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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)**

## 2014 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 2014 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 Set out below are the details of the Directors who were absent from the meeting of the Board of Directors to consider and approve the third quarter report, and the reasons for their absence:

Name of Director	Position	Reason for absence	Name of Proxy
WU Jumin	Director	Other business engagements	HUO Lianhong
ZHENG Anguo	Director	Other business engagements	WANG Chengran

1.3 Mr. GAO Guofu (Chairman of the Board), Ms. PAN Yanhong (the Financial Officer), Mr. ZHANG Yuanhan (Chief Actuary) and Ms. XU Zhen (Head of the Finance Department) warrant the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

1.4 The financial data of the Company for the third quarter of 2014 are unaudited and have been prepared in accordance with the PRC Accounting Standards for Business Enterprises.

## §2 Key Financial Data and Changes in the Shareholders

### 2.1 Key Financial Indicators

in RMB million

	30 September 2014	31 December 2013	Change (%)
Total assets	832,740	723,533	15.1
Equity <sup>Note</sup>	111,421	98,968	12.6
Net assets per share (RMB) <sup>Note</sup>	12.30	10.92	12.6
	<b>For the nine months ended 30 September 2014</b>	<b>For the nine months ended 30 September 2013</b>	<b>Compare with the same period of the previous year (%)</b>
Net cash inflow from operating activities	30,656	37,827	(19.0)
Net cash inflow per share from operating activities (RMB)	3.38	4.17	(19.0)
	<b>For the nine months ended 30 September 2014</b>	<b>For the nine months ended 30 September 2013</b>	<b>Compared with the same period of the previous year (%)</b>
Operating income	165,666	149,628	10.7
Net profit <sup>Note</sup>	8,960	8,081	10.9
Net profit after deducting non-recurring items <sup>Note</sup>	8,903	8,042	10.7
Weighted average return on equity (%) <sup>Note</sup>	8.5	8.2	Increased by 0.3 pt
Basic earnings per share (RMB) <sup>Note</sup>	0.99	0.89	10.9
Diluted earnings per share (RMB) <sup>Note</sup>	0.99	0.89	10.9
Basic earnings per share after deducting non-recurring items (RMB) <sup>Note</sup>	0.98	0.89	10.7
Weighted average return on equity after deducting non-recurring items (%) <sup>Note</sup>	8.4	8.1	Increased by 0.3 pt

Note: attributable to equity holders of the parent

### Non-recurring items

in RMB million

Non-recurring items	For the three months from 1 July to 30 September 2014	For the nine months ended 30 September 2014
Income on disposal of non-current assets	7	36
Government grants included in profit or loss, excluding grants which the company is consistently entitled to for its business operation at a certain amount or rate according to the government policy	6	35
Net non-operating income and expenses other than those mentioned above	2	9
Effect of income tax	(5)	(22)
Effect of non-controlling interests (after tax)	-	(1)
Total	10	57

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

Unit: share

A total number of 141,310 shareholders (including 134,771 A shareholders and 6,539 H shareholders) at the end of the reporting period

Shares held by top ten shareholders							
Name of the shareholders	Increase or decrease of shareholding during the reporting period	Total number of shares held	Percentage of the shareholding (%)	Number of shares held with selling restriction	Shares subject to pledge or lock-up		Type of shares
					Pledge or lock-up	Number of shares	
HKSCC Nominees Limited	933,500	2,771,677,356	30.59	-	-	-	H Share

