

CPIC (SH601601, HK02601)
Stock Data (ending April 30, 2019)

Total equity base (in million)	9,062
A-share	6,287
H-share	2,775
Total Cap (in RMB million)	304,048
A-share	227,453
H-share (in HKD million)	89,226
6-month highest/lowest	
A-share (in RMB)	39.39/27.33
H-share (in HKD)	33.90/24.60

IR Calendar

2019.6.19-20

Everbright Securities Interim Investor
 Conference
 Shenzhen

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Investor Relations Department

Tel: 021-58767282

Fax: 021-68870791

E-MAIL: ir@cpic.com.cn

Add: 40F, 190 Central Yincheng Rd.,
 Shanghai, P.R. China, 200120

Contact: Gong Zheng

Tel:021-33968661

E-MAIL: gongzheng-001@cpic.com.cn

Tel: 021-58767282

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Premium Income (Unit: in RMB million)

	January-April	Changes	April	Changes
P&C	45,689	11.74%	10,541	9.85%
Life	102,752	4.76%	9,900	13.00%

Regulatory Updates

- **CBIRC clamps down on misconduct in governance and sales, engagement in unlicensed business**

On April 13, CBIRC released an announcement on the results of the campaign against irregularities in governance and sales practice and engagement in unlicensed business by life/health insurance companies in 2018. The document highlights 15 major issues in 4 key areas, i.e., sales, distribution channels, products and business operation, with case studies in order for insurers to raise awareness of compliance. The regulator urges insurance companies to shoulder primary responsibilities in the fight against the misconduct, draw lessons from the cases of violations, identify gaps and take remedial actions; it also calls on insurers to enhance internal control, improve rules and regulations, ensure compliance, and communicate the regulatory requirements to grass-root branch offices. CBIRC warns that repeated violators will be severely punished.

- **CBIRC requires verification of data of insurance sales personnel**

On April 16, CBIRC issued The Circular on Verification of Registration Data of Sales Personnel of Insurance Companies. The document requires all insurance companies to conduct an all-around verification of information relating to their sales personnel, which shall include insurance agents of all distribution channels, and staff on formal and informal employment contracts who engage in the sales of insurance products. The campaign consists of two phases: the first being a self-review by insurance companies, which shall be finished by May 31, and the second regulatory audits on a sampling basis which shall be completed by September 30.

- **CBIRC cracks down on illegal sales of non-insurance financial products**

On April 25, CBIRC promulgated The Circular on the Ban of Illegal Sales of Non-insurance Financial Products by Insurance Companies and Insurance Personnel, which requires insurance companies and insurance intermediaries to immediately carry out a self-review of their branch offices and sales personnel, focusing on sales qualifications, product access, business quarantine, regulatory filing management and differentiated response mechanisms, and submit reports in writing to local CBIRC branches. The document also calls for establishment of an internal control system to prevent illegal sales of non-insurance products, with enhanced accountability.

Company Updates

- **CPIC launches on-line health management platform**

On April 23, the Pacific Health Management Company Limited, a subsidiary of CPIC Life, inaugurated its on-line health management service platform in Shanghai. The program, a result of collaboration with More and Huawei, is

CPIC's first "interactive" health insurance plan based on wearables and physical data.

Known as "CPIC More", the platform was built on top of data collection, data mining and operation, and seeks to provide integrated health management and insurance solutions. Through health intervention, the program will help its customers live a healthier life, and thus reduce the risk of illnesses.

Investor's Q&A

Q: Recently CBIRC issued The Circular on the participation of Credit Risk Mitigation Warranty and Credit Protection Warranty by Insurance Funds. Will you consider participating in the business? How do you control the risk?

A: The Circular allows insurance companies to participate in the business of credit risk mitigation warranty and credit protection warranty. But it also explicitly stipulates that it is only for risk hedging, which means insurance companies can only be an investor or user, not a "seller" of such instruments. It is worth noting that such instruments serve only as a guarantee of debt defaults, and will not improve the credit-worthiness of debt issuers. Investors need to consider the ability of the seller to perform on the guarantee and the level of default protection by these instruments.

At present, these instruments are mainly used for private enterprises. CPIC will maintain its prudent approach towards credit risk exposure. Decisions as to whether to use the warranty will be based on a number of factors, like compliance with regulatory requirements, improvement of infrastructure for the business and sound feasibility studies, in particular, the evaluation of risk and reward.