 1 July to 30 September 2010 compared with the same period of last year (%)
Net profit <sup>Note</sup>	886	4,905	(64.4)
Basic earnings per share (RMB) <sup>Note</sup>	0.10	0.57	(68.8)
Basic earnings per share after deducting non-recurring items (RMB) <sup>Note</sup>	0.11	0.57	(65.6)
Diluted earnings per share <sup>Note</sup>	N/A	0.57	N/A
Weighted average return on equity (%) <sup>Note</sup>	1.2	6.3	Decreased by 3.6pt
Weighted average return on equity after deducting non-recurring items (%) <sup>Note</sup>	1.2	6.3	Decreased by 3.6pt

Note: attributable to equity holders of the parent

### 2.2 Non-recurring items

in RMB million

Non-recurring items	For the nine months ended 30 September 2010
Losses on disposal of non-current assets	(18)
Net non-operating income and expenses other than those mentioned above	(12)
Effect of income tax	3
Effect of minority interests	-
Total	(27)

## 2.3 Total number of shareholders and shares held by top ten shareholders without selling restrictions at the end of the reporting period

Unit: share

Total number of shareholders at the end of the reporting period: 226,859 shareholders (including 218,041 A shareholders and 8,818 H shareholders)		
Shares held by top ten shareholders of tradable shares without selling restrictions		
Names of shareholders (full name)	Number of tradable shares held without selling restrictions at the end of the period	Types of shares
Parallel Investors Holdings Limited	1,043,896,502	H Share
HKSCC Nominees Limited	985,249,300	H Share
Carlyle Holdings Mauritius Limited	279,403,498	H Share
Shanghai Jiushi Corporation	250,013,460	A Share
Yunan Hongta Group Co., Ltd.	174,339,390	A Share
Zhengzhou Yutong Group Co., Ltd.	50,000,000	A Share
Bank of Communications – E Fund 50 Index Securities Investment Fund	40,598,182	A Share
Industrial & Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	32,985,004	A Share
Shanghai Lu'an Investment Company Limited	31,782,458	A Share
Sinopec Finance Company Limited	30,000,000	A Share

Note: As for the overseas listed foreign shares (H shares) of the Company, Parallel Investors Holdings Limited and Carlyle Holdings Mauritius Limited undertook in writing that they would not transfer 1,323,300,000 H shares they hold in total in the Company within one year from the H Share listing date, i.e. 23 December 2009 (inclusive).

## §III Significant Events

### 3.1 Significant changes of key financial statements items and financial indicators and reasons for such changes:

Applicable  Not applicable

in RMB million

Balance sheet items	30 September 2010	31 December 2009	Flux (%)	Main reasons for the changes
Cash on hand and at bank	17,339	30,123	(42.4)	Timing difference
Held-for-trading financial assets	5,232	333	1,471.2	Increase in the volume of this kind of investment assets
Securities purchased under agreements to resell	6,021	115	5,135.7	Timing difference
Premium receivables	3,506	2,227	57.4	Growth in insurance business and timing difference
Receivables from reinsurers	2,314	1,637	41.4	Growth in insurance business and timing difference
Interest receivable	9,239	6,679	38.3	Timing difference
Unearned premium reserves receivable from re-insurers	3,842	2,598	47.9	Growth in insurance business and timing difference
Claim reserves receivable from re-insurers	3,981	2,845	39.9	Growth in insurance business and timing difference
Life insurance reserves receivable from re-insurers	1,041	669	55.6	Growth in insurance business and timing difference
Policy loans	1,993	1,352	47.4	Growth in insurance business
Held-to-maturity financial assets	142,002	104,618	35.7	Increase in the volume of this kind of fixed-income investment assets
Restricted statutory deposits	2,772	1,968	40.9	Increase of capital of subsidiaries

Deferred income tax assets	1,196	839	42.6	Increase in temporary differences between deductible taxable incomes
Other assets	2,725	2,049	33.0	Prepaid tax
Securities sold under agreements to repurchase	4,500	9,800	(54.1)	Timing difference
Premium received in advance	2,114	4,269	(50.5)	Timing difference
Handling charges and commission payable	1,753	1,163	50.7	Growth in insurance business and timing difference
Amount due to re-insurers	4,057	2,208	83.7	Growth in insurance business and timing difference
Taxes payable	1,148	620	85.2	Increase in taxable incomes
Unearned premium reserves	23,114	15,863	45.7	Growth in insurance business
Claim reserves	15,168	11,479	32.1	Growth in insurance business
Deferred income tax liabilities	83	195	(57.4)	Decrease in temporary differences between taxable incomes
Other liabilities	2,657	4,230	(37.2)	The payables to social benefit fund for reducing state shareholding at the end of Year 2009 was paid

