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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)

2013 Third Quarter Report

This announcement is made by China Pacific Insurance (Group) Co., Ltd. (the “Company”) pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09 and 13.10B 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 2013 are unaudited and have been prepared in accordance with the PRC Accounting Standards for Business Enterprises.

§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 2013 Third Quarter Report of the Company was considered and approved at the 3rd session of the 7th Board of Directors on 30 October 2013, which 14 directors were required to attend and 12 of them attended in person. Director Mr. WU Jumin and Director Mr. CHENG Feng could not attend the meeting due to engagements in other businesses. They appointed, in writing, Director Mr. GAO Guofu to attend the meeting and vote on their behalf.

1.3 The financial data of the Company for the third quarter of 2013 are unaudited and have been prepared in accordance with the PRC Accounting Standards for Business Enterprises.

1.4 Mr. GAO Guofu (Chairman of the Board), Mr. GU Yue (the Financial Officer), Mr. ZHANG Yuanhan (Chief Actuary) and Ms. WANG Ying (Deputy Chief Financial Officer) warrant the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

§2 Key Financial Data and Changes in the Shareholders

2.1 Key Financial Data

in RMB million

	30 September 2013	31 December 2012	Change (%)
Total assets	741,349	681,502	8.8
Equity ^{note}	100,837	96,177	4.8
Net assets per share (RMB) ^{note}	11.13	10.61	4.8
	For the nine months ended 30 September 2013	For the nine months ended 30 September 2012	Compare with the same period of the previous year (%)
Net cash inflow from operating activities	37,827	43,203	(12.4)
Net cash inflow per share from operating activities (RMB)	4.17	5.02	(16.9)
	For the nine months ended 30 September 2013	For the nine months ended 30 September 2012	Compare with the same period of the previous year (%)
Operating income	149,628	132,062	13.3
Net profit ^{note}	8,081	3,135	157.8
Basic earnings per share (RMB) ^{note}	0.89	0.36	147.2
Diluted earnings per share (RMB) ^{note}	0.89	0.36	147.2
Net profit after deducting non-recurring items ^{note}	8,042	3,120	157.8
Basic earnings per share after deducting non-recurring items (RMB) ^{note}	0.89	0.36	147.2
Weighted average return on equity (%) ^{note}	8.2	4.0	Increased by 4.2 pt
Weighted average return on equity after deducting non-recurring items (%) ^{note}	8.1	3.9	Increased by 4.2 pt

Note: attributable to equity holders of the parent

2.2 Non-recurring items

in RMB million

Non-recurring items	For the three months from 1 July to 30 September 2013	For the nine months ended 30 September 2013
Income on disposal of non-current assets	12	13
Government grants included in profit or loss	1	16
Gain on bargain purchase recognized in non-operating income in the consolidated income statement	—	10
Net non-operating income and expenses other than those mentioned above	—	14
Effect of income tax	(3)	(14)
Total	10	39

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

Unit: share

A total number of 161,528 shareholders (including 154,492 A shareholders and 7,036 H shareholders) at the end of the reporting period						
Shares held by top ten shareholders						
Name of the 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	30.57%	2,770,455,806	+39,780	—	—	H Share
Fortune Investment Co., Ltd.	14.17%	1,284,277,846	—	—	189,717,800	A Share
Shenergy Group Co., Ltd.	13.69%	1,240,963,027	—	—	—	A Share
Shanghai Haiyan Investment Management Company Limited	5.17%	468,828,104	—	—	—	A Share
Shanghai State-Owned Assets Operation Co., Ltd.	4.68%	424,099,214	—	—	—	A Share
Shanghai Jiushi Corporation	2.77%	250,949,460	—	—	—	A Share
Yunnan Hongta Group Co., Ltd.	1.92%	174,339,390	—	—	—	A Share
Account No. 1 of the NSSF	0.87%	78,412,727	—	78,412,727	—	A Share
Baosteel Group Corporation	0.76%	68,818,407	—	—	—	A Share
China Construction Bank — Boshi Main Industry Securities Investment Fund	0.48%	43,253,688	+499,912	—	—	A Share
Shares held by top ten shareholders without selling restrictions						
Name of the shareholders				Number of shares held without selling restrictions	Type of shares	
HKSCC Nominees Limited				2,770,455,806	H Share	
Fortune Investment Co., Ltd.				1,284,277,846	A Share	
Shenergy Group Co., Ltd.				1,240,963,027	A Share	
Shanghai Haiyan Investment Management Company Limited				468,828,104	A Share	
Shanghai State-Owned Assets Operation Co., Ltd.				424,099,214	A Share	
Shanghai Jiushi Corporation				250,949,460	A Share	
Yunnan Hongta Group Co., Ltd.				174,339,390	A Share	
Baosteel Group Corporation				68,818,407	A Share	
China Construction Bank — Boshi Main Industry Securities Investment Fund				43,253,688	A Share	
National Social Security Fund 103 Portfolio				43,173,336	A Share	
Description of connected relations or concerted action among the aforesaid shareholders:						
<ul style="list-style-type: none"> Fortune Investment Co., Ltd. and Baosteel Group Corporation are connected as Fortune Investment Co., Ltd. is the wholly-owned subsidiary of Baosteel Group Corporation. The Company is not aware whether there is any connected relationship or acting-in-concert relationship among any of the other top ten shareholders without selling restrictions. 						

