

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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.**

**Gao Guofu**

*Chairman*

Shanghai, the PRC, 29 August 2016

*As of the date of this announcement, the Executive Directors of the Company are Mr. GAO Guofu and Mr. HUO Lianhong; the Non-executive Directors of the Company are Mr. WANG Jian, Mr. WANG Chengran, Ms. SUN Xiaoning, Mr. WU Jumin, Mr. WU Junhao, Mr. ZHENG Anguo and Ms. HA Erman; 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.*

# Summary of Quarterly Solvency Report

**CPIC Allianz Health Insurance Co., Ltd.**

**Second Quarter of 2016**

## Contents

I. BASIC INFORMATION .....	1
II. KEY INDICATORS .....	8
III. ACTUAL CAPITAL .....	8
VI. REQUIRED CAPITAL .....	8
V. COMPREHENSIVE RISK ASSESSMENT .....	9
VI. RISK MANAGEMENT .....	9
VII. LIQUIDITY RISK.....	10
VIII. REGULATORY MEASURES TAKEN AGAINST THE COMPANY .....	11

# I. Basic information

**(1) Registered address:** Room 663, 6<sup>th</sup> floor, 26 Jiafeng Road, Shanghai Free Trade Zone, Shanghai, PRC.

**(2) Legal representative:** SUN Peijian

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

1. Business scope: Health insurance and accident insurance denominated in RMB or foreign currencies; health insurance entrusted by government and aligned with the National Health Insurance Scheme; reinsurance of the above said insurance; consultation and agency business related to health insurance, insurance funds investment as approved by relevant laws and regulations; other business as approved by the CIRC.
2. Business territories: Shanghai, Beijing

## **(4) Ownership structure and shareholders:**

### 1. Ownership structure

<b>Equity categories</b>	<b>Amount (10K shares)</b>	<b>(%) Percentage</b>
Domestic shares held by legal entities	77,051.00	77.05%
Domestic shares held by natural persons		
Foreign shares	22,949.00	22.95%
Others		
Total	100,000.00	100.00

### 2. Top 10 shareholders

<b>Name of the shareholders</b>	<b>Shares held at the end of the reporting period (10K shares)</b>	<b>Percentage of the shareholding (%)</b>
1.China Pacific	77,051.00	77.05%

Insurance (Group) Co., Ltd.		
2. Allianz Group	22,949.00	22.95%

**(5) Controlling shareholder or de facto controller: China Pacific Insurance (Group) Co., Ltd.**

**(6) Subsidiary, joint or associate venture:**

<b>Name of the company</b>	<b>Number of shares held (10k shares)</b>	<b>Percentage of the shareholding (%)</b>
Shanghai Proton & Heavy Ion Hospital	10000	20%

## (7) Contacts for solvency information disclosure:

1. Contact person: Ding Liang
2. Tel. number: 021-33966101

## II. Main indicators

Item	At the end of this quarter	At the end of last quarter
Core solvency margin	842	1,015
Core solvency margin surplus (10K RMB)	72,903.18	77,989.23
Comprehensive solvency margin ratio	842	1,015
Comprehensive solvency margin surplus (10K RMB)	72,903.18	77,989.23
The latest comprehensive risks assessment		
Premium income (10K RMB)	13,884.54	14,806.78
Net profit (10K RMB)	-2,071.39	-4,720.78
Net asset (10K RMB)	84,726.92	88,412.86

## III. Actual capital

Item	At the end of this quarter	At the end of last quarter
Admitted assets (10K RMB)	133,018.59	125,464.49
Admitted liabilities (10K RMB)	50,294.59	38,951.15
Actual capital (10K)	82,724.00	86,513.33
Tier 1 core capital (10K RMB)	82,724.00	86,513.33
Tier 2 core capital (10K RMB)		
Tier 1 supplement capital (10K RMB)		
Tier 2 supplement capital (10K RMB)		

