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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

CPIC Allianz Health Insurance Co., Ltd.

2nd Quarter of 2018

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I. Basic information

(I) Registered address: 13th Floor, Building No. 1, 1229 Century Avenue, China
(Shanghai) Pilot Free Trade Zone, Shanghai, the PRC

(II) Legal representative: SUN Peijian

(III) Business scope and territories

1. Business scope:

Health insurance and accident insurance denominated in RMB or foreign currencies; health insurance commissioned by the government or supplementary to state medical insurance policies; reinsurance of the above said insurance ; health insurance-related agency 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, Guangdong Province, Sichuan Province

(IV) Ownership structure and shareholders:

1. Ownership structure

| Equity category | Number of shares or contributed amounts (10K shares) | Percentage (%) |
|---|---|----------------|
| Domestic shares held by legal entities | 130,986.70 | 77.05 |
| Domestic shares held by natural persons | | |
| Foreign shares | 39,013.30 | 22.95 |
| Others | | |
| Total | 170,000.00 | 100.00 |

2. Top 10 shareholders

| Name of shareholders | Shares held or amounts contributed as at the end of the reporting period (10K shares) | Percentage of the shareholding (%) |
|---|--|------------------------------------|
| 1.China Pacific Insurance (Group) Co., Ltd. | 130,986.70 | 77.05 |
| 2. Allianz Group | 39,013.30 | 22.95 |

(V) Controlling shareholder or de facto controller:

China Pacific Insurance (Group) Co., Ltd.

(VI) Subsidiaries, joint or associate ventures:

| Company name | Number of shares held (10k shares) | Percentage of the shareholding (%) |
|---|---------------------------------------|---------------------------------------|
| Shanghai Proton & Heavy Ion Hospital | 10,000 | 20 |

(VII) Contacts for solvency information disclosure

- Contact person: DING Liang
- Telephone number: 021-33966101

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 | 315 | 390 |
| Core solvency margin (10K RMB) | 78,124.24 | 86,731.71 |
| Comprehensive solvency margin ratio | 315 | 390 |
| Comprehensive solvency margin (10K RMB) | 78,124.24 | 86,731.71 |
| Latest comprehensive risks assessment | - | A |
| Premium income (10K RMB) | 60,666.33 | 65,309.35 |
| Net profit (10K RMB) | -1,733.18 | -6,266.14 |
| Net assets (10K RMB) | 121,031.57 | 122,938.00 |

III. Actual capital

| Items | As at the end of this quarter | As at the end of last quarter |
|-------------------------------------|-------------------------------|-------------------------------|
| Admitted assets (10K RMB) | 323,290.53 | 294,026.23 |
| Admitted liabilities (10K RMB) | 208,907.60 | 177,414.45 |
| Actual capital (10K RMB) | 114,382.93 | 116,612.17 |
| Tier 1 core capital (10K RMB) | 114,382.93 | 116,612.17 |
| 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) | 36,258.69 | 29,880.47 |
| Required capital for quantitative risks (10K RMB) | 36,071.12 | 29,725.89 |
| 1) Required capital for insurance risk (10K RMB) | 34,016.86 | 28,557.15 |
| 2) Required capital for market risk (10K RMB) | 3,081.05 | 2,111.76 |
| 3) Required capital for credit risk (10K RMB) | 3,117.14 | 1,374.21 |
| Required capital for control risk (10K RMB) | 187.57 | 154.57 |
| 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) | - | - |

V. Comprehensive risk assessment

Comprehensive risk assessment rating for Q4 2017: A; for Q1 2018: A.

VI. Risk management status

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

In 2017, the Company scored 78.96 points during the SARMRA risk assessment conducted by the CBIRC. To be specific, it received 14.07 points for risk management infrastructure and environment, 7.54 points for risk management objectives and tools, 8.02 points for insurance risk management, 8.00 points for market risk management, 8.00 points for credit risk management, 8.36 points for operational risk management, 8.08 points for strategic risk management, 8.22 points for reputation risk management, and 8.68 points for liquidity risk management.

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

As per Guidelines for Enterprise Risk Management of Life / Health Insurance Companies and Solvency Risk Management Regulation Standards (1-17) by CBIRC, in the 2nd quarter, the Company's Board of Directors reviewed and approved The Risk Appetite Statement, Policy on Solvency Risk Management, and rules on management of insurance risk, market risk, credit risk, operational risk, reputational risk and liquidity risk, with a clear definition of the Company's risk tolerance and an upgrade of its risk management system based on its risk exposure and risk management status. Within its Risk Appetite Framework, the Company's Executive Committee approved the 2018 Risk Limits, with detailed objectives and management requirements. All departments, in view of the 2017 SAMRA evaluation and regulator's feedback, formulated rules and processes as fell within their scope of responsibilities, with detailed management procedures and methodologies. This helped to integrate risk management into daily business management. As a result of the hard work in the first half of 2018, the solvency risk management system was updated for 2018, with further improvement of risk management effectiveness.

VII. Liquidity risk

(I) Liquidity risk management indicators

1. Net cash flow

| Items | During/as at the end of this quarter |
|-------------------------|--------------------------------------|
| Net cash flow (10K RMB) | -65,504.16 |

2. Comprehensive current ratio

| Items | Within 3 months | Within one year | 1-3 years | 3-5 years | Above 5 years |
|-----------------------------|-----------------|-----------------|-----------|-----------|---------------|
| Comprehensive current ratio | 139 | 38 | 339 | 44,288 | - |

3. Liquidity coverage ratio

| Item | Stress scenario 1 | Stress scenario 2 |
|------------------------------|-------------------|-------------------|
| Liquidity coverage ratio (%) | 4,209 | 4,004 |

(II) Liquidity risk analysis and countermeasures

The Company generated positive net cash flows under the baseline scenario and all stress scenarios, an indication of good liquidity. In Q2, the proceeds of RMB700 million from increased registered capital were invested, and the actual cash flow was still in the position range.

VIII. Regulatory measures taken against the Company

(I) Regulatory measures taken against the Company by CBIRC

CBIRC has not taken any regulatory measures against the Company.

(II) Corrective measures taken by the Company

None.