Notes:

1. 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 Limited (H share) respectively.
2. The shares held by HKSCC Nominees Limited are held on behalf of a number of its clients. As Hong Kong Stock Exchange 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 the Stock Exchange and the Company on the occurrence of certain events including a change in the nature of its interest in shares such as pledging of its shares. As at 30 October 2013, the Company is not aware of any such notices from Substantial Shareholders under Part XV of the SFO.

§3 Business Review for the Reporting Period

During the reporting period, the Company realized gross written premiums of RMB138.450 billion, representing an increase of 9.0% as compared to the same period of the previous year. Gross written premiums from life insurance business amounted to RMB76.860 billion, representing an increase of 2.6% as compared to the same period of the previous year. Gross written premiums from property and casualty insurance businesses amounted to RMB61.529 billion, representing an increase of 18.2% as compared to the same period of the previous year.

Life insurance business

During the reporting period, gross written premiums from life insurance business amounted to RMB76.860 billion, representing an increase of 2.6% as compared to the same period of the previous year. In particular, premiums from new insurance policies amounted to RMB28.764 billion, while premiums from renewed policies amounted to RMB48.096 billion. The agency channel maintained its rapid growth and premiums from new insurance policies of the agency channel reached RMB10.538 billion, representing an increase of 9.4% as compared to the same period of the previous year.

Unit: RMB million

For the nine months ended 30 September	2013	2012	Changes (%)
Gross written premiums	76,860	74,938	2.6
Agency channel	45,635	39,846	14.5
Bancassurance	26,205	28,391	(7.7)
Direct Sales ^{note}	5,020	6,701	(25.1)

Note: Direct sales include telemarketing and internet sales.

Property and casualty insurance business

During the reporting period, gross written premiums from property and casualty insurance businesses amounted to RMB61.529 billion, representing an increase of 18.2% as compared to the same period of the previous year. In particular, gross written premiums from automobile insurance amounted to RMB46.836 billion, representing an increase of 18.1% as compared to the same period of the previous year, while gross written premiums from non-automobile insurance amounted to RMB14.693 billion, representing an increase of 18.6% as compared to the same period of the previous year. Businesses from telemarketing and internet sales maintained rapid development, with premiums amounting to RMB9.872 billion, representing an increase of 37.6% as compared to the same period of the previous year, and premiums from cross-selling amounted to RMB2.307 billion, representing an increase of 22.1% as compared to the same period of the previous year. The premiums from telemarketing and cross-selling accounted for 19.8% of the gross written premiums from the property and casualty insurance business.

The combined ratio for the full year is expected to be higher than that for the first half due to the frequent occurrences of natural disasters since the beginning of the third quarter.

Unit: RMB million

For the nine months ended 30 September	2013	2012	Changes (%)
Gross written premiums	61,529	52,051	18.2
Auto insurance	46,836	39,659	18.1
Non-auto insurance	14,693	12,392	18.6

Asset management business

As at 30 September 2013, assets under management of the Group amounted to RMB758.402 billion, representing an increase of 10.4% as compared to the end of the previous year. Among which, Group investment assets and third-party assets under management amounted to RMB682.128 billion and RMB76.274 billion, representing an increase of 8.7% and 27.4% as compared to those as at the end of the previous year, respectively.