Fortune Investment Co., Ltd.	-	1,284,277,846	14.17	-	pledge	189,717,800	A Share
Shenergy Group Co., Ltd.	-	1,240,963,027	13.69	-	-	-	A Share
Shanghai Haiyan Investment Management Company Limited	-	468,828,104	5.17	-	-	-	A Share
Shanghai State-Owned Assets Operation Co., Ltd.	-	424,099,214	4.68	-	-	-	A Share
Shanghai Jiushi Corporation	-	250,949,460	2.77	-	-	-	A Share
Yunnan Hongta Group Co., Ltd.	-	174,339,390	1.92	-	-	-	A Share
Shanghai Aijian Trust Co. Ltd. – Single Fund Trust	-	87,303,007	0.96	-	-	-	A Share
Account No. 1 of the NSSF	-	78,412,727	0.87	-	-	-	A Share
Baosteel Group Corporation	-	68,818,407	0.76	-	-	-	A Share
<b>Shares held by top ten shareholders without selling restrictions</b>							
Name of the shareholders	Number of shares held without selling restrictions		Type and number of shares held				
			Type of shares	Number of shares			
HKSCC Nominees Limited	2,771,677,356		H Share	2,771,677,356			
Fortune Investment Co., Ltd.	1,284,277,846		A Share	1,284,277,846			
Shenergy Group Co., Ltd.	1,240,963,027		A Share	1,240,963,027			
Shanghai Haiyan Investment Management Company Limited	468,828,104		A Share	468,828,104			
Shanghai State-Owned Assets Operation Co., Ltd.	424,099,214		A Share	424,099,214			
Shanghai Jiushi Corporation	250,949,460		A Share	250,949,460			
Yunnan Hongta Group Co., Ltd.	174,339,390		A Share	174,339,390			
Shanghai Aijian Trust Co. Ltd. – Single Fund Trust	87,303,007		A Share	87,303,007			
Account No. 1 of the NSSF	78,412,727		A Share	78,412,727			
Baosteel Group Corporation	68,818,407		A Share	68,818,407			
Description of connected relations or concerted action among the aforesaid shareholders	Fortune Investment Co., Ltd. and Baosteel Group Corporation are connected, as the former is a wholly-owned subsidiary of the latter. Shanghai Aijian Trust Co. Ltd. – Single Fund Trust is a single fund trust set up by Fortune Investment Co., Ltd. through Shanghai Aijian Trust Co. Ltd. Both parties are persons acting in concert.						
Information on the holders of preference shares with voting rights recovered and the shareholding	Not applicable						

Notes:

- As of the end of the reporting period, the Company did not issue any preferred shares.
- 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.
- 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 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.

### §3 Business Review for the Reporting Period

During the reporting period, the Company realized gross written premiums of RMB151.486 billion, representing an increase of 9.4% as compared to the same period of last year. Gross written premiums from CPIC Life amounted to RMB80.755 billion, representing an increase of 5.1% as compared to the same period of last year. Gross written premiums from CPIC Property

amounted to RMB70.664 billion, representing an increase of 14.8% as compared to the same period of last year.

### CPIC Life

During the reporting period, gross written premiums from CPIC Life amounted to RMB80.755 billion, representing an increase of 5.1% as compared to the same period of last year. In particular, premiums from new insurance policies amounted to RMB28.374 billion, while premiums from renewed policies amounted to RMB52.381 billion. The agency channel maintained its rapid growth and premiums from new insurance policies of the agency channel reached RMB13.457 billion, representing an increase of 27.7% as compared to the same period of last year.

Unit: RMB million

For nine months ended 30 September	2014	2013	Changes (%)
Gross written premiums	80,755	76,860	5.1
Agency channel	54,540	45,635	19.5
Bancassurance	19,891	26,205	(24.1)
Direct Sales <sup>note</sup>	6,324	5,020	26.0

Note: Direct sales include telemarketing and internet sales.

### CPIC Property

During the reporting period, gross written premiums from CPIC Property amounted to RMB70.664 billion, representing an increase of 14.8% as compared to the same period of last year. In particular, gross written premiums from automobile insurance amounted to RMB54.410 billion, representing an increase of 16.2% as compared to the same period of last year, while gross written premiums from non-automobile insurance amounted to RMB16.254 billion, representing an increase of 10.6% as compared to the same period of last year. Businesses from telemarketing and internet sales maintained rapid development, with premiums amounting to RMB11.617 billion, representing an increase of 17.7% as compared to the same period of last year, and premiums from cross-selling amounted to RMB2.705 billion, representing an increase of 17.3% as compared to the same period of last year. The premiums from telemarketing & internet sales and cross-selling accounted for 20.3% of the gross written premiums from CPIC Property.

Unit: RMB million

For nine months ended 30 September	2014	2013	Changes (%)
Gross written premiums	70,664	61,529	14.8
Auto insurance	54,410	46,836	16.2
Non-auto insurance	16,254	14,693	10.6

## Asset management business

As at 30 September 2014, assets under management of the Group amounted to RMB886.328 billion, representing an increase of 18.7% as compared to the end of last year. Among which, Group investment assets and third-party assets under management amounted to RMB764.471 billion and RMB121.857 billion, representing an increase of 14.6% and 52.6% as compared to those as at the end of last year, respectively.

