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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.
GAO Guofu
Chairman

Shanghai, the PRC, 29 March 2017

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 Jian, Mr. WANG Chengran, Ms. SUN Xiaoning, 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. LEE Ka Sze, Carmelo, Mr. LAM Chi Kuen, Mr. ZHOU Zhonghui and Mr. GAO Shanwen.

Summary of Quarterly Solvency Report

CPIC Allianz Health Insurance Co., Ltd.

Fourth Quarter of 2016

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I. Basic information

(I) Registered address: Room 663, 6th floor, 26 Jiafeng Road, China (Shanghai)
Pilot Free Trade Zone, Shanghai, PRC

(II) Legal representative: SUNPeijian

(III) Business scope and territories

1. Business scope:

Health insurance and accident insurance denominated in RMB or foreign currencies; health insurance sponsored by the government or supplementary to state medical insurance policies; reinsurance of the above said insurance; health insurance-related distribution and consulting business; insurance funds investment as approved by relevant laws and regulations; other business as approved by the CIRC.

2. Business territories:

Shanghai, Beijing, Guangzhou

(IV) Ownership structure and shareholders:

1. Ownership structure

Equity category	Amount of shares (10K shares)	Percentage (%)
Domestic shares held by legal entities	77,051.00	77.05
Domestic shares held by natural persons	-	-
Foreign shares	22,949.00	22.95
Others	-	-
Total	100,000.00	100.00

2. Top 10 shareholders

Name of shareholders	Shares held at the end of the reporting period (10K shares)	Percentage of the shareholding at the end of the reporting period (%)
1. China Pacific Insurance (Group) Co., Ltd.	77,051.00	77.05
2. Allianz Group	22,949.00	22.95

(V) Controlling shareholder or de facto controller:

China Pacific Insurance (Group) Co., Ltd.

(VI) Subsidiary, joint or associate venture:

Company name	Number of shares held (10k shares)	Percentage of the shareholding (%)
Shanghai Proton & Heavy Ion Hospital	10000	20

(VII) Contacts for solvency information disclosure:

1. Contact person: DING Liang
2. Office number: 021-33966101

II. Main indicators

Items	At the end of this quarter	At the end of last quarter
Core solvency margin ratio	607	716
Core solvency margin surplus (10K RMB)	61,862.18	69,324.03
Comprehensive solvency margin ratio	607	716
Comprehensive solvency margin surplus (10K RMB)	61,862.18	69,324.03
The latest comprehensive risks assessment	-	-
Premium income (10K RMB)	11,770.71	11,455.28
Net profit (10K RMB)	-4,404.66	-3,309.16
Net assets (10K RMB)	77,954.43	82,637.81

III. Actual capital

Items	At the end of this quarter	At the end of last quarter
Admitted assets (10K RMB)	140,548.08	140,708.15
Admitted liabilities (10K RMB)	66,477.28	60,130.13
Actual capital (10K RMB)	74,070.80	80,578.02
Tier 1 core capital (10K RMB)	74,070.80	80,578.02
Tier 2 core capital (10K RMB)	-	-
Tier 1 supplement capital (10KRMB)	-	-
Tier 2 supplement capital (10KRMB)	-	-

IV. Required capital

Items	At the end of this quarter	At the end of last quarter
Required capital (10K RMB)	12,208.62	11,253.99
Required capital for quantitative risks (10K RMB)	11,628.36	11,253.99

1) Required capital for insurance risk (10K RMB)	10,149.23	9,346.89
2) Required capital for market risk (10K RMB)	2,195.35	3,029.96
3) Required capital for credit risk (10K RMB)	1,611.22	1,379.36
Required capital for control risk (10K RMB)	580.26	-
Supplement capital (10K RMB)	-	-
1) Counter-cyclical supplement capital (10K RMB)	-	-
2) Supplement capital of domestic SIIIs (10K RMB)	-	-
3) Supplement capital of G-SIIIs (10K RMB)	-	-
4) Other supplement capital (10K RMB)	-	-

