

CPIC (SH601601, HK02601)
Stock Data (Ending Oct 31, 2016)

Total equity base (in million)	9,062
A-share	6,287
H-share	2,775
Total Cap (in RMB million)	264,393
A-share	189,930
H-share(in HKD million)	83,666
6-mth highest/lowest	
A-share (in RMB)	31.14/25.82
H-share (in HKD)	30.55/24.95

Investor Relations Calendar

Jan. 9-10, 2017
 UBS Great China Conference 2017
 Shanghai

Jan. 9-11, 2017
 Deutsche Bank China Summit
 Beijing

Mar. 27-31, 2017
 Credit Swiss Asian Investment
 Conference
 Hong Kong

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Premium Income (Unit: in RMB million)

Premium Income	Jan-Nov	Changes	November	Changes
-P&C	86,448	1.2%	7,966	3.8%
-Life	132,770	27.7%	6,589	2.8%

Company Updates

- **Chairman GAO Guofu attends The Asset Corporate Awards 2016 Gala (20161216)**

The event was held in Hong Kong on December 15th. Chairman GAO Guofu attended the ceremony and received the Platinum Award in Corporate Governance, Corporate Social Responsibility and Investors' Relations, a top prize in the category. Earlier, the chairman took an interview with the magazine and answered questions about the trends and dynamics of China's insurance industry, the company's development strategy, transformation progress and CSR achievements. The Asset awards in governance have been the most time-honored of their kind in Asia, well recognized in the region.

- **Mobile App for Automobile Insurance Generates Over 100 Million in Premiums for CPIC Life's Sales Force (20161208)**

The premiums generated via the automobile business mobile app (also known as Shenxing Chebao) had exceeded 100 million yuan by November 21st, and amounted to 140 million yuan from 86 thousand policies by the end of the month. In November, the app contributed a premium income of 87.86 million, with 55 thousand policies.

The rapid growth of the agency headcount means big potential for cross-sell between life and property and casualty business. Increased use of new technologies and tools will help innovate traditional operational model, re-engineer work processes and thus provide a sustained impetus to business growth.

- **Users of CPIC Life's Official Wechat Surpass 10 Million (20161129)**

The users of CPIC Life's official Wechat exceeded the mark of 10 million on November 29th, 2016. The official Wechat has been CPIC Life's largest customer self-service platform, with the number of users leading in the industry. Since its launch on October 4th, 2013, the platform has completed 520 million user interactions, with 110 service items ranging from policy inquiry and sales support to social activities and other value-added services. The Wechat number has helped to improve CPIC's customer loyalty and experience, lower the company's costs and improve its operational efficiency, widely recognized by customers, sales force, insurance peers and the media.

- **CPIC AMC Granted Qualification for Shanghai-Hong Kong Connect (20161128)**

The AMC obtained the qualification on November 23rd, which came after the Shenzhen-Hong Kong Connect qualification. The company is now working on upgrades of business processes and system to get fully prepared.

- **Changjiang Pension Qualified as Asset Manager of China's Social Pension Fund (20161206)**

On December 6th, China's National Social Security Fund Council released the roster of asset managers for outsourcing of the Social Pension Fund, with Changjiang Pension on the list. This marks CPIC's successful

participation of the first pillar of China's social security system and a milestone in the implementation of the company's pension business strategy.

Since its full integration into CPIC, Changjiang Pension has successfully transformed into an innovative organization with a diversified portfolio spanning corporate annuity business, pension and insurance asset management. As of the end of November, the company's total AuM amounted to 250 billion yuan, and reported profits for its trust type of business, the first among China's pension firms, striking a balance between volume and value.

Regulatory Updates

- **CIRC Continues to Enhance Regulation of Universal Business to Curb Irregularities (20161205)**

Recently CIRC issued a regulatory letter to Qianhai Life, imposing a moratorium on its universal business, and suspended the filing of its new products for 3 months. The regulator is closely following the rectification status of other insurers with similar issues and may roll out further regulatory measures when necessary.

Earlier this year, CIRC promulgated new rules imposing restrictions on the volume of universal business and setting forth more stringent requirements for business management in a bid to enhance regulation and curtail irregularities amid rapid growth of the universal insurance. It issued regulatory letters to 2 companies which breached the upper limits on the volume of mid-and short-term duration products (MSD products), suspending their bancassurance single-pay business. It also issued risk alerts to a total of 27 companies with a big share of MSD business in their portfolio. To curb mis-selling and irrational competition over crediting rates, the regulator also imposed a moratorium on the internet business of Qianhai and Evergrande.

- **CIRC Chairman Stresses the Importance of “A Correct Direction” for China's Insurance Industry (20161213)**

On December 13, at a meeting convened by CIRC, XIANG Junbo, chairman of the regulator, called for “adherence to the basics of insurance and properly handle the positioning and development direction of the insurance industry”. The chairman highlighted the main challenges and problems facing the industry amid its rapid development such as mismatch of assets and liabilities, aggressive investment in the form of cross-border and cross-sector M&As, acquisition of significant stakes (5% or above) of listed companies, irregularities in capital contribution or increases. The governance of some insurance companies urgently needs to be improved. The root-cause includes a lack of “proper understanding of the development patterns of insurance and financial market risks”. On the other hand, regulation also needs to be enhanced.

XIANG Junbo emphasized that investment is subordinate to insurance. In asset management, insurers should primarily focus on fixed income and

financial investment. Equity and strategic investment should be secondary. Strategic investments should primarily be equity participation.

Next, CIRC will step up investment regulation in the following 5 areas. First is the improvement of the regulatory system, including information disclosure, internal control and differentiated regulation. Second is enhanced on-site auditing. Third is increased regulation of asset-liability management such as formulation of ALM standards and assessment on a regular basis. Fourth is more stringent oversight of overseas investment to rein in reckless behaviors. CIRC will formulate qualification requirement and define the scope of industries for major overseas equity investments. Fifth is to strengthen co-ordination between regulators such as PBOC, CBRC and CSRC to prevent regulatory arbitrage and systemic risk.

CIRC will also roll out rules to ensure healthy development of the universal insurance. 1. More stringent regulations such as thresholds and business qualifications requirements for universal business, and a minimum insurance period. 2. Enhancing proportional limits for MSD products, as well as higher capital requirements under C-ROSS. 3. Lowering cost of liabilities. CIRC will be more prudent in product approval and may further cut the upper limits on pricing interest rates which require regulatory approval. 4. Enhancing stress testing.

XIANG Junbo also stressed the importance of sound governance and outlined measures to be adopted. 1. CIRC will amend Regulations on Equity Management of Insurance Companies, which will enhance screening and qualification requirement for shareholders of insurance companies. 2. CIRC will step up “penetration” in its regulation, i.e., focusing on the underlying shareholding structure and ultimate controllers. Guidelines for Insurance Company Charters will also be amended accordingly. 3. Caps on the stake of a single shareholder will be lowered. Rules on related party transactions of insurance companies will be amended accordingly. 4. CIRC will intensify auditing of the legality of capital as some shareholders do not contribute their own money. They issue financial products to raise funds, or merely “re-cycle” insurance reserves. Shareholders’ funding sources will be under more scrutiny to prevent irregularities.