

CPIC (SH601601, HK02601)
Stock Data (Ending Dec 31, 2016)

Total equity base (in million)	9,062
A-share	6,287
H-share	2,775
Total Cap (in RMB million)	241,892
A-share	174,590
H-share (in HKD million)	75,064
6-mth highest/lowest	
A-share (in RMB)	31.14/25.82
H-share (in HKD)	30.55/25.30

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Investor Relations Calendar

2017.3.27-2017.3.31
 Credit Swiss Asian Investment
 Conference
 Hong Kong

2017.3.31
 CPIC 2016 Annual Results Announcement
 Shanghai

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Premium Income (Unit: in RMB million)

Premium Income	Jan-Dec	Changes	December	Changes
-P&C	96,071	1.2%	9,623	6.4%
-Life	137,362	22.3%	4,592	-0.5%

Special Report

● GAO Guofu takes interview with The Asset magazine on governance and CSR (20161216)

Cornerstone of China Pacific Insurance's Sustainable Growth: Upholding Protection as the Key Insurance Value Proposition Practice in Corporate Social Responsibility and Governance

Corporate Social Responsibility (CSR) is now a major area of interest for customers, investors and shareholders across Asia Pacific, in the light of a more volatile market and economy. Customers in this region now pay more attention to how financial institutions can promote public good and environmental protection.

China Pacific Insurance (Group) Co. (CPIC) is committed to corporate governance and shareholders' interests by consistently introducing new CSR initiatives. Thanks to its strategy of "focusing on customers' needs" and its principle of "upholding protection as the key value proposition of insurance", CPIC has already set the standard in both the insurance sector and the financial services industry at large.

In 2015, the government rolled out a host of policies to boost the insurance industry so that it can play an even more important part in China's disaster relief, social security system, financial system, social management and rural development initiatives. Benefiting from favorable government policies, in the first half of 2016, CPIC achieved solid business results amid challenging market conditions. Its operating revenue amounted to 144.7 billion yuan and net profit 6.13 billion yuan, with earnings per share reaching 0.68 yuan.

Customer First

China is seeing a growing awareness of risk protection among its citizens. In 2011, CPIC started to follow a customer-oriented transformation strategy, which, five years on, greatly improved its productivity and profitability. CPIC changed the traditional product-centric business model, by implementing the "Customer Profiling Initiative" to enhance sales and services. To improve customer interface, CPIC increased the use of new technologies spanning the whole chain of customer interaction to enhance front-end support capabilities, benefiting more than 100 million customers. To enhance customer experience, CPIC listens carefully to its customers to drive product and service innovation.

CPIC has been following the customer-oriented strategy and "upholding protection as the key insurance value proposition" to provide comprehensive insurance solutions to its clients. "Protection is the core value proposition of the insurance industry and is also the cornerstone of CSR", says Chairman Gao Guofu in an interview with The Asset. As of the first half of 2016, the group's solvency margin ratio reached 291%. Despite volatile capital markets,

CPIC still showed good financial strength, and won the trust of its customers. By the end of first half of 2016, the group's assets under management reached 1,171.62 billion yuan, 7.7% up from the previous year.

Care for the Employees

Employees are the foundation of every corporation. CPIC values its employees and strives to create a good work environment. CPIC established an integrated training system to help advance career development of its employees. The company provides employee health insurance benefits, which include one-on-one expert consultation, and a series of value-added services. In particular, CPIC organized health-care lectures and programs for its female employees.

Leveraging Fintech

With the extensive use of emerging technologies in the financial sector, financial institutions have all stepped up investment in artificial intelligence and big data. In 2015, through big data mining, modeling analysis, and visualization construction, CPIC completed the Customer Profiling Initiative in 79 branches. At the same time, based on customer segmentation, CPIC developed differentiated strategies for marketing and customer services.

