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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)

OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is made pursuant to Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The announcement is attached hereof for information purpose only.

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

Hong Kong, 25 March 2019

As at the date of this announcement, the Executive Directors of the Company are Mr. KONG Qingwei and Mr. HE Qing; the Non-executive Directors of the Company are Mr. HUANG Dinan, Mr. WANG Tayu, Mr. KONG Xiangqing, Ms. SUN Xiaoning, Mr. WU Junhao and Mr. CHEN Xuanmin; and the Independent Non-executive Directors of the Company are Mr. BAI Wei, Mr. LEE Ka Sze, Carmelo, Mr. LAM Chi Kuen, Mr. ZHOU Zhonghui and Mr. GAO Shanwen.

* *Note: The appointment qualification of Mr. Huang Dinan is subject to approval by China Banking and Insurance Regulatory Commission.*

Summary of Quarterly Solvency Report

China Pacific Property Insurance Co., Ltd.

4th Quarter of 2018

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I. Basic information

(I) Registered address

South Tower, Bank of Communications Financial Building, 190 Middle Yincheng Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC

(II) Legal representative

GU Yue

(III) Business scope and territories

1. Business scope

Property insurance; liability insurance; credit and guarantee insurance; short term health insurance and casualty insurance; reinsurance of the above said insurance; insurance funds investment as approved by relevant laws and regulations; other business as approved by the CIRC.

2. Business territories

The People's Republic of China (excluding Hong Kong, Macao and Taiwan)

(IV) Ownership structure and shareholders

1. Ownership structure

Equity categories	Shares or contributed amounts (10K shares)	Percentage (%)
Domestic shares held by legal entities	1,947,000	100
Domestic shares held by natural persons		
Foreign shares		
Others		
Total	1,947,000	100

2. Top 10 shareholders

Names of shareholders	Shares held as at the end of the reporting period	Percentage of shareholding (%)
China Pacific Insurance (Group) Co., Ltd.	19,178,214,743	98.50
Shenergy Group Co., Ltd.	90,874,742	0.47
Shanghai Haiyan Investment Management Company Limited	90,620,982	0.46
Yunnan Hehe (Group) Co.,Ltd.	59,586,361	0.31
Shanghai State-owned Assets Operation Co., Ltd.	50,703,172	0.26
Total	19,470,000,000	100

(V) Controlling shareholder or de facto controller

China Pacific Insurance (Group) Co., Ltd. is the de facto controller, holding 98.5% of the Company.

(VI) Subsidiaries, joint or associate ventures

Name of companies	Number of shares (10K)	Percentage of the shareholding (%)
Ningbo Xikou Garden Hotel	386	48.20
Shanghai Binjiang-Xiangrui Investment and Construction Co., Ltd.	1,071	35.70
Anxin Agricultural Insurance Co., Ltd.	36,490	52.13
Shanghai Juche Information Technology Co., Ltd.	160	27.20
Zhongdao Automobile Assistance Co., Ltd	1,280	25.60
CPIC Euler Hermes Credit Insurance Sales Co., Ltd	2,550	51.00
Shanghai Xingongying Information Technology Co. Ltd.	20	6.81
Shanghai Heji Business Management Partnerships (LP)	50,000	99.60

(VII) Contacts for solvency information disclosure

1. Contact person: CHEN Mo
2. Tel. number: 021-33966153

II. Main indicators

Item	As at the end of this quarter/during this quarter	As at the end of last quarter/during last quarter
Core solvency margin ratio	234%	218%
Core solvency margin (10K RMB)	1,991,674	1,828,234
Comprehensive solvency margin ratio	306%	308%
Comprehensive solvency margin (10K RMB)	3,071,674	3,228,234
Latest comprehensive risks assessment	B	B
Premium income (10K RMB)	2,971,301	2,741,030
Net profit (10K RMB)	138,164	37,906
Net assets (10K RMB)	3,546,982	3,416,680

III. Actual capital

Item	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	15,995,813	15,658,537
Admitted liabilities (10K RMB)	11,432,664	10,877,554
Actual capital (10K)	4,563,149	4,780,982
Tier 1 core capital (10K RMB)	3,483,149	3,380,982
Tier 2 core capital (10K RMB)	-	-
Tier 1 supplement capital (10K RMB)	1,080,000	1,400,000
Tier 2 supplement capital (10K RMB)	-	-

