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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)**

### **2012 First 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 first quarter of 2012 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 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 2012 First Quarter Report of the Company was considered and approved at the 9th session of the 6th Board of Directors on 27 April 2012, which 15 directors were required to attend and 14 of them attended in person. Mr. XU Shanda, a Director, appointed Mr. XIAO Wei, a Director, to attend the meeting and vote on his behalf.
- 1.3 The financial data of the Company for the first quarter of 2012 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), 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.

## §2 Corporate Information

### 2.1 Key Accounting Data and Financial Indicators

	in RMB million		
	<b>31 March 2012</b>	31 December 2011	Variance (%)
Total assets	<b>617,930</b>	570,612	8.3
Equity <sup>Note</sup>	<b>80,784</b>	76,796	5.2
Net assets per share (RMB) <sup>Note</sup>	<b>9.39</b>	8.93	5.2
	<b>For the three months ended 31 March 2012</b>		Compare with the same period of the previous year (%)
Net cash inflow from operating activities		<b>20,742</b>	(1.9)
Net cash inflow per share from operating activities (RMB)		<b>2.41</b>	(1.9)
	<b>For the three months ended 31 March 2012</b>		Compare with the same period of the previous year (%)
Net profit <sup>Note</sup>		<b>652</b>	(81.1)
Basic earnings per share (RMB) <sup>Note</sup>		<b>0.08</b>	(81.1)
Basic earnings per share after deducting non-recurring items (RMB) <sup>Note</sup>		<b>0.08</b>	(81.1)
Diluted earnings per share (RMB) <sup>Note</sup>		<b>0.08</b>	(81.1)
Weighted average return on equity (%) <sup>Note</sup>		<b>0.8</b>	Decreased by 3.4pt
Weighted average return on equity after deducting non-recurring items (%) <sup>Note</sup>		<b>0.8</b>	Decreased by 3.4pt

*Note: attributable to equity holders of the parent*

## 2.2 Non-recurring items

in RMB million  
**For the three  
months ended  
31 March  
2012**

### Non-recurring items

Income/(loss) on disposal of non-current assets	—
Net non-operating income and expenses other than those mentioned above	(5)
Effect of income tax	—
Effect of minority interests	—
	<hr/>
Total	<u>(5)</u>

## 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: 180,727 shareholders (including 173,082 A shareholders and 7,645 H shareholders)

Shares held by top ten shareholders of tradable shares without selling restrictions

<b>Names of shareholders (full name)</b>	<b>Number of tradable shares held without selling restrictions at the end of the period</b>	<b>Types of shares</b>
HKSCC Nominees Limited	1,882,963,199	H Share
Fortune Investment Co., Ltd.	1,284,277,846	A Share
Shenergy Group Co., Ltd.	1,235,291,781	A Share
Shanghai State-Owned Assets Operation Co., Ltd.	424,099,214	A Share
Shanghai Haiyan Investment Management Company Limited	421,703,174	A Share
Parallel Investors Holdings Limited	311,824,102	H Share
Shanghai Jiushi Corporation	250,949,460	A Share
Yunnan Hongta Group Co., Ltd.	174,339,390	A Share
Carlyle Holdings Mauritius Limited	113,323,498	H Share
Account No. 1 of the National Council for Social Security Fund of the PRC	96,914,255	A Share

### **§3 Business Review for the Reporting Period**

In the first quarter of 2012, the Company realized gross written premiums of RMB49.389 billion, representing a YOY increase of 2.6%.

The gross written premiums from life insurance business amounted to RMB32.077 billion, representing a YOY decrease of 0.7%. In particular, premiums from new insurance policies amounted to RMB15.656 billion, while premiums from renewed policies amounted to RMB16.421 billion. The individual channel maintained its rapid growth and premiums from new insurance policies reached RMB4.482 billion, representing a YOY increase of 29.3%, among which the premiums from new regular insurance policies of the individual channel amounted to RMB4.272 billion.