Unit: RMB million

	30 September 2013	31 December 2012	Changes (%)
Assets under management of the Group	758,402	687,205	10.4
Group investment assets	682,128	627,328	8.7
Third-party assets under management	76,274	59,877	27.4
Third-party assets under management by CPIC AMC	40,728	28,355	43.6
Assets under custody by Changjiang Pension	35,546	31,522	12.8

Portfolio of Group investment assets

Unit: RMB million

	30 September 2013	31 December 2012	Changes (%)
Group investment assets (Total)	682,128	627,328	8.7
By investment category			
Fixed income investments	573,980	533,274	7.6
— Debt securities	371,269	331,006	12.2
— Term deposits	156,204	164,297	(4.9)
— Debt investment plans	34,244	28,341	20.8
— Other fixed income investments ^{note 1}	12,263	9,630	27.3
Equity investment	81,314	62,715	29.7
— Investment Funds	32,390	28,516	13.6
— Equity securities	32,775	27,058	21.1
— Wealth management products	7,100	—	/
— Other equity investments ^{note 2}	9,049	7,141	26.7
Investment properties	6,850	6,349	7.9
Cash and cash equivalents	19,984	24,990	(20.0)

	30 September 2013	31 December 2012	Changes (%)
By investment purpose			
Financial assets at fair value through profit or loss of the period	2,356	1,714	37.5
Available-for-sale financial assets	181,029	135,815	33.3
Held-to-maturity financial assets	263,548	248,766	5.9
Investment in a joint venture	11	—	/
Loan and other investments ^{note 3}	235,184	241,033	(2.4)

Notes:

1. Other fixed income investments include restricted statutory deposits, policy loans and wealth management products, etc.
2. Other equity investments include unlisted equities, etc.
3. Loan and other investments include term deposits, cash and short-term time deposits, securities purchased under agreements to resell, policy loans, restricted statutory deposits, and investments classified as loans and receivables, and investment properties, etc.

§4 Significant Events

4.1 Material changes of key financial statements items and financial indicators of the Company and reasons for such changes:

in RMB million

Balance sheet items	30 September 2013	31 December 2012	Flux (%)	Main reasons for the changes
Financial assets at fair value through profit or loss	2,356	1,714	37.5	Increase of such investments
Securities purchased under agreements to resell	501	1,115	(55.1)	Decrease of such investments
Premium receivables	5,913	4,041	46.3	Growth in insurance business and timing difference
Due from reinsurers	2,702	4,136	(34.7)	Timing difference
Policy loans	7,643	5,700	34.1	Business growth
Available-for-sale financial assets	181,029	135,815	33.3	Increase of such investments
Long-term equity investments	11	—	/	Investment in a new joint venture
Handling charges and commission payable	2,397	1,596	50.2	Growth in insurance business and timing difference
Interest payable	440	266	65.4	Timing difference for interest of subordinated debt
Long-term borrowings	188	—	/	Consolidation for new subsidiary

Income statement items	For the nine months ended 30 September 2013	For the nine months ended 30 September 2012	Flux (%)	Main reasons for the changes
Investment income	23,674	16,606	42.6	Increase in interests, dividends and gains in trading of investment
Gains from changes in fair value	42	66	(36.4)	Change in market value for financial assets at fair value through profit or loss
Foreign exchange (losses)/gains	(221)	6	(3,783.3)	Increase in foreign currency and fluctuation of exchange rates
Surrenders	(14,895)	(9,301)	60.1	Higher surrender rate of bancassurance products
Reinsurers' share of change in insurance contract liabilities	489	232	110.8	Growth in insurance business ceded to reinsurers
Impairment losses	(692)	(4,175)	(83.4)	Decrease in impairment of investment assets
Non-operating income/expenses	53	22	140.9	Increase in non-operating income and decrease in non-operating expenses
Other comprehensive (loss)/income	(251)	4,561	(105.5)	Change in fair value for available-for-sale financial assets

4.2 Progress of significant events and their impacts and solutions

Applicable Not applicable

4.3 The fulfillment of the undertakings made by the Company and shareholders with shareholdings of 5% or above

Applicable Not applicable

4.4 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 material change as compared to the same period of last year and their reasons

Applicable Not applicable

Definitions

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

“Changjiang Pension”	Changjiang Pension Insurance Co., Ltd., a subsidiary of the Company
“The Company”	China Pacific Insurance (Group) Co., Ltd.
“CPIC AMC”	Pacific Asset Management Co., Ltd., a subsidiary of the Company
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Substantial Shareholder”	has the meaning given to it under the SFO, 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

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

Shanghai, China, 30 October 2013

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. WANG Chengran, Ms. SUN Xiaoning, Mr. YANG Xianghai, Mr. WU Jumin, Mr. WU Junhao, Mr. ZHENG Anguo and Mr. CHENG Feng; and the independent non-executive directors of the Company are Mr. BAI Wei, Mr. ZHANG Yansheng, Mr. LAM Chi Kuen, Mr. ZHOU Zhonghui and Mr. FOK Kwong Man.

