



**PACIFIC CENTURY INSURANCE HOLDINGS LIMITED**  
**(盈科保險集團有限公司)\***

*(An investment holding company incorporated in Bermuda with limited liability)*

**(Stock Code: 65)**

**UNAUDITED QUARTERLY RESULTS**  
**FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2006**

- For the three months ended 30 September 2006, individual annualised first year premium (“AFYP”) increased 46.1% to HK\$153.3 million, contributed from insurance contracts of HK\$89.9 million, up 8.5%, and investment contracts of HK\$63.4 million, up 188.8% as compared with the same period last year.
- Single and first year premium increased 11.3% to HK\$82.7 million, renewal premium increased 9.4% to HK\$413.7 million and total premium increased 9.8% to HK\$496.4 million for the three months ended 30 September 2006 as compared with the same period last year.
- Key performance indicators continue to be strong.
- Unaudited consolidated profit was HK\$34.0 million (2005: HK\$19.1 million) and HK\$222.1 million (2005: HK\$8.0 million) for the three months and nine months ended 30 September 2006 respectively.

The board of directors (the “Board”) of Pacific Century Insurance Holdings Limited (the “Company”) is pleased to present the unaudited quarterly consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 30 September 2006 together with comparative figures for the corresponding period in 2005, as restated in the announcement on 24 January 2006, as follows:

**CONSOLIDATED INCOME STATEMENT**

		<b>Three months ended</b>		<b>Nine months ended</b>	
	<i>Note</i>	<b>30/9/2006</b>	<b>30/9/2005</b>	<b>30/9/2006</b>	<b>30/9/2005</b>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>CONTINUING OPERATIONS</b>					
<b>REVENUE</b>					
Turnover	1	507,176	459,871	1,440,138	1,314,031
Investment income, net gains and other income		<u>183,414</u>	<u>104,690</u>	<u>579,099</u>	<u>251,030</u>
Total revenue and gains, net		690,590	564,561	2,019,237	1,565,061
Less: Reinsurance premiums		<u>(30,795)</u>	<u>(37,294)</u>	<u>(96,496)</u>	<u>(105,672)</u>
Net revenue		<u>659,795</u>	<u>527,267</u>	<u>1,922,741</u>	<u>1,459,389</u>

<i>Note</i>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30/9/2006</b> <i>(Unaudited)</i> <i>HK\$'000</i>	<b>30/9/2005</b> <i>(Unaudited)</i> <i>HK\$'000</i>	<b>30/9/2006</b> <i>(Unaudited)</i> <i>HK\$'000</i>	<b>30/9/2005</b> <i>(Unaudited)</i> <i>HK\$'000</i>
Policyholders' benefits under insurance contracts	(173,752)	(146,582)	(498,162)	(422,107)
Policyholders' benefits under investment contracts	(24,977)	(2,893)	(29,712)	(8,494)
Agency commission and allowances	(111,724)	(101,227)	(328,754)	(258,855)
Change in deferred acquisition costs	19,276	10,831	50,506	(17,272)
Management expenses	(107,706)	(78,757)	(308,015)	(226,086)
Increase in future insurance liabilities under insurance contracts	(210,484)	(174,430)	(537,567)	(471,361)
Finance costs	<u>(11,030)</u>	<u>(11,034)</u>	<u>(32,896)</u>	<u>(34,203)</u>
<b>PROFIT BEFORE TAX</b>	39,398	23,175	238,141	21,011
Tax	<u>(5,832)</u>	<u>(4,400)</u>	<u>(17,120)</u>	<u>(13,616)</u>
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	33,566	18,775	221,021	7,395
<b>DISCONTINUED OPERATION</b>				
Profit for the period from a discontinued operation	<u>434</u>	<u>308</u>	<u>1,086</u>	<u>615</u>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS</b>	<u>34,000</u>	<u>19,083</u>	<u>222,107</u>	<u>8,010</u>
<b>INTERIM DIVIDEND</b>	<u>—</u>	<u>—</u>	<u>24,348</u>	<u>8,213</u>