Unit: RMB million

	30 September 2014	31 December 2013	Changes (%)
<b>Assets under management of the Group</b>	<b>886,328</b>	<b>746,639</b>	<b>18.7</b>
Group in-house assets	764,471	666,799	14.6
Third-party assets under management	121,857	79,840	52.6
Third-party assets under management by CPIC AMC	77,469	44,038	75.9
Assets under investment management by Changjiang Pension	44,388	35,802	24.0

## Portfolio of Group investment assets

Unit: RMB million

	30 September 2014	Share (%)	Share changes from the end of 2013 (percentage points)	Amount changes from the end of 2013 (%)
<b>Group investment assets (Total)</b>	764,471	100.0	-	14.6
<b>By investment category</b>				
Fixed income investments	655,139	85.7	0.9	15.8
– Debt securities	420,189	55.0	(1.0)	12.6
– Term deposits	161,126	21.1	(0.5)	11.6
– Debt investment plans	46,903	6.1	0.9	35.8
– Wealth management products <sup>note 1</sup>	10,189	1.3	1.1	638.3
– Other fixed income investments <sup>note 2</sup>	16,732	2.2	0.4	38.9
Equity investment	82,291	10.7	(0.6)	9.5
– Investment Funds	41,145	5.4	0.4	22.7
– Equity securities	29,075	3.8	(0.9)	(6.8)
– Wealth management products <sup>note 1</sup>	3,260	0.4	0.1	79.6
– Other equity investments <sup>note 3</sup>	8,811	1.1	(0.2)	2.6
Investment properties	6,625	0.9	(0.1)	(2.5)
Cash and cash equivalents	20,416	2.7	(0.2)	5.6
<b>By investment purpose</b>				
Financial assets at fair value through profit or loss	29,344	3.8	3.0	495.7
Available-for-sale financial assets	165,751	21.7	(4.6)	(5.5)
Held-to-maturity financial assets	304,521	39.8	0.4	15.8
Long-term equity investments	11	-	-	-
Loans and other investments <sup>note 4</sup>	264,844	34.7	1.2	18.5

Notes:

1. Wealth management products mainly include wealth management products issued by commercial banks, collective trust plans by trust firms, special asset management plans by securities firms and loans-backed securities by banks, etc.
2. Other fixed income investments include restricted statutory deposits and policy loans, etc.
3. Other equity investments include unlisted equities, etc.
4. 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 Significant changes of key financial statements items and financial indicators of the Company and reasons for such changes:

Unit: RMB million

Balance sheet items	30 September 2014	31 December 2013	Flux (%)	Main reasons for the changes
Financial assets at fair value through profit or loss	29,344	4,926	495.7	Growth in debt investments
Premium receivables	7,142	4,295	66.3	Growth in insurance business and timing difference
Interest receivables	16,548	12,003	37.9	Growth in fixed income investments
Policy loans	11,352	8,444	34.4	Growth in business
Investments classified as loans and receivables	60,549	41,320	46.5	Increase of debt investment plans and wealth management products
Restricted statutory deposits	5,380	3,600	49.4	Capital change of the subsidiary
Deferred income tax assets	1,026	3,178	(67.7)	Decrease of temporary difference of deductible taxable income
Other assets	9,760	4,409	121.4	Increase of investment fund receivable to be settled
Financial liabilities at fair value through profit or loss	4,824	-	/	Increase of such liability
Securities sold under agreements to repurchase	58,944	25,199	133.9	Increase of financing leverage
Handling charges and commission payable	2,819	1,857	51.8	Growth in insurance business and timing difference
Taxes payable	2,669	1,876	42.3	Growth in tax payable
Interest payable	442	160	176.3	Increase in interest from subordinated debt
Premium reserves	102	-	/	According to regulatory requirements, set up new account to record the accounting treatments for catastrophic risk reserve of agricultural insurance
Other liabilities	7,139	4,745	50.5	Increase of investment fund payable to be settled

Income statement items	For the nine months ended 30 September 2014	For the nine months ended 30 September 2013	Flux (%)	Main reasons for the changes
Net change in unearned premium reserves	(5,756)	(3,910)	47.2	Increase in retained premium growth
Gains from changes in fair value	672	42	1,500.0	Change in market value for financial assets at fair value through profit or loss
Foreign exchange gains/(losses)	76	(221)	(134.4)	Fluctuation of exchange rates
Surrenders	(23,402)	(14,895)	57.1	Growth in surrender
Reinsurers' share of change in insurance contract liabilities	1,103	489	125.6	Growth in insurance business ceded to reinsurers
Net change in premium reserves	(20)	-	/	According to regulatory requirements, set up new account to record the accounting treatments for catastrophic risk reserve of agricultural insurance
Impairment losses	(3,865)	(692)	458.5	Increase in impairment of investment assets