Income statement items	For the nine months ended 30 September 2010	For the nine months ended 30 September 2009	Flux (%)	Main reasons for the changes
		(As Restated)		
Earned premium	91,564	62,822	45.8	Growth in insurance business
Gain from changes in fair value	245	125	96.0	Increase of held-for-trading financial assets and the volatility in investment market
Foreign exchange losses	(139)	(3)	4,533.3	Increase in foreign currency balance due to H share listing proceeds and flux of exchange rate
Change in insurance contract reserves	(51,879)	(30,074)	72.5	Growth in insurance business
Reinsurers' share of change in insurance contract reserves	2,194	810	170.9	Growth in insurance business
Policyholder dividends	(2,390)	(1,458)	63.9	Growth in participating insurance business
Reinsurance expenses	(15)	(11)	36.4	Growth in insurance business
Impairment losses	(565)	(155)	264.5	Increase in impairment of investment assets
Other comprehensive loss	(1,199)	(439)	173.1	Change of the fair value of available-for-sale financial assets

### 3.2 Progress of major events and their impacts and solutions

Applicable Not applicable

### 3.3 The fulfillment of the undertakings made by the Company, the shareholders and the de facto controllers

Applicable Not applicable

3.4 Cautionary statements for the forecast loss in accumulated net profit from the beginning of the year to the end of the next reporting period or the occurrence of substantial change as compared to the same period of last year and their reasons

Applicable Not applicable

3.5 Implementation of cash distribution policy during the reporting period

Applicable Not applicable

By Order of the Board  
China Pacific Insurance (Group) Co., Ltd.  
Gao Guofu  
*Chairman*

Shanghai, China, 29 October 2010

*As of the date of this announcement, the executive Directors of the Company are Mr. GAO Guofu and Mr. HUO Lianhong; the non-executive Directors of the Company are Mr. YANG Xianghai, Mr. ZHOU Ciming, Mr. YANG Xiangdong, Ms. FENG Junyuan, Janine, Mr. WANG Chengran, Mr. WU Jumin, Mr. ZHENG Anguo and Ms. XU Fei; and the independent non-executive Directors of the Company are Mr. XU Shanda, Mr. CHANG Tso Tung Stephen, Mr. LI Ruoshan, Mr. YUEN Tin Fan and Mr. XIAO Wei.*

## §IV APPENDIX

### 4.1

#### CONSOLIDATED BALANCE SHEET

30 September 2010

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

in RMB million

ITEM	30 September 2010 (unaudited)	31 December 2009 (audited)
<b>ASSETS</b>		
Cash on hand and at bank	17,339	30,123
Held-for-trading financial assets	5,232	333
Securities purchased under agreements to resell	6,021	115
Premium receivables	3,506	2,227
Receivables from reinsurers	2,314	1,637
Interest receivable	9,239	6,679
Unearned premium reserves receivable from re-insurers	3,842	2,598
Claim reserves receivable from re-insurers	3,981	2,845
Life insurance reserves receivable from re-insurers	1,041	669
Long-term health insurance reserves receivable from re-insurers	3,723	3,035
Policy loans	1,993	1,352
Term deposits	100,356	86,371
Available-for-sale financial assets	119,169	118,475
Held-to-maturity financial assets	142,002	104,618
Investments classified as loans and receivables	21,200	22,199
Long-term equity investments	464	464
Restricted statutory deposits	2,772	1,968
Fixed assets	4,798	4,703
Construction in progress	3,211	3,155
Intangible assets	555	584
Goodwill	149	149
Deferred income tax assets	1,196	839
Other assets	2,725	2,049
<b>Total assets</b>	<b>456,828</b>	<b>397,187</b>