Meanwhile, CPIC continues to deepen its collaboration with technology companies. In 2015, CPIC partnered with Ant Financial to leverage Ant's big data capability and CPIC's expertise in insurance products and services. A CPIC-Huawei new technology application laboratory has also been set up. The innovation platform seeks to integrate new technologies such as big data and cloud computing with insurance services.

Mobile technology and cloud computing bolster the development of big data and serve as a new growth engine of the insurance industry, but it also poses threat to user privacy. CPIC continues to strengthen its ability to protect customer information security, through the establishment of a risk management system, an internal control compliance management system, and a security technology standard management system. CPIC also provides advocacy programs on information security to its employees. Our proprietary big data information security control platform has effectively enhanced the group's capabilities in early warning, risk detection, and responses to cyber attack, security infiltration, virus transmission and other illegal operations.

Commitment to Society and Environment

Difficulties in financing of SMEs (small and medium enterprises) have been a chronic issue for China's economy. To improve their access to financing, CPIC introduced the "micro-loan guarantee insurance" in China. Since its launch in 2009, the business has been expanded from the eastern coastal areas to more than 20 provinces and cities in the north, central and southwest regions providing risk protection for 8,117 SMEs with a total amount of 6.438 billion yuan in sum assured.

CPIC not only commits itself to boosting the real economy, but is also devoted to charity and social good. We are ready to offer a helping hand whenever disasters strike. In the Tianjin explosion in 2015, CPIC Tianjin

Branch made cash donations to children who lost their parents return to school. At the same time, CPIC is committed to the poverty reduction and actively contributes to the “Hope Primary School Initiative”. “Whenever our help is needed, we are always there,” Gao said.

Insurance companies are also playing a more important role in the efforts to tackle pollution and climate change. As early as 2008, CPIC started the feasibility study of environmental pollution liability insurance, and has since launched pilot projects across the country. CPIC now boasts a comprehensive product line-up with 71 products for both nationwide and local markets. CPIC actively responded to climate change, improved the capability of disaster prevention and mitigation, and introduced innovative weather index insurance products. CPIC also explores opportunities in clean energy. It has launched a number of green debt investment plans and bonds to channel more capital into green projects.

In 2016, CPIC celebrated its 25th birthday. In 2017, as a leading insurance group in China, CPIC will continue to uphold protection as the key insurance value proposition and implement the digitalization strategy to fulfill its corporate social responsibilities obligations.

Company Updates

- **CPIC Life’s Shanghai Branch issues first private health insurance policy funded by Individual Medical Insurance Account (20160103)**

On December 22, Shanghai’s Municipal Government issued The Circular on Voluntary Purchase of Private Medical Insurance with Social Insurance Funds by Workers & Employees. The new rule allows workers and employees in the region to pay for their private health insurance plans with funds from their individual social medical insurance account starting from January 1, 2017.

There are now 2 customized products available under the program. One is medical insurance, which reimburses 50% of “reasonable and necessary” hospitalization expenses in the designated hospitals under Shanghai’s social medical insurance scheme and Shanghai Proton & Heavy Ion Hospital. The other is a CI product with expanded coverage and a lower price. On the first day of 2017, CPIC Life’s Shanghai Branch issued the industry’s first such policy.

Next, the branch will increase the use of new technologies to integrate on-line and off-line resources and provide efficient and timely services in underwriting and claims management. CPIC Allianz Health Insurance will also be brought on board for other value-added services.

- **CPIC P/C issues the first IDI policy under the new program (20160105)**

On December 31, CPIC P/C’s Shanghai Branch issued the city’s first IDI

(Inherent Defects Insurance) policy since Shanghai launched its new IDI program which seeks to further expand coverage and penetration of the line of insurance in Shanghai. The issuance of the policy marks the end of the pilot project and the official beginning of the new program.

In July, 2016, the Shanghai Municipal Government reviewed the pilot IDI project of the previous 3 years and formulated new policies on the program, focusing on affordable housing of the entire city and the commercial residential property in Pudong New Area, while encouraging coverage for the whole commercial residential property market in Shanghai.