Non-operating income/expenses	80	53	50.9	Increase in non-operating income
Other comprehensive income/(loss)	7,235	(251)	(2,982.5)	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

#### 4.5 The impact on the consolidated financial statements because of adopting new accounting standards

From January to March 2014, the following accounting standards have been either issued or revised by the Ministry of Finance - Accounting Standards for Enterprises No.39 - Fair Value Measurement, Accounting Standards for Enterprises No.40 - Joint Arrangements, Accounting Standards for Enterprises No.30 - Presentation of Financial Statements, Accounting Standards for Enterprises No.9 - Employee Benefit, Accounting Standards for Enterprises No.33 - Consolidated Financial Statements, Accounting Standards for Enterprises No.2 - Long-term Equity Investments, Accounting Standards for Enterprises No.41 - Disclosure of Interests in Other Entities. Companies listed overseas are encouraged to adopt above 7 accounting standards before 1st July 2014 which is the official date for the new standards adoption. As an overseas-listed company, 6 out of above 7 accounting standards have been adopted when annual financial report of 2013 was prepared and the 7th accounting standard has been adopted when interim financial report of 2014 was prepared. Related accounting standards changes have been fully disclosed in the annual financial report of 2013 and the interim financial report of 2014 accordingly. Except new disclosures being added due to these 7 accounting standards, changes of these 7 accounting standards have no significant impact on the Group's financial position and business performance.

#### **Definitions**

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

“The Company”, “the Group”, “CPIC” or “CPIC Group”	China Pacific Insurance (Group) Co., Ltd.
“CPIC Life”	China Pacific Life Insurance Co., Ltd., a subsidiary of CPIC Group
“CPIC Property”	China Pacific Property Insurance Co., Ltd., a subsidiary of CPIC Group
“CPIC AMC”	Pacific Asset Management Co., Ltd., a subsidiary of the Company
“Changjiang Pension”	Changjiang Pension Insurance 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
“RMB”	Renminbi

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

Shanghai, China, 24 October 2014

*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 Ms. HA Erman; and the independent non-executive directors of the Company are Mr. BAI Wei, Mr. LAM Chi Kuen, Mr. ZHOU Zhonghui, Mr. GAO Shanwen and Mr. FOK Kwong Man.*



## §5 APPENDIX

### 5.1

#### CONSOLIDATED BALANCE SHEET

30 September 2014

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

in RMB million

ITEM	30 September 2014 (unaudited)	31 December 2013 (audited)
<b>ASSETS</b>		
Cash and short-term time deposits	17,327	16,561
Financial assets at fair value through profit or loss	29,344	4,926
Securities purchased under agreements to resell	2,485	2,394
Premium receivables	7,142	4,295
Due from reinsurers	3,580	3,468
Interest receivables	16,548	12,003
Reinsurers' share of unearned premium reserves	4,845	5,728
Reinsurers' share of claim reserves	5,928	5,313
Reinsurers' share of life insurance reserves	747	953
Reinsurers' share of long-term health insurance reserves	6,088	5,394
Policy loans	11,352	8,444
Term deposits	161,126	144,317
Available-for-sale financial assets	165,751	175,489
Held-to-maturity financial assets	304,521	262,942
Investments classified as loans and receivables	60,549	41,320
Long-term equity investments	11	11
Restricted statutory deposits	5,380	3,600
Investment properties	6,625	6,795
Fixed assets	8,520	8,120
Construction in progress	2,299	1,945
Intangible assets	824	966
Goodwill	962	962
Deferred income tax assets	1,026	3,178
Other assets	9,760	4,409
<b>Total assets</b>	<b>832,740</b>	<b>723,533</b>

