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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, 23 March 2020

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 Property Insurance Co., Ltd.

4th Quarter of 2019

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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 indemnity insurance; liability insurance; credit and guarantee insurance; short term health and personal accident 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 majority shareholder of the Company, holding 98.5% of its stake.

(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.	148	25.20
Zhongdao Automobile Assistance Co., Ltd	1,280	20.32
CPIC Euler Hermes Credit Insurance Sales Co., Ltd	2,550	51.00
Shanghai Xingongying Information Technology Co. Ltd.	20	6.29
Shanghai Heji Business Management Partnerships (LP)	50,000	99.60

(VII) Contacts for solvency information disclosure

1. Contact person: CHEN Mo
2. Tel. number: 021-33966153

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	233%	230%
Core solvency margin (10K RMB)	2,218,762	2,110,051
Comprehensive solvency margin ratio	293%	291%
Comprehensive solvency margin (10K RMB)	3,218,762	3,110,051
Latest IRR result	-	B
Premium income (10K RMB)	3,354,401	3,118,726
Net profit (10K RMB)	164,695	91,288
Net assets (10K RMB)	3,988,470	3,782,955

III. Actual capital

Item	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	16,462,839	17,032,332
Admitted liabilities (10K RMB)	11,572,798	12,297,438
Actual capital (10K RMB)	4,890,041	4,734,895
Tier 1 core capital (10K RMB)	3,890,041	3,734,895
Tier 2 core capital (10K RMB)	-	-
Tier 1 supplement capital (10K RMB)	1,000,000	1,000,000
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)	1,671,279	1,624,844
Required capital for quantitative risks (10K RMB)	1,695,697	1,648,583
1) Required capital for insurance risk (10K RMB)	1,284,532	1,236,265
2) Required capital for market risk (10K RMB)	350,532	325,111
3) Required capital for credit risk (10K RMB)	597,798	617,137
Required capital for control risk (10K RMB)	-24,418	-23,740
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. Integrated risk rating (IRR)

The Company was rated B in IRR for both Q2 and Q3 of 2019.

VI. Risk management status

(I) The latest CBIRC Solvency Aligned Risk Management Requirements and Assessment (SARMRA) of the Company

In 2018, CBIRC conducted Solvency Aligned Risk Management Requirements and Assessment (SARMRA) of the Company, and the result was 82.88 points: 16.73 points for risk management infrastructure and environment, 7.55 for risk management objectives and tools, 8.60 for insurance risk management, 8.32 for market risk management, 8.38 for credit risk management, 7.66 for operational risk management, 8.68 for strategic risk management, 8.28 for reputation risk management, and 8.68 for liquidity risk management.

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

During the quarter, the Company took the following steps to further improve the management of major risk categories and the screening of major risk events.

First, it established the Office of Related Party Transactions (RPT) to enhance RPT risk management and prevent illicit channeling of interests.

Second, it improved risk management capabilities in key areas: launched the mobile on-line platform for receivables management, helped front-line staff in collection and risk control, and improved premium collection capabilities via digital empowerment;

launched an on-line inquiry module which provides access to the actual repair records of vehicles, enhancing anti-fraud capabilities.

Third, it closely monitored developments of material adverse events such as the default of Beida Founder Group, and organized full screening of related risks in both assets and liabilities.

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)	25,881

(2) Comprehensive current ratio

Item	Within 3 months	Within 1 year	Above one year
Comprehensive current ratio	54.7%	39.5%	225.0%

(3) Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio	516.6%	270.2%

(II) Liquidity risk analysis and mitigation

(1) Cash flows

In this quarter, net cash inflow of the Company was RMB260 million. Of this, cash inflow from primary insurance premiums reached RMB41.82 billion, up 13.1%. Cash outflows from claims payout grew by 3.9% to RMB17.95 billion. Net cash flow from business activities in this quarter increased by RMB6.12 billion from the previous quarter.

Net cash inflow from the Company's investment activities was RMB160 million, mainly due to asset allocation in bank deposits, bonds and equity securities.

Net cash outflow from the Company's financing activities was RMB8.05 billion, mainly as a result of refunding 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 is 516.6% and 270.2% under stress scenario 1 and 2 respectively in the next quarter, enough to meet short-term cash flow requirements.

To mitigate liquidity risk, the Company attaches importance to daily cash flow management, coordinates cash flows from business, investment and financing activities to ensure sufficient liquidity to meet needs of surrenders, claims and other benefits payments. It will continue to monitor changes to its liquidity status and enhance risk management capabilities.

VIII. Regulatory measures taken against the Company

(I) Regulatory measures taken against the company by CBIRC

None.

(II) Corrective measures taken by the Company

None.