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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

Shanghai, the PRC, 27 August 2018

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, Mr. ZHU Keping, 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 Life Insurance Co., Ltd.

2nd 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

XU Jinghui

(III) Business scope and territories

1. Business scope

Personal insurance denominated in RMB yuan or foreign currencies including life insurance, health insurance, accident insurance, etc.; reinsurance of the above said insurance; statutory life insurance; agency and business relationship with domestic and overseas insurers and organizations, loss adjustment, claims and other business entrusted from overseas insurance organizations; insurance funds investment as prescribed by The Insurance Law and relevant laws and regulation; international insurance activities as approved; other business as approved by the CIRC.

2. Business territories

Beijing, Shanghai, Tianjin, Chongqing, Heilongjiang Province, Jilin Province, Liaoning Province, Hebei Province, Shanxi Province, Shandong Province, Anhui Province, Jiangsu Province, Zhejiang Province, Fujian Province, Jiangxi Province, Guangdong Province, Hainan Province, Guangxi Zhuang Autonomous Region, Hunan Province, Hubei Province, Henan Province, Yunnan Province, Guizhou Province, Sichuan Province, Shaanxi Province, Gansu Province, Xinjiang Uygur Autonomous Region, Ningxia Hui Autonomous Region, Inner Mongolia Autonomous Region, Qinghai Province.

(IV) Ownership structure and shareholders :

1. Ownership structure (10k shares or 10k RMB)

Equity category	Shares as at the end of the reporting period	Percentage (%)
Domestic shares held by legal entities	842,000	100
Domestic shares held by natural persons	-	-
Foreign shares	-	-
Others	-	-
Total	842,000	100

2. Top 10 shareholders (10k shares or 10k RMB)

Name of shareholders	Shares held at the end of the reporting period	Percentage of the shareholding (%)
China Pacific Insurance (Group) Co., Ltd.	827,621.84	98.292
Shenergy Group Co., Ltd.	4,597.90	0.546
Shanghai State-Owned Assets Operation Co., Ltd.	4,576.09	0.544
Shanghai Haiyan Investment Management Company Limited	3,140.45	0.373
Yunnan Hehe (Group) Co., Ltd.	2,063.72	0.245

(V) Controlling shareholder or de facto controller

China Pacific Insurance (Group) Co., Ltd. is the de facto controller, holding 98.292% of the shares of the Company.

(VI) Subsidiaries, joint or associate ventures

Company name	Number of shares held (10k shares)	Percentage of shareholding (%)
Fenghua Xikou Garden Hotel	414	51.80
Changjiang Pension Insurance Co., Ltd.	186,486	62.162
Tianjin Trophy	35,369	100
City Island Developments Limited	0.1	100
Pacific Insurance Elderly Care Investment Management Co., Ltd.	21,900	100
Shanghai Dabao Guisheng Information Technology Co.Ltd.	1,020	34
Pacific Health Management Service Co. Ltd.	3,000	100
Changjiang Pension-CHEMCHINA Infrastructure Debt Investment Schemes	2,142	71.4
Ningbo Zhilin Investment Management (LP)	241,632	90
Changjiang Pension-Sichuan Tietou Xugu High-speed Infrastructure Debt Investment Scheme	205	34.17
Changjiang Pension-Yun'nan Nengtou Infrastructure Debt Investment Scheme	2,000	89.49

Notes:

1. Changjiang Pension-CHEMCHINA Infrastructure Debt Investment Schemes, Ningbo Zhilin Investment Management (LP), Sichuan Tietou Xugu High-speed Infrastructure Debt Investment Scheme and Changjiang Pension-Yun'nan Nengtou Infrastructure Debt Investment Scheme are structured entities.
2. The Xikou Huanyuan Hotel of Fenghua was restructured into a joint stock limited company in June 2018, and was renamed the Xikou Huanyuan Hotel Co. Ltd. of Fenghua District, Ningbo.
3. Changjiang Pension Insurance Co. Ltd. received approval to increase its registered capital using surplus and undistributed profits by CBIRC in June 2018. With this, the Company owns 1.86486 billion shares of Changjiang Pension, with the shareholding percentage unchanged, at 62.162%,