§5 APPENDIX

5.1

CONSOLIDATED BALANCE SHEET

30 September 2013

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

in RMB million

ITEM	30 September 2013 (unaudited)	31 December 2012 (audited)
ASSETS		
Cash and short-term time deposits	19,433	23,875
Financial assets at fair value through profit or loss	2,356	1,714
Securities purchased under agreements to resell	501	1,115
Premium receivables	5,913	4,041
Due from reinsurers	2,702	4,136
Interest receivables	17,169	13,659
Reinsurers' share of unearned premium reserves	4,073	3,694
Reinsurers' share of claim reserves	4,663	4,721
Reinsurers' share of life insurance reserves	766	764
Reinsurers' share of long-term health insurance reserves	5,481	4,942
Policy loans	7,643	5,700
Term deposits	156,204	164,297
Available-for-sale financial assets	181,029	135,815
Held-to-maturity financial assets	263,548	248,766
Investments classified as loans and receivables	40,953	36,097
Long-term equity investments	11	—
Restricted statutory deposits	3,600	3,600
Investment properties	6,850	6,349
Fixed assets	7,432	6,750
Construction in progress	1,669	2,108
Intangible assets	793	798
Goodwill	962	962
Deferred income tax assets	2,070	2,067
Other assets	5,528	5,532
Total assets	741,349	681,502

CONSOLIDATED BALANCE SHEET (CONTINUED)

30 September 2013

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

in RMB million

ITEM	30 September 2013	31 December 2012
	(unaudited)	(audited)
LIABILITIES AND EQUITY		
Securities sold under agreements to repurchase	54,346	50,143
Premium received in advance	3,272	4,376
Handling charges and commission payable	2,397	1,596
Payables to reinsurers	3,172	3,514
Salaries and welfare payable	1,616	1,777
Taxes payable	2,165	2,159
Interest payable	440	266
Claims payable	9,325	7,298
Policyholder dividends payable	13,052	11,711
Policyholders' deposits and investments	35,293	41,833
Unearned premium reserves	35,550	31,264
Claim reserves	24,258	22,340
Life insurance reserves	418,747	372,730
Long-term health insurance reserves	14,368	12,553
Subordinated debt	15,500	15,500
Long-term borrowings	188	—
Deferred income tax liabilities	1,011	958
Other liabilities	4,359	3,915
Total liabilities	639,059	583,933
Issued capital	9,062	9,062
Capital reserves	64,633	64,876
Surplus reserves	2,698	2,698
Retained profits	24,506	19,596
Foreign currency translation reserves	(62)	(55)
Equity attributable to equity holders of the parent	100,837	96,177
Minority interests	1,453	1,392
Total equity	102,290	97,569
Total liabilities and equity	741,349	681,502

Gao Guofu
Legal Representative
of the Company

Gu Yue
Person in charge of
Accounting Affairs

Wang Ying
Head of Finance
Department

BALANCE SHEET

30 September 2013

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

in RMB million

ITEM	30 September 2013	31 December 2012
	(unaudited)	(audited)
ASSETS		
Cash and short-term time deposits	2,956	9,550
Financial assets at fair value through profit or loss	36	37
Securities purchased under agreements to resell	330	—
Interest receivables	426	333
Term deposits	6,114	7,672
Available-for-sale financial assets	17,206	7,617
Held-to-maturity financial assets	1,946	2,275
Investments classified as loans and receivables	—	1,200
Long-term equity investments	54,813	54,663
Investment properties	2,367	2,377
Fixed assets	333	428
Construction in progress	179	76
Intangible assets	63	67
Deferred income tax assets	158	150
Other assets	360	258
Total assets	87,287	86,703
LIABILITIES AND EQUITY		
Salaries and welfare payable	125	145
Taxes payable	83	48
Other liabilities	480	482
Total liabilities	688	675
Issued capital	9,062	9,062
Capital reserves	65,893	66,029
Surplus reserves	2,394	2,394
Retained profits	9,250	8,543
Total equity	86,599	86,028
Total liabilities and equity	87,287	86,703