<i>Note</i>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30/9/2006</b> <i>(Unaudited)</i> <i>HK\$'000</i>	<b>30/9/2005</b> <i>(Unaudited)</i> <i>HK\$'000</i>	<b>30/9/2006</b> <i>(Unaudited)</i> <i>HK\$'000</i>	<b>30/9/2005</b> <i>(Unaudited)</i> <i>HK\$'000</i>
<b>EARNINGS PER SHARE</b>				
<b>ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS</b>				
<b>Basic</b>				
- For profit for the period	<u>HK4.20cents</u>	<u>HK2.33cents</u>	<u>HK27.43cents</u>	<u>HK0.98cents</u>
- For profit from continuing operations	<u>HK4.14cents</u>	<u>HK2.29cents</u>	<u>HK27.30cents</u>	<u>HK0.90cents</u>
<b>Diluted</b>				
- For profit for the period	<u>HK4.14cents</u>	<u>HK2.29cents</u>	<u>HK27.02cents</u>	<u>HK0.96cents</u>
- For profit from continuing operations	<u>HK4.09cents</u>	<u>HK2.26cents</u>	<u>HK26.88cents</u>	<u>HK0.89cents</u>

## CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<b>30/9/2006</b> <i>(Unaudited)</i> <i>HK\$'000</i>	<b>31/12/2005</b> <i>(Audited)</i> <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		57,161	219,649
Investment properties		14,811	15,028
Deferred acquisition costs		1,084,656	1,037,714
Financial assets		527,677	1,016,725
Pledged deposits		<u>24,238</u>	<u>15,751</u>
Total non-current assets		<u>1,708,543</u>	<u>2,304,867</u>
<b>CURRENT ASSETS</b>			
Deferred acquisition costs		289,743	286,179
Premiums receivable		62,865	88,468
Prepayments and other debtors		207,411	210,162
Financial assets		6,367,836	5,887,859
Reinsurance assets		1,962	1,954
Properties held for sale		175,531	—
Tax recoverable		—	1,009
Cash and cash equivalents		<u>2,012,552</u>	<u>1,357,684</u>
		9,117,900	7,833,315
Assets of a disposal group classified as held for sale		<u>57,151</u>	<u>59,773</u>
Total current assets		<u>9,175,051</u>	<u>7,893,088</u>
<b>CURRENT LIABILITIES</b>			
Payable to policyholders		(151,520)	(147,520)
Accrued expenses and other creditors		(265,479)	(262,497)
Tax payable		<u>(25,083)</u>	<u>(8,988)</u>
		(442,082)	(419,005)
Liabilities directly associated with the assets classified as held for sale		<u>(17,904)</u>	<u>(21,610)</u>
Total current liabilities		<u>(459,986)</u>	<u>(440,615)</u>
<b>NET CURRENT ASSETS</b>		<u>8,715,065</u>	<u>7,452,473</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,423,608</u>	<u>9,757,340</u>

	<i>Note</i>	<b>30/9/2006</b> <i>(Unaudited)</i> HK\$'000	<b>31/12/2005</b> <i>(Audited)</i> HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Derivative financial instruments		(15,774)	(3,313)
Interest-bearing loans		(783,726)	(768,140)
Future insurance liabilities under investment contracts		(663,182)	(546,802)
Future insurance liabilities under insurance contracts		(5,604,180)	(5,050,881)
Policyholders' dividends and bonuses		<u>(869,396)</u>	<u>(771,653)</u>
Total non-current liabilities		<u>(7,936,258)</u>	<u>(7,140,789)</u>
<b>NET ASSETS</b>		<u><b>2,487,350</b></u>	<u><b>2,616,551</b></u>
<b>EQUITY</b>			
Issued capital		812,448	818,106
Reserves	2	1,674,902	1,765,721
Proposed dividends		<u>—</u>	<u>32,724</u>
<b>TOTAL EQUITY</b>		<u><b>2,487,350</b></u>	<u><b>2,616,551</b></u>

## 1. TURNOVER

Turnover represents gross premiums on insurance contracts, commissions received and receivable in respect of general insurance business conducted under agency agreements, and service fees from asset management.