**CONSOLIDATED BALANCE SHEET (CONTINUED)**

30 September 2014

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

in RMB million

ITEM	30 September 2014 (unaudited)	31 December 2013 (audited)
<b>LIABILITIES AND EQUITY</b>		
Financial liabilities at fair value through profit or loss	4,824	-
Securities sold under agreements to repurchase	58,944	25,199
Premium received in advance	3,658	4,886
Handling charges and commission payable	2,819	1,857
Payables to reinsurers	3,728	4,703
Salaries and welfare payable	2,239	1,962
Taxes payable	2,669	1,876
Interest payable	442	160
Claims payable	11,716	10,119
Policyholder dividends payable	15,206	13,875
Policyholders' deposits and investments	35,636	34,520
Unearned premium reserves	40,171	35,297
Claim reserves	30,835	25,315
Life insurance reserves	461,811	426,736
Long-term health insurance reserves	16,903	15,188
Premium reserves	102	-
Long-term borrowings	187	188
Subordinated debt	19,629	15,500
Deferred income tax liabilities	1,044	1,021
Other liabilities	7,139	4,745
<b>Total liabilities</b>	<b>719,702</b>	<b>623,147</b>
Issued capital	9,062	9,062
Capital reserves	68,702	61,587
Surplus reserves	3,089	3,089
Retained profits	30,629	25,294
Foreign currency translation reserves	(61)	(64)
Equity attributable to equity holders of the parent	111,421	98,968
Non-controlling interests	1,617	1,418
<b>Total equity</b>	<b>113,038</b>	<b>100,386</b>
<b>Total liabilities and equity</b>	<b>832,740</b>	<b>723,533</b>

**Gao Guofu**  
Legal Representative  
of the Company

**Pan Yanhong**  
Person in charge of  
Accounting Affairs

**Xu Zhen**  
Head of Finance  
Department

**BALANCE SHEET**  
30 September 2014

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

in RMB million

ITEM	30 September 2014 (unaudited)	31 December 2013 (audited)
<b>ASSETS</b>		
Cash and short-term time deposits	3,527	2,762
Financial assets at fair value through profit or loss	19	41
Securities purchased under agreements to resell	944	100
Interest receivables	430	493
Term deposits	3,745	6,407
Available-for-sale financial assets	18,379	16,527
Held-to-maturity financial assets	1,254	1,945
Investments classified as loans and receivables	1,130	-
Long-term equity investments	54,813	54,813
Investment properties	2,276	2,345
Fixed assets	287	325
Construction in progress	917	673
Intangible assets	65	70
Deferred income tax assets	39	284
Other assets	1,021	376
<b>Total assets</b>	<b>88,846</b>	<b>87,161</b>
<b>LIABILITIES AND EQUITY</b>		
Salaries and welfare payable	129	152
Taxes payable	88	46
Other liabilities	544	600
<b>Total liabilities</b>	<b>761</b>	<b>798</b>
Issued capital	9,062	9,062
Capital reserves	66,262	65,619
Surplus reserves	2,785	2,785
Retained profits	9,976	8,897
<b>Total equity</b>	<b>88,085</b>	<b>86,363</b>
<b>Total liabilities and equity</b>	<b>88,846</b>	<b>87,161</b>

