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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

Shanghai, the PRC, 28 August 2017

As at the date of this announcement, the Executive Directors of the Company are Mr. KONG Qingwei and Mr. HUO Lianhong; the Non-executive Directors of the Company are Mr. WANG Jian, Mr. WANG Tayu, Mr. KONG Xiangqing, Mr. ZHU Keping, Ms. SUN Xiaoning, Mr. WU Junhao and Mr. CHEN Xuanmin; 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

China Pacific Property Insurance Co., Ltd.

Second Quarter of 2017

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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 insurance; liability insurance; credit and guarantee insurance; short term health insurance and casualty 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 de facto controller, holding 98.5% of the Company.

(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.	160	27.20
Zhongdao Automobile Assistance Co., Ltd	1,280	25.60
CPIC Euler Hermes Credit Insurance Sales Co., Ltd	2,550	51.00
Shanghai Xingongying Information Technology Co. Ltd.	20	7.53
Shanghai Heji Business Management Partnerships (LP)	50,000	99.00

(VII) Contacts for solvency information disclosure

1. Contact person: LUO Yanqiu
2. Tel. number: 021-33962833

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	243%	252%
Core solvency margin surplus (10K RMB)	1,951,522	2,143,371
Comprehensive solvency margin ratio	272%	280%
Comprehensive solvency margin surplus (10K RMB)	2,351,522	2,543,371
The latest comprehensive risks assessment		B
Premium income (10K RMB)	2,634,827	2,613,683
Net profit (10K RMB)	121,363	83,552
Net assets (10K RMB)	3,363,364	3,605,078

III. Actual capital

Item	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	14,268,244	13,869,233
Admitted liabilities (10K RMB)	10,552,364	9,912,858
Actual capital (10K)	3,715,881	3,956,375
Tier 1 core capital (10K RMB)	3,315,881	3,556,375
Tier 2 core capital (10K RMB)	-	-
Tier 1 supplement capital (10K RMB)	400,000	400,000
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)	1,364,359	1,413,004
Required capital for quantitative risks (10K RMB)	1,376,888	1,425,980
1) Required capital for insurance risk (10K RMB)	1,062,706	1,104,132
2) Required capital for market risk (10K RMB)	263,375	281,569
3) Required capital for credit risk (10K RMB)	474,936	476,754
Required capital for control risk (10K RMB)	(12,530)	(12,976)
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. Comprehensive risk assessment

The Company was rated A and B in comprehensive risk assessment for Q4 2016 and Q1 2017 respectively.

VI. Risk management status

(I) The latest CIRC solvency risk management assessment of the Company

According to the *Notice of China Insurance Regulatory Commission on Issues Related to SARMRA Assessment in 2017* (CIRC [2017] No. 156), the SARMRA assessment in 2017 adopted the principle of differentiated assessment. Our company was not included in the scope of this year's assessment, so we calculated the minimum capital for risk control based on our assessment result for 2016, which was 81.82 points.

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

During this quarter, following regulatory and the Group's requirements, and in order to fully implement the *Notice of China Insurance Regulatory Commission on Further Strengthening Risk Prevention and Control of Insurance Industry* (CIRC [2017] No.35) and the *Notice of China Insurance Regulatory Commission on Strengthening Supervision of Violations and Illegal Acts and Rectifying Market Chaos* (CIRC [2017] No. 40), the Company carried out special self-assessment to enhance compliance and improve comprehensive risk prevention and control, and presented self-assessment reports to the Group and submitted relevant work reports to CIRC.

In this quarter, the Company continued to improve its risk management system and set up a Working Committee on Risk and Compliance Management to coordinate risk and compliance management under the authorization of the Company's Operation and Management Committee; it also revised and issued the *CPIC P/C Strategic*

Management Implementation Plan; issued the *CPIC P/C Operation Norms for Self-Assessment of Solvency Risk Management* to standardize self assessment of solvency risk management as required by Provision 11 under SARMRA, and issued *CPIC P/C Operation Rules for C-ROSS SARMRA Assessment Rating(differentiated Regulation)* to standardize and improve the work relating to C-ROSS SARMRA assessment Rating (differentiated regulation).

We adopted a catastrophe model for risk analysis using the Company's actual business data and completed a risk limit monitoring program for our branches in this quarter.

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)	-64,576

(2) Comprehensive current ratio

Item	Within 3 months	Within 1 year	Above one year
Comprehensive current ratio	91.2%	53.7%	254.4%

(3) Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio	934.3%	479.5%

(II) Liquidity risk analysis and mitigation

(1) Cash flow

In this quarter, the net cash outflow of the Company was RMB650million, an increase of 120 million compared with the same quarter last year. Of this, cash inflow from premiums of primary insurance contracts reached RMB27.28 billion, up 12.6%, and claims payout on primary insurance contracts was RMB13.27 billion, down by 4.9%; net cash flow from business activities in this quarter amounted to RMB1.69 billion, an increase of RMB2.57 billion over the same quarter of last year.

Net cash outflow from the Company's investment activities was RMB3.37 billion in this quarter, increased by RMB2.61 billion, mainly due to re-investments of financial

assets sold for repurchase, and increased asset allocation in stocks, bonds and funds. Fund raising generated RMB1.04 billion in net cash flow in this quarter, down by 60 million over Q2 of 2016, mainly as a result of financial assets repurchase movement.

(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 will be 934.3% and 479.5% under stress scenario 1 and 2 respectively in the next quarter, enough to meet short-term cash flow requirements.

VIII. Regulatory measures taken against the company

(I) Regulatory measures taken against the company by CIRC

CIRC hasn't taken any regulatory measures against the company.

(II) Corrective measures taken by the company

None.