Gross written premiums from property and casualty insurance businesses amounted to RMB17.293 billion, representing a YOY increase of 9.3%. Business of new channels maintained its rapid growth. Premiums from telemarketing amounted to RMB2.153 billion, representing a YOY increase of 173.9%, and premiums from cross-selling amounted to RMB577 million, representing a YOY increase of 34.0%. The premiums from telemarketing and cross-selling accounted for 15.8% of the gross written premiums from the property and casualty insurance business.

## §4 Significant Events

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

Applicable    Not applicable

in RMB million

<b>Balance sheet items</b>	<b>31 March 2012</b>	<b>31 December 2011</b>	<b>Flux (%)</b>	<b>Main reasons for the changes</b>
Securities purchased under agreements to resell	10	43	(76.7)	Timing difference
Premium receivables	4,784	3,074	55.6	Growth in insurance business and timing difference
Securities sold under agreements to repurchase	48,277	32,105	50.4	Growth in short-term financing business
Handling charges and commission payable	2,168	1,348	60.8	Growth in insurance business and timing difference
Payables to reinsurers	4,317	3,235	33.4	Timing difference
Salary and staff welfare payable	1,195	1,717	(30.4)	Bonus for the year of 2011 paid in 2012
Interest payable	271	75	261.3	Growth in securities sold under agreements to repurchase and subordinated debt
Other liabilities	4,405	3,316	32.8	Timing difference

<b>Income statement items</b>	<b>For the three months ended 31 March 2012</b>	<b>For the three months ended 31 March 2011</b>	<b>Flux(%)</b>	<b>Main reasons for the changes</b>
Premium income assumed-in	53	20	165.0	Growth in reinsurance business
Net change in unearned premium reserves	(1,420)	(2,319)	(38.8)	Slowdown in property and casualty insurance business growth
Investment income from associates and jointly-controlled entities	—	3	(100.0)	The jointly-controlled entity sold in 2011
Gain / (loss) from change in fair value	28	(37)	(175.7)	Decrease in market value for financial assets at fair value through profit or loss
Foreign exchange losses	(1)	(26)	(96.2)	Decrease in fluctuation of exchange rates
Other income	266	194	37.1	Increase in rental income from investment properties
Surrenders	(3,202)	(1,634)	96.0	Higher surrender rate for part of bancassurance products
Reinsurance expenses	(10)	(5)	100.0	Increase accordingly due to growth in reinsurance business
Interest expenses	(509)	(132)	285.6	Interest increase in securities sold under agreements to repurchase and subordinated debt
Impairment losses	(1,373)	(121)	1,034.7	Increase in impairment of investment assets
Non-operating income/ expenses	(5)	(2)	150.0	More increase in non-operating expenses
Other comprehensive gain/(loss)	3,393	(946)	(458.7)	Change in the fair value of available-for-sale financial assets

4.2 Progress of major events and their impacts and solutions

Applicable     Not applicable

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

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

Applicable     Not applicable

4.5 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, 27 April 2012

*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. WANG Chengran, Ms. FENG Junyuan, Mr. WU Jumin, Mr. YANG Xiangdong, Mr. ZHOU Ciming, 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. XIAO Wei and Mr. YUEN Tin Fan.*

## §5 APPENDIX

### 5.1 CONSOLIDATED BALANCE SHEET

31 March 2012

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

ITEM	in RMB million (unaudited)	
	31 March 2012 (unaudited)	31 December 2011 (audited)
<b>ASSETS</b>		
Cash and short-term time deposits	18,016	14,903
Financial assets at fair value through profit or loss	2,272	2,907
Securities purchased under agreements to resell	10	43
Premium receivables	4,784	3,074
Receivables from reinsurers	3,855	3,178
Interest receivable	11,672	11,006
Reinsurers' share of unearned premium reserves	4,262	4,201
Reinsurers' share of claim reserves	4,751	4,737
Reinsurers' share of life insurance reserves	881	849
Reinsurers' share of long-term health insurance reserves	4,549	4,331
Policy loans	4,420	4,094
Term deposits	170,223	137,373
Available-for-sale financial assets	123,713	117,592
Held-to-maturity financial assets	204,953	202,536
Investments classified as loans and receivables	32,851	32,929
Restricted statutory deposits	3,580	3,580
Investment properties	6,501	6,573
Fixed assets	5,710	5,754
Construction in progress	1,722	1,573
Intangible assets	521	557
Goodwill	962	962
Deferred income tax assets	3,989	4,980
Other assets	3,733	2,880
<b>Total assets</b>	<b>617,930</b>	<b>570,612</b>