V. Comprehensive risk assessment

The Company's comprehensive risk assessment for Q3 2016: B

The Company's comprehensive risk assessment for Q4 2016: B

VI. Risk management

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

In 2016, the Company scored 70.02 points in the onsite SARMRA risk assessment conducted by the CIRC. To be specific, we received 13.99 points for risk management infrastructure and environment, 6.77 points for risk management objectives and tools, 7.27 points for insurance risk management, 7.1 points for market risk management, 7.58 points for credit risk management, 6.58 points for operational risk management, 6.52 points for strategic risk management, 7.09 points for reputation risk management, and 7.12 points for liquidity risk management.

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

1. Development and improvement of risk management system

The Company has developed a solvency risk management system and management systems for other risk categories. In the fourth quarter of this year, the Company's C-ROSS Steering Committee discussed the results of CIRC's SARMRA assessment and the issues identified by the assessment, asking all departments to further develop and improve the risk management system in strict accordance with the CIRC's requirements and committee's arrangement.

Based on the "Comprehensive review on internal implementation of external regulatory

policies” led by CPIC Group, the Company stepped up efforts to promote the development of relevant rules, upgrade and improve internal risk control processes and enhance internal risk management capabilities. Continued progress was made in fourth quarter in the institutionalization and culture building of risk management.

2. Management process optimization

Guided by the C-ROSS, the Company integrated its core contents such as organizational structure, governance, risk reporting, daily management, information system, training and performance evaluation into its risk management framework. In the process of implementing C-ROSS projects, the Company gradually improved the roles and responsibilities of each department regarding the risk management process under normal operation environment.

Based on the experience garnered in the first year of transition, the C-ROSS Steering Committee collected the resource requirements from relevant departments, and reported them to the management and relevant departments of the Group. It strengthened the management processes and improved reporting efficiency through efficient resource allocation. At the same time, the Company was actively involved in the risk management seminars held by the Group and its risk communication platform, making full use of the Group’s risk control tools and technical teams and improving pre-event risk monitoring and risk management capability through resource sharing and close cooperation.

3. Effectiveness of policy implementation

In 2016, the Company’s priority in risk management under C-ROSS was to strengthen the implementation of risk management policies and systems. As per risk management regulations and rules, the Risk Management Department coordinated all the functional departments to improve their risk management functions and enhance the effectiveness of policy implementation, ensuring sustained and effective enforcement of all solvency risk management rules and regulations.

The Company conducted self-assessment on relevant systems and rules, requiring all

departments to review their business policies and management rules as per Article 11 of the solvency regulatory regime to address system deficiencies and loopholes, revise and improve relevant rules and ensure that the implementation requirements of relevant policies and rules are assigned to specific positions and strictly enforced in their daily work.

For rules already formulated, relevant departments provided the management with regular reports on compliance and risk management, and ensured the effectiveness of implementation by strengthening internal control, compliance and self-discipline. In addition, based on C-ROSS requirements, the Compliance Department continued to improve the identification and control of risks and the internal control manual through annual internal control and self-assessment.

In the fourth quarter, the Company's internal audit department started reviewing and assessing the running of the Company's solvency risk management system, and supervising the implementation of risk management policies, and reported the results to the Board of Directors.

VII. Liquidity risk

(I) Liquidity risk management indicators

1. Net cash flow

Items	At the end of this quarter
Net cash flow (10K RMB)	10,501.45

2. Comprehensive current ratio

Items	Within 3 months	Within one year	1-3 years	3-5 years	Above 5 years
Comprehensive current ratio	370	124	143	1,682,557	-

3. Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
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(II) Liquidity risk analysis and countermeasures

The Company enjoys positive cash flow under the baseline scenario and all stress scenarios, an indication of good liquidity.

VIII. Regulatory measures taken against the Company**(I) Regulatory measures taken against the Company by CIRC**

CIRC has not taken any regulatory measures against the Company.

(II) Corrective measures taken by the Company

None.