**Gao Guofu**  
Legal Representative  
of the Company

**Pan Yanhong**  
Person in charge of  
Accounting Affairs

**Xu Zhen**  
Head of Finance  
Department

**CONSOLIDATED INCOME STATEMENT**  
For the nine months ended 30 September 2014

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

in RMB million

ITEM	For the three months from 1 July to 30 September 2014	For the nine months ended 30 September 2014	For the three months from 1 July to 30 September 2013	For the nine months ended 30 September 2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
I. Operating income	51,521	165,666	45,560	149,628
Net premiums earned	39,574	135,202	37,404	125,149
Gross written premiums	43,073	151,486	39,788	138,450
Including: Premium income assumed-in	74	116	57	107
Less: Premiums ceded to reinsurers	(3,052)	(10,528)	(2,527)	(9,391)
Net change in unearned premium reserves	(447)	(5,756)	143	(3,910)
Investment income	10,994	28,538	7,766	23,674
Gains from changes in fair value	506	672	114	42
Foreign exchange gains/(losses)	10	76	(31)	(221)
Other operating income	437	1,178	307	984
II. Operating expenses	(48,792)	(153,823)	(42,065)	(139,245)
Surrenders	(7,102)	(23,402)	(5,202)	(14,895)
Claims paid	(16,679)	(48,968)	(13,940)	(41,570)
Less: Reinsurers' share of claims paid	1,998	6,024	1,594	4,698
Change in insurance contract liabilities	(13,211)	(40,502)	(12,404)	(49,043)
Less: Reinsurers' share of change in insurance contract liabilities	1,063	1,103	316	489
Net change in premium reserves	(10)	(20)	-	-
Policyholder dividends	(1,331)	(3,584)	(1,085)	(2,897)
Reinsurance expenses	(10)	(20)	(13)	(24)
Business tax and surcharges	(1,318)	(4,175)	(1,134)	(3,616)
Handling charges and commission	(4,615)	(15,581)	(3,748)	(12,920)
General and administrative expenses	(6,712)	(19,664)	(5,970)	(17,996)
Less: Reinsurers' share of expenses	843	3,213	805	3,133
Interest expenses	(878)	(2,257)	(756)	(2,027)
Other operating expenses	(695)	(2,125)	(464)	(1,885)
Impairment losses	(135)	(3,865)	(64)	(692)
III. Operating profit	2,729	11,843	3,495	10,383
Add: Non-operating income	26	105	22	82
Less: Non-operating expenses	(11)	(25)	(9)	(29)
IV. Profit before tax	2,744	11,923	3,508	10,436
Less: Income tax	(594)	(2,814)	(852)	(2,234)
V. Net profit	2,150	9,109	2,656	8,202
Equity holders of the parent	2,112	8,960	2,617	8,081
Non-controlling interests	38	149	39	121
VI. Earnings per share				
Basic earnings per share (RMB per share)	0.23	0.99	0.29	0.89
Diluted earnings per share (RMB per share)	0.23	0.99	0.29	0.89
VII. Other comprehensive income/(loss)	3,020	7,235	1,947	(251)
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:	3,020	7,235	1,947	(251)
Available-for-sale financial assets	4,027	9,639	2,597	(320)
Exchange differences on translation of foreign operations	(1)	2	(2)	(7)
Income tax relating to available-for-sale financial assets	(1,006)	(2,406)	(648)	76

VIII. Total comprehensive income	5,170	16,344	4,603	7,951
Attributable to equity holders of the parent	5,080	16,078	4,530	7,831
Attributable to non-controlling interests	90	266	73	120

**Gao Guofu**  
Legal Representative  
of the Company

**Pan Yanhong**  
Person in charge of  
Accounting Affairs

**Xu Zhen**  
Head of Finance  
Department

## INCOME STATEMENT

For the nine months ended 30 September 2014

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

in RMB million

ITEM	For the three months from 1 July to 30 September 2014	For the nine months ended 30 September 2014	For the three months from 1 July to 30 September 2013	For the nine months ended 30 September 2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
I. Operating income	599	5,606	404	4,578
Investment income	428	5,103	267	4,305
Gains/(losses) from changes in fair value	1	4	(1)	(1)
Foreign exchange gains/(losses)	12	61	(24)	(192)
Other operating income	158	438	162	466
II. Operating expenses	(226)	(700)	(225)	(609)
Business tax and surcharges	(9)	(35)	(13)	(38)
General and administrative expenses	(188)	(500)	(189)	(496)
Interest expenses	(6)	(23)	(3)	(10)
Other operating expenses	(21)	(61)	(20)	(61)
Impairment losses	(2)	(81)	-	(4)
III. Operating profit	373	4,906	179	3,969
Add: Non-operating income	-	-	1	1
IV. Profit before tax	373	4,906	180	3,970
Less: Income tax	(86)	(202)	(42)	(92)
V. Net profit	287	4,704	138	3,878
VI. Other comprehensive income/(loss)	187	643	(68)	(136)
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Available-for-sale financial assets	249	857	(90)	(181)
Income tax relating to available-for-sale financial assets	(62)	(214)	22	45
VII. Total comprehensive income	474	5,347	70	3,742

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## CONSOLIDATED CASH FLOW STATEMENT