**CONSOLIDATED BALANCE SHEET (CONTINUED)***31 March 2012*

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

<b>ITEM</b>	in RMB million (unaudited)	
	<b>31 March 2012 (unaudited)</b>	<b>31 December 2011 (audited)</b>
<b>LIABILITIES AND EQUITY</b>		
Securities sold under agreements to repurchase	<b>48,277</b>	32,105
Premium received in advance	<b>3,435</b>	4,711
Handling charges and commission payable	<b>2,168</b>	1,348
Payables to reinsurers	<b>4,317</b>	3,235
Salary and staff welfare payable	<b>1,195</b>	1,717
Taxes payable	<b>2,259</b>	1,845
Interest payable	<b>271</b>	75
Claims payable	<b>4,805</b>	3,920
Policyholder dividend payable	<b>9,787</b>	9,132
Policyholders' deposits and investments	<b>46,122</b>	47,262
Unearned premium reserves	<b>29,657</b>	28,177
Claim reserves	<b>22,152</b>	21,196
Life insurance reserves	<b>336,822</b>	314,707
Long-term health insurance reserves	<b>11,192</b>	10,851
Subordinated debt	<b>8,000</b>	8,000
Deferred income tax liabilities	<b>964</b>	960
Other liabilities	<b>4,405</b>	3,316
<b>Total liabilities</b>	<b>535,828</b>	492,557
Issued capital	<b>8,600</b>	8,600
Capital reserves	<b>51,360</b>	48,024
Surplus reserves	<b>2,234</b>	2,234
Retained profits	<b>18,645</b>	17,993
Foreign currency translation reserves	<b>(55)</b>	(55)
Equity attributable to equity holders of the parent	<b>80,784</b>	76,796
Minority interests	<b>1,318</b>	1,259
<b>Total equity</b>	<b>82,102</b>	78,055
<b>Total liabilities and equity</b>	<b>617,930</b>	570,612

**Gao Guofu**  
*Legal Representative  
of the Company*

**Gu Yue**  
*Person in charge of  
Accounting Affairs*

**Wang Ying**  
*Head of Finance  
Department*

**BALANCE SHEET***31 March 2012*

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

ITEM	in RMB million (unaudited)	
	31 March 2012 (unaudited)	31 December 2011 (audited)
<b>ASSETS</b>		
Cash and short-term time deposits	1,177	823
Financial assets at fair value through profit or loss	32	32
Interest receivable	282	320
Term deposits	10,029	10,029
Available-for-sale financial assets	4,429	4,463
Held-to-maturity financial assets	1,930	1,922
Investments classified as loans and receivables	1,200	1,199
Long-term equity investments	54,663	54,663
Investment properties	2,441	2,486
Fixed assets	462	415
Construction in progress	6	1
Intangible assets	14	16
Deferred income tax assets	244	300
Other assets	335	351
<b>Total assets</b>	<b>77,244</b>	<b>77,020</b>
<b>LIABILITIES AND EQUITY</b>		
Securities sold under agreements to repurchase	648	900
Salary and staff welfare payable	120	132
Taxes payable	59	53
Interest payable	-	1
Other liabilities	567	258
Total liabilities	1,394	1,344
Issued capital	8,600	8,600
Capital reserves	57,902	57,766
Surplus reserves	1,930	1,930
Retained profits	7,418	7,380
<b>Total equity</b>	<b>75,850</b>	<b>75,676</b>
<b>Total liabilities and equity</b>	<b>77,244</b>	<b>77,020</b>

**Gao Guofu***Legal Representative  
of the Company***Gu Yue***Person in charge of  
Accounting Affairs***Wang Ying***Head of Finance  
Department*

