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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, 31 October 2019

*As at the date of this announcement, the Executive Director of the Company is Mr. KONG Qingwei; the Non-executive Directors of the Company are Mr. WANG Tayu, Mr. KONG Xiangqing, Ms. SUN Xiaoning, Mr. LI Qiqiang, Mr. WU Junhao, Mr. CHEN Xuanmin and Mr. HUANG Dinan; and the Independent Non-executive Directors of the Company are Mr. LEE Ka Sze, Carmelo, Mr. CHEN Jizhong, Ms. LAM Tyng Yih, Elizabeth, Mr. JIANG Xuping and Mr. GAO Shanwen.*

# Summary of Quarterly Solvency Report

**China Pacific Life Insurance Co., Ltd.**

**3<sup>rd</sup> Quarter of 2019**

## CONTENTS

<b>I. BASIC INFORMATION .....</b>	<b>1</b>
<b>II. KEY INDICATORS.....</b>	<b>3</b>
<b>III. ACTUAL CAPITAL.....</b>	<b>3</b>
<b>IV. REQUIRED CAPITAL.....</b>	<b>3</b>
<b>V. INTEGRATED RISK RATING.....</b>	<b>4</b>
<b>VI. RISK MANAGEMENT STATUS .....</b>	<b>4</b>
<b>VII. LIQUIDITY RISK.....</b>	<b>5</b>
<b>VIII. REGULATORY MEASURES TAKEN AGAINST THE COMPANY .....</b>	<b>6</b>

## **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**

PAN Yanhong

### **(III) Business scope and territories**

#### 1. Business scope

Life/health insurance denominated in RMB yuan and foreign currencies including life insurance, health insurance, personal accident insurance, etc.; reinsurance of the above said insurance; statutory life/health insurance; agency and business dealings 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 regulations; 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)

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

## 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 controlling shareholder, 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 (%)		
	Beginning of reporting period	End of reporting period	Change in amounts	Beginning of reporting period	End of reporting period	Change in percentage
Fenghua Xikou Garden Hotel	1,413	1,413	-	51.8	51.8	-
Changjiang Pension Insurance Co., Ltd.	186,486	186,486	-	62.162	62.162	-
City Island Developments Limited	0.1	0.1	-	100	100	-
Tianjin Trophy	35,369	35,369	-	100	100	-
Pacific Insurance Elderly Care Investment Management Co., Ltd.	300,000	300,000	-	100	100	-
Pacific Health Care Management Co. Ltd.	50,000	50,000	-	100	100	-
CPIC Elderly Care Industry Development (Chengdu) Co. Ltd.	51,000	51,000	-	100	100	-
CPIC Elderly Care (Hangzhou) Co. Ltd.	28000	28000	-	100	100	-
Shanghai Dabao Guisheng Information Technology Co. Ltd.	1,020	1,020	-	34	34	-
Shanghai Rui Yong Jing Property Development Co. Ltd.	983,500	983,500	-	70	70	-
Changjiang Pension-CHEMCHINA Infrastructure Debt Investment Scheme	2,142	2,142	-	71.4	71.4	-
Ningbo Zhilin Investment Management (LP)	241,632	241,632	-	90	90	-
Changjiang Pension-Sichuan Tietou Xugu High-speed Infrastructure Debt Investment Scheme	205	205	-	34.17	34.17	-
Changjiang Pension-Yun'nan Nengtou Infrastructure Debt Investment Scheme	3,565	3,565	-	93.82	93.82	-
Jiaxing Yishang Private Equity Investment Partners Enterprise (LP)	95,000	95,000	-	94.81	94.81	-

CPIC AMC Yongquan Yihao Customized Product	60,000	60,000	-	100	100	-
Guolian'An Zengfu One-year Term Open-ended Bond Security Investment Fund	500,000	500,000	-	99.8	99.8	-
Guolian'An Zengyu One-year Term Open-ended Bond Security Investment Fund	500,000	500,000	-	99.8	99.8	-

Note: Changjiang Pension-CHEMCHINA Infrastructure Debt Investment Scheme, Ningbo Zhilin Investment Management (LP), Changjiang Pension-Sichuan Tietou Xugu High-speed Infrastructure Debt Investment Scheme, Changjiang Pension-Yun'nan Nengtou Infrastructure Debt Investment Scheme, Jiaying Yishang Private Equity Investment Partners Enterprise (LP), CPIC AMC Yongquan Yihao Customized Product, Guolian'An Zengfu One-year Term Open-ended Bond Security Investment Fund and Guolian'An Zengyu One-year Term Open-ended Bond Security Investment Fund are structured entities.