Gao Guofu
Legal Representative
of the Company

Gu Yue
Person in charge of
Accounting Affairs

Wang Ying
Head of Finance
Department

CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 September 2013

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

in RMB million

ITEM	For the three months from 1 July to 30 September 2013	For the nine months ended 30 September 2013	For the three months from 1 July to 30 September 2012	For the nine months ended 30 September 2012
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
I. Operating income	45,560	149,628	39,767	132,062
Net premiums earned	37,404	125,149	33,662	114,565
Gross written premiums	39,788	138,450	36,536	127,047
Including: Premium income assumed-in	57	107	56	128
Less: Premiums ceded to reinsurers	(2,527)	(9,391)	(2,563)	(9,188)
Net change in unearned premium reserves	143	(3,910)	(311)	(3,294)
Investment income	7,766	23,674	5,832	16,606
Gains/(losses) from changes in fair value	114	42	(11)	66
Foreign exchange (losses)/gains	(31)	(221)	4	6
Other operating income	307	984	280	819
II. Operating expenses	(42,065)	(139,245)	(39,287)	(128,121)
Surrenders	(5,202)	(14,895)	(3,126)	(9,301)
Claims paid	(13,940)	(41,570)	(12,691)	(35,834)
Less: Reinsurers' share of claims paid	1,594	4,698	1,681	4,977
Change in insurance contract liabilities	(12,404)	(49,043)	(12,448)	(49,825)
Less: Reinsurers' share of change in insurance contract liabilities	316	489	192	232
Policyholder dividends	(1,085)	(2,897)	(1,072)	(2,855)
Reinsurance expenses	(13)	(24)	(10)	(26)
Business tax and surcharges	(1,134)	(3,616)	(994)	(3,068)
Handling charges and commission	(3,748)	(12,920)	(3,359)	(11,469)
General and administrative expenses	(5,970)	(17,996)	(5,592)	(16,238)
Less: Reinsurers' share of expenses	805	3,133	898	2,909
Interest expenses	(756)	(2,027)	(561)	(1,633)
Other operating expenses	(464)	(1,885)	(606)	(1,815)
Impairment losses	(64)	(692)	(1,599)	(4,175)
III. Operating profit	3,495	10,383	480	3,941
Add: Non-operating income	22	82	16	67
Less: Non-operating expenses	(9)	(29)	(14)	(45)
IV. Profit before tax	3,508	10,436	482	3,963
Less: Income tax	(852)	(2,234)	14	(799)
V. Net profit	2,656	8,202	496	3,164
Equity holders of the parent	2,617	8,081	497	3,135
Minority interests	39	121	(1)	29
VI. Earnings per share				
Basic earnings per share (RMB per share)	0.29	0.89	0.06	0.36
Diluted earnings per share (RMB per share)	0.29	0.89	0.06	0.36
VII. Other comprehensive income/(loss)	1,947	(251)	(854)	4,561
VIII. Total comprehensive income	4,603	7,951	(358)	7,725
Attributable to equity holders of the parent	4,530	7,831	(341)	7,621
Attributable to minority interests	73	120	(17)	104

Gao Guofu
Legal Representative
of the Company

Gu Yue
Person in charge of
Accounting Affairs

Wang Ying
Head of Finance
Department

INCOME STATEMENT

For the nine months ended 30 September 2013

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

in RMB million

ITEM	For the three months from 1 July to 30 September 2013	For the nine months ended 30 September 2013	For the three months from 1 July to 30 September 2012	For the nine months ended 30 September 2012
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
I. Operating income	404	4,578	303	5,506
Investment income	267	4,305	179	5,157
Losses from changes in fair value	(1)	(1)	—	—
Foreign exchange (losses)/gains	(24)	(192)	1	(2)
Other operating income	162	466	123	351
II. Operating expenses	(225)	(609)	(329)	(834)
Business tax and surcharges	(13)	(38)	(12)	(34)
General and administrative expenses	(189)	(496)	(181)	(472)
Interest expenses	(3)	(10)	(1)	(13)
Other operating expenses	(20)	(61)	(18)	(60)
Impairment losses	—	(4)	(117)	(255)
III. Operating profit	179	3,969	(26)	4,672
Add: Non-operating income	1	1	—	9
Less: Non-operating expenses	—	—	—	(1)
IV. Profit before tax	180	3,970	(26)	4,680
Less: Income tax	(42)	(92)	5	(15)
V. Net profit	138	3,878	(21)	4,665
VI. Other comprehensive (loss)/income	(68)	(136)	71	324
VII. Total comprehensive income	70	3,742	50	4,989