**CONSOLIDATED BALANCE SHEET(CONTINUED)**

30 September 2010

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

in RMB million

ITEM	30 September 2010 (unaudited)	31 December 2009 (audited)
<b>LIABILITIES AND EQUITY</b>		
Securities sold under agreements to repurchase	4,500	9,800
Premium received in advance	2,114	4,269
Handling charges and commission payable	1,753	1,163
Amount due to re-insurers	4,057	2,208
Salary and staff welfare payable	1,415	1,414
Taxes payable	1,148	620
Interest payable	4	6
Claims payable	2,196	1,902
Policyholder dividend payable	6,487	5,113
Policyholders' deposits and investments	53,021	52,179
Unearned premium reserves	23,114	15,863
Claim reserves	15,168	11,479
Life insurance reserves	248,026	201,249
Long-term health insurance reserves	8,927	7,561
Subordinated debt	2,319	2,263
Deferred income tax liabilities	83	195
Other liabilities	2,657	4,230
<b>Total liabilities</b>	376,989	321,514
Issued capital	8,600	8,483
Capital reserves	58,769	57,247
Surplus reserves	1,395	1,395
Retained profits	9,877	7,552
Foreign currency translation reserve	(33)	(26)
Equity attributable to equity holders of the parent	78,608	74,651
Minority interests	1,231	1,022
<b>Total equity</b>	79,839	75,673
<b>Total liabilities and equity</b>	456,828	397,187

**Gao Guofu**  
Legal Representative  
of the Company

**Ngo Tai Chuan Alan**  
Person in charge of  
Accounting Affairs

**Wang Ying**  
Head of Finance  
Department

**BALANCE SHEET**

30 September 2010

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

in RMB million

<b>ITEM</b>	<b>30 September 2010</b>	<b>31 December 2009</b>
	(unaudited)	(audited)
<b>ASSETS</b>		
Cash on hand and at bank	5,221	21,043
Held-for-trading financial assets	921	32
Securities purchased under agreements to resell	870	-
Interest receivable	347	133
Term deposits	8,528	6,528
Available-for-sale financial assets	4,685	5,388
Held-to-maturity financial assets	1,841	1,359
Investments classified as loans and receivables	1,959	1,199
Long-term equity investments	45,309	33,502
Investment property	187	187
Fixed assets	370	437
Construction in progress	2,468	2,319
Intangible assets	200	212
Deferred income tax assets	559	682
Other assets	1,078	1,030
<b>Total assets</b>	<b>74,543</b>	<b>74,051</b>
<b>LIABILITIES AND EQUITY</b>		
Securities sold under agreements to repurchase	-	150
Salary and staff welfare payable	124	161
Taxes payable	32	69
Other liabilities	614	3,041
<b>Total liabilities</b>	<b>770</b>	<b>3,421</b>
Issued capital	8,600	8,483
Capital reserves	58,314	55,634
Surplus reserves	1,091	1,091
Retained profits	5,768	5,422
<b>Total equity</b>	<b>73,773</b>	<b>70,630</b>
<b>Total liabilities and equity</b>	<b>74,543</b>	<b>74,051</b>