## 5.2 CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2012

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

ITEM	in RMB million (unaudited)	
	For the three months ended 31 March 2012 (unaudited)	For the three months ended 31 March 2011 (unaudited)
I. Operating income	49,490	47,657
Net premiums earned	44,570	42,054
Gross written premiums	49,389	48,150
Including: Premium income assumed-in	53	20
Less: Premiums ceded to reinsurers	(3,399)	(3,777)
Net change in unearned premium reserves	(1,420)	(2,319)
Investment income	4,627	5,472
Including: investment income from associates and jointly-controlled entities	-	3
(Gain)/loss from changes in fair value	28	(37)
Foreign exchange losses	(1)	(26)
Other operating income	266	194
II. Operating expense	(48,598)	(43,395)
Surrenders	(3,202)	(1,634)
Claims paid	(11,048)	(9,536)
Less: Reinsurers' share of claims paid	1,624	1,319
Change in insurance contract liabilities	(23,229)	(23,874)
Less: Reinsurers' share of change in insurance contract liabilities	262	307
Policyholder dividends	(1,028)	(844)
Reinsurance expenses	(10)	(5)
Business tax and surcharges	(1,020)	(931)
Handling charges and commission	(4,539)	(3,723)
General and administrative expenses	(5,113)	(4,352)
Less: Reinsurers' share of expenses	1,007	1,048
Interest expenses	(509)	(132)
Other operating expenses	(420)	(917)
Impairment losses	(1,373)	(121)
III. Operating profit	892	4,262
Add: Non-operating income	9	5
Less: Non-operating expenses	(14)	(7)
IV. Profit before tax	887	4,260
Less: Income tax	(233)	(763)
V. Net profit	654	3,497
Attributable to equity holders of the parent	652	3,449
Minority interests	2	48

VI. Earnings per share		
Basic earnings per share	<b>RMB0.08</b>	RMB0.40
Diluted earnings per share	<b>RMB0.08</b>	RMB0.40
VII. Other comprehensive (loss)/income	<b>3,393</b>	(946)
VIII. Total comprehensive income	<b>4,047</b>	2,551
Attributable to equity holders of the parent	<b>3,988</b>	2,521
Minority interests	<b>59</b>	30

**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 three months ended 31 March 2012

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

ITEM	in RMB million (unaudited)	
	For the three months ended 31 March 2012 (unaudited)	For the three months ended 31 March 2011 (unaudited)
I. Operating income	285	350
Investment income	179	297
Including: investment income from associates and jointly-controlled entities	—	3
Foreign exchange losses	(1)	(17)
Other operating income	107	70
II. Operating expense	(237)	(139)
Business tax and surcharges	(10)	(7)
General and administrative expenses	(125)	(111)
Interest expenses	(7)	(2)
Other operating expenses	(20)	(19)
Impairment losses	(75)	-
III. Operating profit	48	211
Add: Non-operating income	1	-
IV. Profit before tax	49	211
Less: Income tax	(11)	(40)
V. Net profit	38	171
VI. Other comprehensive income/ (loss)/ income	136	(80)
VII. Total comprehensive income	174	91

**Gao Guofu**

*Legal Representative  
of the Company*

**Gu Yue**

*Person in charge of  
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**Wang Ying**