## (VII) Contacts for solvency information disclosure

Contact person: WANG Teng

Office number: 021-33965143

Email address: [wangteng@cpic.com.cn](mailto: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	259%	257%
Core solvency margin (10K RMB)	21,118,505	20,037,492
Comprehensive solvency margin ratio	259%	257%
Comprehensive solvency margin (10K RMB)	21,118,505	20,037,492
Latest IRR result	-	A
Premium income (10K RMB)	4,745,195	4,557,539
Net profit (10K RMB)	537,839	795,660
Net assets (10K RMB)	7,934,582	7,326,259

## III. Actual Capital

Items	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	124,531,541	122,982,673
Admitted liabilities (10K RMB)	90,152,993	90,185,964
Actual capital (10K)	34,378,548	32,796,709
Tier 1 core capital (10K RMB)	34,378,548	32,796,709
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)	13,260,043	12,759,217

Required capital for quantitative risk (10K RMB)	13,464,023	12,955,492
1) Required capital for insurance risk (10K RMB)	4,092,002	3,980,579
2) Required capital for market risk (10K RMB)	13,775,280	13,220,994
3) Required capital for credit risk (10K RMB)	2,740,326	2,688,553
4) Diversification effect for quantitative risks (10K RMB)	3,545,044	3,455,408
5) Loss absorption effect for special-type insurance contracts (10K RMB)	3,598,541	3,479,226
Required capital for control risk (10K RMB)	(203,980)	(196,275)
Supplement capital (10K RMB)	–	–
1) Counter-cyclical supplement capital (10K RMB)	–	–
2) Supplement capital of D-SILs (10K RMB)	–	–
3) Supplement capital of G-SILs (10K RMB)	–	–
4) Other supplement capital (10K RMB)	–	–

## V. Integrated risk rating (IRR)

The Company received an A at the IRR for both Q1 and Q2 of 2019.

## VI. Risk management status

### (I) The latest regulatory 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.

In 2018, the regulator conducted no SARMRA assessment of the Company.

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

The Company attaches great importance to risk management. Although exempt from SARMRA assessment in 2018, it continued to identify gaps in solvency risk management systems and took effective remedial actions based on an analysis of regulatory findings in relation to the 2018 SARMRA assessment of its peers as well as findings of its own internal audits. Below is a summary of what was done.

First, held a risk management seminar for the 1<sup>st</sup> and 2<sup>nd</sup> lines of defense, started a review of the risk management regulations and KPI systems for 2019, communicated the plan of risk management performance evaluation for 2019.

Second, actively participated in the formulation of standards for Strategic Risk as part of the 2<sup>nd</sup> phase of C-ROSS, improved the evaluation standards as per regulatory

requirements to ensure full alignment with Infrastructure and Environment. Third, reviewed the Company's risk management organizational structure in the context of the Integrated Risk Management Initiative of the Group, optimized transmission mechanisms for Risk Tolerance Functional Limits, established methodology and drafted the plan for improvement of Risk Appetite. Fourth, initiated the study of risks relating to business management, explored the establishment of relevant monitoring systems, and finished the formulation of the metrics system for business management risks. In Q4 of 2019, the Company intends to focus on the following areas for its solvency risk management.

First, conduct communications on the latest developments of the 2<sup>nd</sup> phase of C-ROSS via the annual training program of compliance and risk management, with explicit requirements for the risk management system to cascade down to branch offices.

Second, push forward in an all-around way the review of and amendments to the risk management regulations and KPI systems for 2019 as per latest regulatory requirements and progress of the Integrated Risk Management Initiative of the Group.

Third, organize sessions to study documents of the 2<sup>nd</sup> phase of C-ROSS, subject to its progress, identify gaps and push for rectification by relevant departments based on the 2<sup>nd</sup> SARMRA self-assessment in 2019.

## 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)	5,666,415

#### 2. Comprehensive current ratio

Item	Within 3 months
Comprehensive current ratio	108%

#### 3. Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio -Company level	2,368%	2,363%

### (II) Liquidity risk analysis and mitigation

The Company has taken the following measures to pro-actively mitigate potential liquidity risk:



1. Cash budgeting management enables the company to arrange for the adjustment of cash surpluses. Cash budgeting includes: cash at hand at the beginning of the period, cash available during the period and cash required during the period, etc. Through cash budgeting, the Company knows when there is a cash deficit and can thus decide how to solve this problem, or when there is a cash surplus and can decide how to invest it in the right assets.
2. Continue to promote strategic adjustment of business structure, formulate positive and effective financial policies, guide and promote the growth of profitable business, develop protection-type business and long-term regular premium business; optimize the product mix of universal insurance and adjust the sales strategy of bancassurance participating insurance, and control the surrender risk of investment-type products.
3. Optimize asset structure, strike a balance between asset liquidity and return on investment, ensure long-term solvency, and control asset-liability ratio. Maintain good short-term solvency and strengthen the monitoring of current ratio and quick ratio.
4. Pay close attention to and regularly review and analyze the surrender situation, and rationally allocate investment assets based on the Company's cash flow level.
5. Before formulating business development plans, selling new products and suspending existing products, developing or adjusting distribution channels, formulating dividend policy for participating products and the settlement rates of universal products, or before carrying out activities such as surrender, claims settlement and policy loans, the Company shall consider the impact upon liquidity, and the corresponding impact shall be reflected in the cash flow stress test results. The Company will actively manage the asset allocation as per its actual situation to avoid liquidity risk.
6. Pay close attention to major events that might trigger liquidity risk, including abnormal concentration of surrender, expected large-scale maturity or survival payments, major claims events, large investment losses, financial crisis of important transaction counterparties, significant change to the credit rating of the Company, major negative reports, loss of key distribution channels, and other major events.

## **VIII. Regulatory Measures Taken Against the Company**

### **(I) Regulatory measures taken against the Company by CBIRC**

The Company head-office received no administrative penalties from CBIRC in Q3 2019.

### **(II) Corrective measures taken by the Company**

The Company will continue to enhance internal control, address the root-causes of risk issues, strengthen its overall compliance and risk management capabilities.