## VI. Required capital

Item	At the end of this quarter	At the end of last quarter
Required capital (10K RMB)	9,820.83	8,524.10
Required capital for quantitative risks (10K RMB)	9,820.83	8,524.10
1) Required capital for insurance risk (10K RMB)	7,630.36	5,946.24
2) Required capital for market risk (10K RMB)	3,351.95	3,755.46

3) Required capital for credit risk (10K RMB)	1,330.78	1,219.02
Required capital for control risk (10K RMB)		
Supplement capital (10K RMB)		
1) Counter-cyclical supplement capital (10K RMB)		
2) Supplement capital of domestic SIIIs (10K RMB)		
3) Supplement capital of G-SIIIs (10K RMB)		
4) Other supplement capital (10K RMB)		

---

## V. Comprehensive risk assessment

Comprehensive risk assessment for Q1 2016: no comprehensive rating

Comprehensive risk assessment for Q2 2016: no comprehensive rating

## VI. Risk management

### (1) The latest CIRC solvency risk management assessment of the company

CIRC has not made any solvency risk management assessment of our company yet.

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

#### 1. Development and improvement of risk management systems

The company has developed a solvency risk management system and management systems for other risk categories. In the first quarter of this year, the Company's CROSS Steering Committee discussed the results of CIRC's SARMRA assessment and the problems identified by the assessment, asking all departments to complete the development of the risk management system in strict accordance with the CIRC's requirements and committee's arrangement.

This year the company will cooperate with the Group's Compliance and Risk Control Department in its "Comprehensive review on internal implementation of external regulatory policies" to promote the development of necessary rules, upgrade internal risk control processes, improve internal risk management procedures and results.

#### 2. Optimizing management processes

Guided by the CROSS, the company will integrate its core contents such as

organizational structure, governance, risk reporting, daily management, information system and training into its risk management framework. In the process of implementing CROSS projects, the company will establish roles and responsibilities of each department in the risk management process.

Based on the operating experience in the transition period in 2015, the CROSS Steering Committee has collected the resource requirements from relevant departments, and will report them to the management and relevant departments of the Group. It will strengthen the management processes and improve reporting efficiency through efficient resource allocation. At the same time, the company was actively involved in the risk management seminars held by the Group and its risk communication platform, making full use of the Group's risk control tools and technical teams, improving pre-event risk monitoring and risk management through resources sharing and cooperation.

In addition, the company will use the drill method to optimize existing risk management processes. For example, when developing the reputation risk management system, the company carried out drills for handling reputation incidents to improve the system and processes.

### 3. Effectiveness of implementation

In 2016, the company's priority in CROSS risk management is to focus on the implementation requirements related to the reinforcement of risk management policies and systems.

The company will conduct self-review on relevant systems and rules. On top of the CROSS transitional period of last year, all departments will review their business policies and management rules again as per CROSS rules to address system deficiencies and loopholes. Departments should ensure that the implementation requirements of the policies and rules are assigned to specific positions and strictly enforced in their daily work.

For rules already formulated, relevant departments will provide the management with regular reports on compliance and risk management, and ensure the effectiveness of implementation by strengthening internal control, compliance and self-discipline. In addition, based on CROSS requirements, the Compliance Department will keep improving the identification and control of risks, optimizing internal control manuals and strengthening annual internal control and



self-examination.

For the next phase, the company's internal audit department must audit and assess the company's solvency risk management system at least once a year, supervise the implementation of risk management policies and report to the Board of Directors.

## VII. Liquidity risk

### (I) Liquidity risk management indicators

#### 1. Net cash flow

Item	At the end of this quarter
Net cash flow (10K RMB)	3,719.02

#### 2. Comprehensive current ratio

Item	Within 3 months	Within one year	1-3 years	3-5 years	Above 5 years
Comprehensive current ratio	152	92	530	2,687,326	-

#### 3. Liquidity coverage

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage (%)	743	734

### (II) Liquidity risk analysis and countermeasures

The company enjoys positive cash flow under the basic scenario and all stress scenarios, indicating good liquidity.

## **VIII. Regulatory measures taken against the company**

### **(I) Regulatory measures taken against the company by CIRC**

CIRC has not taken any regulatory measures against the company.

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

None.

28 August 2016