*Head of Finance  
Department*

### 5.3 CONSOLIDATED CASH FLOW STATEMENT

For the three months ended 31 March 2012

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

ITEM	in RMB million (unaudited)	
	For the three months ended 31 March 2012 (unaudited)	For the three months ended 31 March 2011 (unaudited)
<b>I Cash flows from operating activities</b>		
Premiums received from insurance contracts	46,334	45,817
Tax refund	5	-
Cash received from other operating activities	214	126
<b>Sub-total of cash inflows from operating activities</b>	<b>46,553</b>	<b>45,943</b>
Claims paid for insurance contracts	(9,907)	(9,561)
Net cash paid for reinsurance business	(312)	(619)
Net decrease in policyholders' deposits and investments	(1,380)	(2,696)
Handling charges and commission paid	(3,775)	(3,184)
Policyholder dividends paid	(263)	(391)
Cash paid to and for employees	(3,067)	(2,572)
Cash paid for taxes and respective surcharges	(1,636)	(1,751)
Cash paid for other operating activities	(5,471)	(4,029)
<b>Sub-total of cash outflows from operating activities</b>	<b>(25,811)</b>	<b>(24,803)</b>
<b>Net cash inflow from operating activities</b>	<b>20,742</b>	<b>21,140</b>
<b>II Cash flows from investing activities</b>		
Cash received from sales and redemption of investments	20,953	27,412
Cash received from investment returns	4,965	4,537
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	12	621
<b>Sub-total of cash inflows from investing activities</b>	<b>25,930</b>	<b>32,570</b>
Cash paid for purchase of investments	(59,387)	(59,876)
Net increase in policy loans	(371)	(373)
Cash paid for acquisition of subsidiaries	-	(4,125)
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	(563)	(362)
<b>Sub-total of cash outflows from investing activities</b>	<b>(60,321)</b>	<b>(64,736)</b>
<b>Net cash outflow from investing activities</b>	<b>(34,391)</b>	<b>(32,166)</b>
<b>III Cash flows from financing activities</b>		
Cash received from capital contribution	-	53
Cash received from other financing activities	16,952	11,198
<b>Sub-total of cash inflows from financing activities</b>	<b>16,952</b>	<b>11,251</b>
Cash paid for distribution of dividends and interests	(242)	(55)
<b>Sub-total of cash outflows from financing activities</b>	<b>(242)</b>	<b>(55)</b>
<b>Net cash inflow from financing activities</b>	<b>16,710</b>	<b>11,196</b>

<b>IV Effect of changes in foreign exchange rate on cash and cash equivalents</b>	<b>(1)</b>	<b>(30)</b>
<b>V Net increase in cash and cash equivalents</b>	<b>3,060</b>	<b>140</b>
Add: Cash and cash equivalents at beginning of period	<b>14,966</b>	<b>17,560</b>
<b>VI Cash and cash equivalents at end of period</b>	<b>18,026</b>	<b>17,700</b>

**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 three months ended 31 March 2012

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

ITEM	in RMB million (unaudited)	
	For the three months ended 31 March 2012 (unaudited)	For the three months ended 31 March 2011 (unaudited)
<b>I Cash flows from operating activities</b>		
Cash received from other operating activities	210	762
<b>Sub-total of cash inflows from operating activities</b>	<b>210</b>	<b>762</b>
Cash paid to and for employees	(97)	(93)
Cash paid for taxes and respective surcharges	(5)	(5)
Cash paid for other operating activities	(36)	(34)
Sub-total of cash outflows from operating activities	(138)	(132)
<b>Net cash inflow from operating activities</b>	<b>72</b>	<b>630</b>
<b>II Cash flows from investing activities</b>		
Cash received from sales and redemption of investments	277	1,181
Cash received from investment returns	245	206
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	2	620
<b>Sub-total of cash inflows from investing activities</b>	<b>524</b>	<b>2,007</b>
Cash paid for purchase of investments	(170)	(2,716)
Net cash paid for investments in subsidiaries, associates and jointly-controlled entities	—	(4,177)
Cash paid for purchases of fixed assets, intangible assets and other long-term assets	(11)	(82)
<b>Sub-total of cash outflows from investing activities</b>	<b>(181)</b>	<b>(6,975)</b>
<b>Net cash inflow/(outflow) from investing activities</b>	<b>343</b>	<b>(4,968)</b>
<b>III Cash flows from financing activities</b>		
Cash received from capital contribution	—	—
Cash received from other financing activities	—	—
<b>Sub-total of cash inflows from financing activities</b>	<b>—</b>	<b>—</b>
Cash paid for distribution of dividends and interests	(8)	(1)
Cash paid for other financing activities	(52)	-
Sub-total of cash outflows from financing activities	(60)	(1)
<b>Net cash outflow from financing activities</b>	<b>(60)</b>	<b>(1)</b>
<b>IV Effect of changes in foreign exchange rate on cash and cash equivalents</b>	<b>(1)</b>	<b>(24)</b>
<b>V Net increase/(decrease) in cash and cash equivalents</b>	<b>354</b>	<b>(4,363)</b>
Add: Cash and cash equivalents at beginning of period	823	8,071
<b>VI Cash and cash equivalents at end of period</b>	<b>1,177</b>	<b>3,708</b>

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