(VII) Contacts for solvency information disclosure

Contact person: WANG Teng

Office number: 021-33965143

Email address: wangteng@cpic.com.cn

II. Main Indicators

Items	As at the end of this quarter/during this quarter	As at the end of last quarter/during last quarter
Core solvency margin ratio	253%	255%
Core solvency margin (10K RMB)	16,315,088	15,988,875
Comprehensive solvency margin ratio	253%	255%
Comprehensive solvency margin (10K RMB)	16,315,088	15,988,875
Latest comprehensive risks ranking	--	A
Premium income (10K RMB)	4,072,452	9,031,205
Net profit (10K RMB)	348,920	301,252
Net assets (10K RMB)	6,113,658	6,569,268

III. Actual Capital

Items	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	106,170,011	101,424,767
Admitted liabilities (10K RMB)	79,217,238	75,117,904
Actual capital (10K)	26,952,773	26,306,863
Tier 1 core capital (10K RMB)	26,952,773	26,306,863
Tier 2 core capital (10K RMB)	-	-
Tier 1 supplement capital (10K RMB)	-	-
Tier 2 supplement capital (10K RMB)	-	-

IV. Required Capital

Items	As at the end of this quarter	As at the end of last quarter
Required capital (10K RMB)	10,637,685	10,317,988
Required capital for quantitative risk (10K RMB)	10,801,325	10,476,710
1) Required capital for insurance risk (10K RMB)	3,384,419	3,175,938
2) Required capital for market risk (10K RMB)	11,066,305	10,833,380
3) Required capital for credit risk (10K RMB)	2,173,204	2,031,361
4) Diversification effect for quantitative risks (10K RMB)	2,863,285	2,697,169
5) Loss absorption effect for special-type insurance contracts (10K RMB)	2,959,318	2,866,800
Required capital for control risk (10K RMB)	(163,640)	(158,722)
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 received an A rating for both Q4 of 2017 and Q1 of 2018 at the regulator's comprehensive risk assessment.

VI. Risk Management Status

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

The Company's SARMRA score for 2017 was 83.03 points. To be specific, we received 16.12 points for risk management infrastructure and environment, 8.82 points for risk management objectives and tools, 8.36 points for insurance risk management, 8.00 points for market risk management, 8.00 points for credit risk management, 8.38 points for operational risk management, 8.96 points for strategic risk management, 8.33 points for reputation risk management, and 8.06 points for liquidity risk management.

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

The Company has achieved initial success in establishing a comprehensive risk management system, improved relevant systems and processes, and set up an internal control system consisting of three lines of defense. Based on recommendations made by the regulator's inspection team in the past 2 years, and the status of its risk control, the Company formulated the following improvement measures: first, vigorous efforts in rectification of solvency risk management. Drew up a work plan which seeks to establish risk management systems specific to branch offices, with improvement in risk KPI system and effectiveness of implementation; second, based on the best practices of the industry, comprehensively enhancing the Company's risk management expertise and management capabilities, improving the risk appetite transmission mechanism, and integrating its risk appetite system into business decision-making.

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)	8,917,800

2. Comprehensive current ratio

Item	Within 3 months
Comprehensive current ratio	149%

3. Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio		
-Company level	1978%	2231%

(II) Liquidity risk analysis and mitigation

Liquidity risk is projected to be largely manageable in the next quarter. The Company has taken the following measures to pro-actively mitigate potential liquidity risk:

1. Strengthen daily cash flow management and ensure sufficient liquidity to meet all payment obligations via cash budgeting management.
2. Assess the Company's liquidity and the impact on liquidity before making business plans, selling new products or conducting other insurance business activities.
3. Assess the Company's liquidity and investment's impact on liquidity when formulating investment strategies and plans.
4. Strengthen the management of financing activities; ensure access to financing at reasonable costs and in a timely manner to meet liquidity needs.
5. Closely monitor major events that might lead to liquidity risks, such as irregular concentration of surrenders, major maturity payments or survival benefit pay-outs, and assess their impact on liquidity in a timely manner.
6. Amended The Liquidity Risk Contingency Plan in compliance with regulatory requirements. Drafted the plan for drills in 2018 which will be finished in next quarter.

VIII. Regulatory Measures Taken Against the Company

(I) Regulatory measures taken against the Company by CBIRC

The Company head-office received a regulatory notice from the regulator in Q2 2018, but no administrative penalties.

(II) Corrective measures taken by the Company

The Company attaches great importance to rectification of deficiencies and gaps as identified during the regulatory audits. It seeks to address the root-causes of the problems so as to enhance its overall risk management capabilities. As per requirements of the CBIRC regulatory notice, it has submitted a report to the regulator on status of rectification on June 28, 2018.