For the nine months ended 30 September 2014

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

in RMB million

ITEM	For the nine months ended 30 September 2014 (unaudited)	For the nine months ended 30 September 2013 (unaudited)
<b>I Cash flows from operating activities</b>		
Premiums received from direct insurance	147,324	135,392
Tax refund	384	1,327
Cash received from other operating activities	830	665
<b>Sub-total of cash inflows from operating activities</b>	<b>148,538</b>	<b>137,384</b>
Claims paid for direct insurance	(46,375)	(38,778)
Net cash paid for reinsurance business	(2,543)	(375)
Net decrease in policyholders' deposits and investments	(331)	(7,748)
Handling charges and commission paid	(14,623)	(12,113)
Policyholder dividends paid	(1,669)	(1,105)
Cash paid to and for employees	(10,278)	(8,923)
Cash paid for taxes and surcharges	(7,404)	(5,904)
Cash paid for other operating activities	(34,659)	(24,611)
<b>Sub-total of cash outflows from operating activities</b>	<b>(117,882)</b>	<b>(99,557)</b>
<b>Net cash inflow from operating activities</b>	<b>30,656</b>	<b>37,827</b>
<b>II Cash flows from investing activities</b>		
Cash received from sales and redemption of investments	139,439	99,965
Cash received from returns on investments	23,080	19,351
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	56	36
<b>Sub-total of cash inflows from investing activities</b>	<b>162,575</b>	<b>119,352</b>
Cash paid for purchase of investments	(223,029)	(156,689)
Net increase in policy loans	(2,966)	(1,989)
Net cash paid for investments in subsidiaries, associates and joint ventures	(838)	(382)
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	(1,980)	(2,433)
<b>Sub-total of cash outflows from investing activities</b>	<b>(228,813)</b>	<b>(161,493)</b>
<b>Net cash outflow from investing activities</b>	<b>(66,238)</b>	<b>(42,141)</b>
<b>III Cash flows from financing activities</b>		
Cash received from issuance of subordinated debt	4,000	-
Cash received from other financing activities	37,871	4,269
<b>Sub-total of cash inflows from financing activities</b>	<b>41,871</b>	<b>4,269</b>
Cash paid for repayment of borrowed funds	(1)	(1)
Cash paid for distribution of dividends and interest	(5,244)	(4,823)
Cash paid for other financing activities	-	(5)
<b>Sub-total of cash outflows from financing activities</b>	<b>(5,245)</b>	<b>(4,829)</b>
<b>Net cash inflows /(outflows) from financing activities</b>	<b>36,626</b>	<b>(560)</b>
<b>IV Effect of changes in foreign exchange rate on cash and cash equivalents</b>	<b>37</b>	<b>(132)</b>
<b>V Net increase /(decrease) in cash and cash equivalents</b>	<b>1,081</b>	<b>(5,006)</b>
Add: Cash and cash equivalents at beginning of period	19,335	24,990
<b>VI Cash and cash equivalents at end of period</b>	<b>20,416</b>	<b>19,984</b>

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Department

## CASH FLOW STATEMENT

For the nine months ended 30 September 2014

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

in RMB million

ITEM	For the nine months ended 30 September 2014 (unaudited)	For the nine months ended 30 September 2013 (unaudited)
<b>I Cash flows from operating activities</b>		
Cash received from other operating activities	477	508
<b>Sub-total of cash inflows from operating activities</b>	477	508
Cash paid to and for employees	(334)	(309)
Cash paid for taxes and surcharges	(168)	(67)
Cash paid for other operating activities	(113)	(267)
<b>Sub-total of cash outflows from operating activities</b>	(615)	(643)
<b>Net cash outflow from operating activities</b>	(138)	(135)
<b>II Cash flows from investing activities</b>		
Cash received from sales and redemption of investments	17,554	14,134
Cash received from returns on investment	5,096	4,129
<b>Sub-total of cash inflows from investing activities</b>	22,650	18,263
Cash paid for purchase of investments	(16,311)	(20,748)
Net cash paid for investments in subsidiaries, associates and joint ventures	(771)	(150)
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	(194)	(201)
<b>Sub-total of cash outflows from investing activities</b>	(17,276)	(21,099)
<b>Net cash inflow/(outflow) from investing activities</b>	5,374	(2,836)
<b>III Cash flows from financing activities</b>		
Cash paid for distribution of dividends and interest	(3,648)	(3,182)
Cash paid for other financing activities	-	(5)
<b>Sub-total of cash outflows from financing activities</b>	(3,648)	(3,187)
<b>Net cash outflow from financing activities</b>	(3,648)	(3,187)
<b>IV Effect of changes in foreign exchange rate on cash and cash equivalents</b>	21	(106)
<b>V Net increase/(decrease) in cash and cash equivalents</b>	1,609	(6,264)
Add: Cash and cash equivalents at beginning of period	2,862	9,550
<b>VI Cash and cash equivalents at end of period</b>	4,471	3,286

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