**Gao Guofu**  
Legal Representative  
of the Company

**Ngo Tai Chuan Alan**  
Person in charge of  
Accounting Affairs

**Wang Ying**  
Head of Finance  
Department



## 4.2

**CONSOLIDATED INCOME STATEMENT**

For the nine months ended 30 September 2010

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

in RMB million

ITEM	For the three	For the nine	For the three	For the nine
	months from 1 July to 30 September 2010	months ended 30 September 2010	months from 1 July to 30 September 2009	months ended 30 September 2009
	(unaudited)	(unaudited)	(unaudited/restated)	(unaudited/restated)
I. Operating income	32,526	105,157	26,429	78,147
Earned premium	28,377	91,564	20,466	62,822
Premium income	32,032	108,098	23,189	73,840
Including: Premium income assumed-in	28	66	15	49
Less: Premium ceded to reinsurers	(3,025)	(10,525)	(2,238)	(7,776)
Net change in unearned premium reserves	(630)	(6,009)	(485)	(3,242)
Investment income	3,753	12,861	5,817	14,678
Including: investment (loss)/income from associates	(2)	(24)	17	(1)
Gain/(loss) from changes in fair value	244	245	(2)	125
Foreign exchange losses	(40)	(139)	-	(3)
Other operating income	192	626	148	525
II. Operating expense	(31,558)	(99,109)	(23,040)	(71,635)
Surrenders	(1,190)	(3,254)	(1,268)	(3,361)
Claims paid	(8,250)	(24,597)	(7,288)	(22,975)
Less: Reinsurers' share of claims paid	1,183	3,128	954	3,067
Change in insurance contract reserves	(15,895)	(51,879)	(9,264)	(30,074)
Less: Reinsurers' share of change in insurance contract reserves	910	2,194	417	810
Policyholder dividends	(964)	(2,390)	(546)	(1,458)
Reinsurance expenses	(6)	(15)	(3)	(11)
Business tax and surcharges	(701)	(2,274)	(663)	(1,834)
Handling charges and commission	(2,686)	(8,494)	(2,282)	(6,964)
General and administrative expenses	(4,014)	(12,070)	(3,190)	(9,351)
Less: Reinsurers' share of expenses	1,139	3,209	785	2,699
Interest expenses	(75)	(280)	(169)	(307)
Other operating expenses	(509)	(1,822)	(519)	(1,721)
Impairment losses	(500)	(565)	(4)	(155)
III. Operating profit	968	6,048	3,389	6,512
Add: Non-operating income	20	46	21	56
Less: Non-operating expenses	(7)	(76)	(24)	(80)
IV. Profit before tax	981	6,018	3,386	6,488
Less: Income tax	(93)	(1,060)	(856)	(1,511)
V. Net profit	888	4,958	2,530	4,977
Attributable to equity holders of the parent	886	4,905	2,490	4,900
Minority interests	2	53	40	77
VI. Earnings per share				
Basic earnings per share	0.10	0.57	0.32	0.64
Diluted earnings per share	N/A	0.57	N/A	N/A
VII. Other comprehensive income/(loss)	3,576	(1,199)	(3,459)	(439)
VIII. Total comprehensive income/(loss)	4,464	3,759	(929)	4,538
Attributable to equity holders of the parent	4,397	3,727	(914)	4,463
Minority interests	67	32	(15)	75

**Gao Guofu**  
Legal Representative  
of the Company

**Ngo Tai Chuan Alan**  
Person in charge of  
Accounting Affairs

**Wang Ying**  
Head of Finance  
Department

## INCOME STATEMENT

For the nine months ended 30 September 2010

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

in RMB million

ITEM	For the three months from 1 July to 30 September 2010	For the nine months ended 30 September 2010	For the three months from 1 July to 30 September 2009	For the nine months ended 30 September 2009
	(unaudited)	(unaudited)	(unaudited/ restated)	(unaudited/ restated)
I. Operating income	209	3,358	385	4,150
Investment income	160	3,266	367	4,085
Including: investment (loss)/income from associates	(2)	(24)	17	(1)
Gain/(loss) from changes in fair value	21	23	(1)	(2)
Foreign exchange losses	(29)	(121)	-	-
Other operating income	57	190	19	67
II. Operating expense	(108)	(301)	(114)	(293)
Business tax and surcharges	(1)	(11)	(12)	(14)
General and administrative expenses	(107)	(285)	(99)	(276)
Interest expenses	-	(5)	(3)	(3)
III. Operating profit	101	3,057	271	3,857
Add: Non-operating income	-	3	1	2
IV. Profit before tax	101	3,060	272	3,859
Less: Income tax	(25)	(133)	(64)	(127)
V. Net profit	76	2,927	208	3,732
VI. Other comprehensive income/(loss)	170	(8)	(289)	(314)
VII. Total comprehensive income/(loss)	246	2,919	(81)	3,418