IV. Required capital

Item	As at the end of this quarter	As at the end of last quarter
Required capital (10K RMB)	1,491,475	1,552,749
Required capital for quantitative risks (10K RMB)	1,513,266	1,567,008
1) Required capital for insurance risk (10K RMB)	1,136,357	1,185,182
2) Required capital for market risk (10K RMB)	319,535	343,550
3) Required capital for credit risk (10K RMB)	542,674	534,867
Required capital for control risk (10K RMB)	-21,791	-14,260
Supplement capital (10K RMB)	-	-
1) Counter-cyclical supplement capital (10K RMB)	-	-
2) Supplement capital of D-SIIs (10K RMB)	-	-
3) Supplement capital of G-SIIs (10K RMB)	-	-
4) Other supplement capital (10K RMB)	-	-

V. Comprehensive risk assessment

The Company was rated B in comprehensive risk assessment for both Q3 and Q4 of 2018.

VI. Risk management status

(I) The latest CBIRC solvency risk management assessment of the Company

In 2018, China Insurance Regulatory Commission conducted C-ROSS solvency risk management capability assessment (SAMRA) of the Company, and the result was 82.88 points: 16.73 points for risk management infrastructure and environment, 7.55 for risk management objectives and tools, 8.60 for insurance risk management, 8.32 for market risk management, 8.38 for credit risk management, 7.66 for operational risk management, 8.68 for strategic risk management, 8.28 for reputation risk management, and 8.68 for liquidity risk management.

(II) Measures taken to improve solvency risk management (if any) and the latest results in the reporting period

The Company hosted The 3rd Risk Management Forum for Property and Casualty Insurers, with 50 participants from the Finance Department of CBIRC, Shanghai Insurance Association, Shanghai Insurance Institute, Chief Risk Officers and heads of Risk Management of China's top 10 property and casualty insurance companies, a number of specialised insurance companies and reinsurance companies, as well as heads of lead sponsors of C-ROSS Phase II. The meeting focused on topics including C-ROSS Phase II, the building of risk management systems, risk management IT systems, major catastrophe risks for property and casualty insurance, risk

management of major business lines and IT systems in the context of the latest CBIRC regulations in risk management.

During the reporting quarter, the Company carried out a review of its risk management regulations, and formulated plans for upgrading of rules and policies, including, among others, rectification as per results of CBIRC 2018 SAMRA.

In the quarter, the Company continued to improve its risk management system: first, amended terms of reference of the Product Committee and issued the 2018 Guidelines for Underwriting of Short-term Credit Insurance, drafted Provisions on Management of Outstanding Claims Reserves for Non-automobile Insurance, so as to improve compliance of regulatory requirements in product development, product management, underwriting and claims management; second, issued Provisions on Risk Management of Money Laundering and Terrorism Financing to enhance the fight against such crimes; third, promulgated Provisional Regulations on Fund Management to regulate insurance fund management and mitigate relevant risks.

Besides, the Company adopted a catastrophe model for risk analysis based on the its actual business data and estimates of losses. It monitors, on a quarterly basis, risk limits and risk accumulation of catastrophes of its branches and estimated, on a preliminary basis, losses caused by Typhoon Mangkhut.

VII. Liquidity risk

(I) Liquidity risk management indicators

(1) Net cash flow

Item	During/as at the end of this quarter
Net cash flow (10K RMB)	-6,855

(2) Comprehensive current ratio

Item	Within 3 months	Within 1 year	Above one year
Comprehensive current ratio	101.5%	67.5%	200.4%

(3) Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio	244.0%	338.6%

(II) Liquidity risk analysis and mitigation

(1) Cash flows

In this quarter, net cash outflow of the Company was RMB70 million. Of this, cash inflow from primary insurance premiums reached RMB36.98 billion, up 13.8%. Cash outflows from claims payout grew by 17.3% to RMB17.28 billion. As a result, net cash outflow from business activities in this quarter increased by RMB2.34 billion from the previous quarter.

Net cash inflow from the Company's investment activities was RMB3.94 billion, mainly due to allocation in bank deposits, bonds and equity securities.

Net cash outflow from the Company's financing activities was RMB1.80 billion, mainly as a result of financial assets repurchase.

(2) Liquidity indicator analysis

The Company has allocated a certain proportion of highly liquid assets in its SAA to meet liquidity requirements. Therefore, its liquidity coverage ratio is 244.0% and 338.6% under stress scenario 1 and 2 respectively in the next quarter, enough to meet short-term cash flow requirements. The Company will continue to monitor changes to its liquidity status and enhance risk management capabilities.

VIII. Regulatory measures taken against the Company

(I) Regulatory measures taken against the company by CBIRC

None.

(II) Corrective measures taken by the Company

None.