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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 Property 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

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	7.53
Shanghai Heji Business Management Partnerships (LP)	50,000	99.00

(VII) Contacts for solvency information disclosure

1. Contact person: TAO Ran
2. Tel. number: 021-33962842

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	215%	230%
Core solvency margin (10K RMB)	1,783,933	1,992,794
Comprehensive solvency margin ratio	273%	289%
Comprehensive solvency margin (10K RMB)	2,683,933	2,892,794
Latest comprehensive risks assessment	-	B
Premium income (10K RMB)	2,945,083	3,123,419
Net profit (10K RMB)	134,397	37,970
Net assets (10K RMB)	3,377,307	3,564,381

III. Actual capital

Item	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	16,264,795	15,519,608
Admitted liabilities (10K RMB)	12,025,233	11,097,909
Actual capital (10K)	4,239,561	4,421,699
Tier 1 core capital (10K RMB)	3,339,561	3,521,699
Tier 2 core capital (10K RMB)	-	-
Tier 1 supplement capital (10K RMB)	900,000	900,000
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)	1,555,628	1,528,905
Required capital for quantitative risks (10K RMB)	1,569,914	1,542,946
1) Required capital for insurance risk (10K RMB)	1,169,891	1,139,028
2) Required capital for market risk (10K RMB)	360,291	352,321
3) Required capital for credit risk (10K RMB)	547,313	557,033
Required capital for control risk (10K RMB)	(14,286)	(14,041)
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 A and B in comprehensive risk assessment for Q4 of 2017 and Q1 of 2018 respectively.

VI. Risk management status

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

As per The Notice of China Insurance Regulatory Commission on Issues Related to SARMRA Assessment in 2017 (Baojian Caikui [2017] No. 156), the SARMRA assessment in 2017 adopted the principle of differentiation. The Company was not included in the year's assessment, so the minimum capital for risk control was calculated based on the assessment result for 2016, which was 81.82 points. Of this, it received 15.66 points for risk management infrastructure and environment, 7.39 for risk management objectives and tools, 8.53 for insurance risk management, 8.34 for market risk management, 8.46 for credit risk management, 8.46 for operational risk management, 8.62 for strategic risk management, 8.24 for reputation risk management, and 8.13 for liquidity risk management.

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

During the quarter, to improve its solvency risk management capabilities, the Company conducted a comprehensive review of the findings of the 2017 solvency risk management system audit, and made rectifications via amendments of rules and policies, improvement of operational procedures and enhancement of the IT systems.

It continued to strengthen the management system for major risks. During the reporting period, it issued the 2018 Handbook for Internal control and Compliance, Rules on Management of Non-auto Insurance Underwriting, The 2018 Guidelines of Non-auto Insurance Underwriting, Guidelines for Management of Agricultural Business, in a bid to enhance management of operational risk and insurance risk. It amended Provisions on Comprehensive Budget Management to improve the organizational structure and work procedures for budget management. It also released Regulations on Risk Reporting in order to cement the infrastructure of enterprise risk management.

The Company stepped up responses to emergencies. In the quarter, it issued an amended version of the master emergency response contingency plan, coupled with detailed plans specific to emergency types, and conducted drills for reputational risk, solvency risk, liquidity risk, asset management risk and major catastrophes.

The Company adopted a catastrophe model for risk analysis based on the its actual business data and estimates of losses. It also monitors, on a quarterly basis, risk limits and risk accumulation of catastrophes of its branches.

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)	65,720

(2) Comprehensive current ratio

Item	Within 3 months	Within 1 year	Above one year
Comprehensive current ratio	85.0%	63.3%	219.8%

(3) Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio	706.2%	355.7%

(II) Liquidity risk analysis and mitigation

(1) Cash flows

In this quarter, net cash flow of the Company was RMB660 million. Of this, cash inflow

from primary insurance premiums grew by 7.1% to RMB 29.21 billion. Cash outflows from claims payout grew by 7.8% to RMB 14.30 billion. As a result, net cash flow from business activities in this quarter increased by RMB 650 million from the previous quarter.

Net cash outflow from the Company's investment activities was RMB 4.79 billion, mainly due to allocation in bank deposits, bonds and equity securities.

Fund raising generated RMB 6.42 billion in net cash inflow in this quarter, 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 will be 706.2% and 355.7% under stress scenario 1 and 2 respectively in the next quarter, enough to meet short-term cash flow requirements.

To prevent liquidity risk, the Company attaches importance to daily cash management, with sound management of cash flows from business, investment and financing activities. This ensures sufficient liquidity for the needs of surrenders, claims and benefit pay-outs. The Company monitors its liquidity risk status and enhances its liquidity risk management capability.

VIII. Regulatory measures taken against the company

(I) Regulatory measures taken against the company by CBIRC

CBIRC hasn't taken any regulatory measures against the Company.

(II) Corrective measures taken by the company

None.