**Gao Guofu**  
Legal Representative  
of the Company

**Ngo Tai Chuan Alan**  
Person in charge of  
Accounting Affairs

**Wang Ying**  
Head of Finance  
Department

**CONSOLIDATED CASH FLOW STATEMENT**

For the nine months ended 30 September 2010

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

in RMB million

ITEM	For the nine months ended 30 September 2010 (unaudited)	For the nine months ended 30 September 2009 (unaudited/restated)
<b>I Cash flows from operating activities</b>		
Premiums received from insurance contracts	104,642	71,718
Tax refund	176	833
Cash received from other operating activities	633	268
<b>Sub-total of cash inflows from operating activities</b>	<b>105,451</b>	<b>72,819</b>
Claims paid for insurance contracts	(24,212)	(22,680)
Net cash paid for reinsurance business	(3,102)	(1,093)
Net decrease in policyholders' deposits and investments	(370)	(95)
Handling charges and commission paid	(7,903)	(6,301)
Policyholder dividends paid	(893)	(820)
Cash paid to and for employees	(5,348)	(3,875)
Cash paid for taxes and respective surcharges	(3,614)	(1,875)
Cash paid for other operating activities	(9,819)	(8,529)
<b>Sub-total of cash outflows from operating activities</b>	<b>(55,261)</b>	<b>(45,268)</b>
<b>Net cash inflow from operating activities</b>	<b>50,190</b>	<b>27,551</b>
<b>II Cash flows from investing activities</b>		
Cash received from sales and redemption of investments	76,776	130,605
Cash received from investment returns	9,895	7,617
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	33	21
<b>Sub-total of cash inflows from investing activities</b>	<b>86,704</b>	<b>138,243</b>
Cash paid for acquisition of investments	(134,804)	(174,905)
Net increase in Policy loans	(641)	(484)
Net cash paid for investment in associates, jointly controlled companies and other long-term equity investment	(1,178)	(1,198)
<b>Sub-total of cash outflows from investing activities</b>	<b>(136,623)</b>	<b>(176,587)</b>
<b>Net cash outflow from investing activities</b>	<b>(49,919)</b>	<b>(38,344)</b>
<b>III Cash flows from financing activities</b>		
Cash received from capital contribution	3,021	-
Cash received from other financing activities	319	7,758
<b>Sub-total of cash inflows from financing activities</b>	<b>3,340</b>	<b>7,758</b>
Cash paid for distribution of dividends and interests	(2,752)	(2,541)
Cash paid for other financing activities	(7,558)	-
<b>Sub-total of cash outflows from financing activities</b>	<b>(10,310)</b>	<b>(2,541)</b>
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(6,970)</b>	<b>5,217</b>
<b>IV Effect of changes in foreign exchange rate on cash and cash equivalents</b>	<b>(179)</b>	<b>(1)</b>
<b>V Net decrease in cash and cash equivalents</b>	<b>(6,878)</b>	<b>(5,577)</b>
Add: Cash and cash equivalents at beginning of period	30,238	17,573
<b>VI Cash and cash equivalents at end of period</b>	<b>23,360</b>	<b>11,996</b>

**Gao Guofu**  
Legal Representative  
of the Company

**Ngo Tai Chuan Alan**  
Person in charge of  
Accounting Affairs

**Wang Ying**  
Head of Finance  
Department

## CASH FLOW STATEMENT

For the nine months ended 30 September 2010

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

in RMB million

ITEM	For the nine months ended 30 September 2010 (unaudited)	For the nine months ended 30 September 2009 (unaudited)
<b>I Cash flows from operating activities</b>		
Cash received from tax return	3	159
Cash received from other operating activities	278	185
<b>Sub-total of cash inflows from operating activities</b>	281	344
Cash paid to and for employees	(176)	(116)
Cash paid for taxes and respective surcharges	(60)	(17)
Cash paid for other operating activities	(296)	(116)
<b>Sub-total of cash outflows from operating activities</b>	(532)	(249)
<b>Net cash (outflow)/inflow from operating activities</b>	(251)	95
<b>II Cash flows from investing activities</b>		
Cash received from sales and redemption of investments	10,229	6,100
Cash received from investment returns	2,972	3,574
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	2	3
<b>Sub-total of cash inflows from investing activities</b>	13,203	9,677
Cash paid for acquisition of investments	(13,626)	(8,720)
Net cash paid for investments in subsidiaries	(11,807)	-
Cash paid for purchases of fixed assets, intangible assets and other long-term assets	(429)	(496)
<b>Sub-total of cash outflows from investing activities</b>	(25,862)	(9,216)
<b>Net cash (outflow)/inflow from investing activities</b>	(12,659)	461
<b>III Cash flows from financing activities</b>		
Cash received from capital contribution	2,797	-
Cash received from other financing activities	319	-
<b>Sub-total of cash inflows from financing activities</b>	3,116	-
Cash paid for distribution of dividends and interests	(2,585)	(2,315)
Cash paid for other financing activities	(2,409)	-
<b>Sub-total of cash outflows from financing activities</b>	(4,994)	(2,315)
<b>Net cash outflow from financing activities</b>	(1,878)	(2,315)
<b>IV Effect of changes in foreign exchange rate on cash and cash equivalents</b>	(164)	-
<b>V Net decrease in cash and cash equivalents</b>	(14,952)	(1,759)
Add: Cash and cash equivalents at beginning of period	21,043	2,538
<b>VI Cash and cash equivalents at end of period</b>	6,091	779

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