An analysis of turnover is as follows:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30/9/2006</b> <i>(Unaudited)</i> HK\$'000	<b>30/9/2005</b> <i>(Unaudited)</i> HK\$'000	<b>30/9/2006</b> <i>(Unaudited)</i> HK\$'000	<b>30/9/2005</b> <i>(Unaudited)</i> HK\$'000
<u>Turnover</u>				
Life insurance contracts				
Single premium	4,640	5,074	23,099	16,563
First year premium	77,997	69,207	216,217	178,363
Renewal premium	<u>413,723</u>	<u>378,020</u>	<u>1,176,389</u>	<u>1,096,401</u>
Gross Premium	496,360	452,301	1,415,705	1,291,327
General insurance commissions under				
agency agreements	3,560	1,573	7,652	7,170
Asset management fees	3,597	4,197	10,898	12,540
Fees on investment contracts	<u>3,659</u>	<u>1,800</u>	<u>5,883</u>	<u>2,994</u>
Attributable to continuing operations reported in the consolidated income statement	<u>507,176</u>	<u>459,871</u>	<u>1,440,138</u>	<u>1,314,031</u>

## 2. RESERVES

	30/9/2006 (Unaudited) HK\$'000	31/12/2005 (Audited) HK\$'000
Share premium account	16,329	14,462
Contributed surplus	152,178	152,178
Share option reserve	16,359	19,101
Hedging reserve	(17,681)	(937)
Available-for-sale financial assets revaluation reserve	(53,730)	187,510
Retained profits	<u>1,561,447</u>	<u>1,393,407</u>
	<u>1,674,902</u>	<u>1,765,721</u>

### Business Review

Unaudited consolidated profit was HK\$34.0 million (2005: HK\$19.1 million) and HK\$222.1 million (2005: HK\$8.0 million) for the three months and nine months ended 30 September 2006 respectively. The increase in profit was mainly due to higher investment income realised during the period. Unrealised loss reserve on available-for-sale financial assets was HK\$53.7 million as at 30 September 2006, as compared to HK\$102.2 million as at 30 June 2006 and an unrealised gain reserve of HK\$187.5 million as at 31 December 2005 respectively.

For the three months ended 30 September 2006, the Group has continued to maintain strong growth momentum and achieved 46.1% growth in individual AFYP to HK\$153.3 million. AFYP for insurance contracts increased 8.5% to HK\$89.9 million and AFYP for investment contracts increased 188.8% to HK\$63.4 million. Single and first year premiums increased 11.3% to HK\$82.7 million. Renewal premiums increased 9.4% to HK\$413.7 million. Total premiums increased 9.8% to HK\$496.4 million. Income from investment contracts was not reflected in premium income as a result of the current accounting standards.

For the nine months ended 30 September 2006, individual AFYP increased 58.0% to HK\$450.5 million. AFYP for insurance contracts increased 20.5% to HK\$247.7 million and AFYP for investment contracts increased 154.6% to HK\$202.8 million. Single and first year premiums increased 22.8% to HK\$239.3 million. Renewal premiums increased 7.3% to HK\$1,176.4 million. Total premiums increased 9.6% to HK\$1,415.7 million. Total operating expenses were HK\$1,114.1 million, 19.4% increase over 2005 arising from higher business volume. Expense ratio decreased to 111.3% as compared to 112.7% in 2005. LIMRA 13-month persistency rate was 88.7%, marginally lower than 88.8% in 2005. LIMRA 25-month persistency rate decreased to 77.8% from 79.2% in 2005. Renewal ratio remained at 100.5% as compared to 2005. Claim ratio was 88.3% as compared to 97.5% for 2005, which was better than our pricing assumption of 100%. Number of agents increased to 1,813 as compared to 1,696 at 31 December 2005. Average productivity as measured by AFYP per agent per month increased by 23.0% to HK\$28,900 as compared to the same period last year.

The Group has achieved solid growth together with strong key performance indicators, and is well-positioned to continue this momentum into the fourth quarter.

By order of the Board  
**Cheng Wan Seung, Ella**  
*Company Secretary*

Hong Kong, 13 November 2006

*\* For identification purpose only*

The directors of the Company as at the date of this announcement are as follows:

Executive Directors:

Yuen Tin Fan, Francis; Chan Ping Kan, Raymond; So Wing Hung, Peter

Non-Executive Directors:

Peter Anthony Allen; Chung Cho Yee, Mico; Feng Xiaozeng; Zheng Changyong

Independent Non-Executive Directors:

Prof. Chang Hsin Kang; Timothy George Freshwater; Wang Xianzhang; Prof. Wong Yue Chim, Richard

Please also refer to the published version of this announcement in The Standard.