Gao Guofu
Legal Representative
of the Company

Gu Yue
Person in charge of
Accounting Affairs

Wang Ying
Head of Finance
Department

CONSOLIDATED CASH FLOW STATEMENT
For the nine months ended 30 September 2013

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

in RMB million

ITEM	For the nine months ended 30 September 2013 (unaudited)	For the nine months ended 30 September 2012 (unaudited)
I. Cash flows from operating activities		
Premiums received from direct insurance	135,392	123,156
Tax refund	1,327	19
Cash received from other operating activities	665	618
Sub-total of cash inflows from operating activities	137,384	123,793
Claims paid for direct insurance	(38,778)	(32,417)
Net cash paid for reinsurance business	(375)	(1,038)
Net decrease in policyholders' deposits and investments	(7,748)	(4,347)
Handling charges and commission paid	(12,113)	(10,851)
Policyholder dividends paid	(1,105)	(746)
Cash paid to and for employees	(8,923)	(8,178)
Cash paid for taxes and surcharges	(5,904)	(5,490)
Cash paid for other operating activities	(24,611)	(17,523)
Sub-total of cash outflows from operating activities	(99,557)	(80,590)
Net cash inflow from operating activities	37,827	43,203
II. Cash flows from investing activities		
Cash received from sales and redemption of investments	99,965	47,352
Cash received from returns on investments	19,351	15,817
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	36	41
Sub-total of cash inflows from investing activities	119,352	63,210
Cash paid for purchase of investments	(156,689)	(112,760)
Net increase in policy loans	(1,989)	(1,247)
Net cash paid for investments in subsidiaries, associates and joint ventures	(382)	—
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	(2,433)	(1,696)
Sub-total of cash outflows from investing activities	(161,493)	(115,703)
Net cash outflow from investing activities	(42,141)	(52,493)
III. Cash flows from financing activities		
Cash received from issuance of subordinated debt	—	7,500
Cash received from other financing activities	4,269	8,545
Sub-total of cash inflows from financing activities	4,269	16,045
Cash paid for repayment of borrowed funds	(1)	—
Cash paid for distribution of dividends and interest	(4,823)	(4,097)
Cash paid for other financing activities	(5)	—
Sub-total of cash outflows from financing activities	(4,829)	(4,097)
Net cash (outflows)/inflows from financing activities	(560)	11,948
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	(132)	7
V. Net (decrease)/increase in cash and cash equivalents	(5,006)	2,665
Add: Cash and cash equivalents at beginning of period	24,990	14,966
VI. Cash and cash equivalents at end of period	19,984	17,631

Gao Guofu
Legal Representative
of the Company

Gu Yue
Person in charge of
Accounting Affairs

Wang Ying
Head of Finance
Department

CASH FLOW STATEMENT

For the nine months ended 30 September 2013

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

in RMB million

ITEM	For the nine months ended 30 September 2013	For the nine months ended 30 September 2012
	(unaudited)	(unaudited)
I. Cash flows from operating activities		
Cash received from other operating activities	508	390
Sub-total of cash inflows from operating activities	508	390
Cash paid to and for employees	(309)	(269)
Cash paid for taxes and surcharges	(67)	(37)
Cash paid for other operating activities	(267)	(118)
Sub-total of cash outflows from operating activities	(643)	(424)
Net cash outflow from operating activities	(135)	(34)
II. Cash flows from investing activities		
Cash received from sales and redemption of investments	14,134	794
Cash received from returns on investment	4,129	5,131
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	—	10
Sub-total of cash inflows from investing activities	18,263	5,935
Cash paid for purchase of investments	(20,748)	(1,220)
Net cash paid for investments in subsidiaries, associates and joint ventures	(150)	—
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	(201)	(62)
Sub-total of cash outflows from investing activities	(21,099)	(1,282)
Net cash (outflow)/inflow from investing activities	(2,836)	4,653
III. Cash flows from financing activities		
Cash paid for distribution of dividends and interest	(3,182)	(3,023)
Cash paid for other financing activities	(5)	(400)
Sub-total of cash outflows from financing activities	(3,187)	(3,423)
Net cash outflow from financing activities	(3,187)	(3,423)
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	(106)	2
V. Net (decrease)/increase in cash and cash equivalents	(6,264)	1,198
Add: Cash and cash equivalents at beginning of period	9,550	823
VI. Cash and cash equivalents at end of period	3,286	2,021

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