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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, 30 March 2018

As at the date of this announcement, the Executive Directors of the Company are Mr. KONG Qingwei and Mr. HE Qing; 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.

4th 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: TAO Ran
2. Tel. number: 021-33962842

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	240%	243%
Core solvency margin (10K RMB)	2,028,024	2,023,728
Comprehensive solvency margin ratio	267%	272%
Comprehensive solvency margin (10K RMB)	2,428,024	2,423,728
Latest comprehensive risks assessment	-	B
Premium income (10K RMB)	2,709,003	2,503,910
Net profit (10K RMB)	71,456	97,914
Net assets (10K RMB)	3,529,251	3,477,592

III. Actual capital

Item	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	14,338,496	14,260,045
Admitted liabilities (10K RMB)	10,459,652	10,425,093
Actual capital (10K)	3,878,844	3,834,952
Tier 1 core capital (10K RMB)	3,478,844	3,434,952
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)	1,450,820	1,411,224
Required capital for quantitative risks (10K RMB)	1,464,144	1,424,184
1) Required capital for insurance risk (10K RMB)	1,121,859	1,087,991
2) Required capital for market risk (10K RMB)	279,682	267,909
3) Required capital for credit risk (10K RMB)	518,942	514,228
Required capital for control risk (10K RMB)	(13,324)	(12,960)
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 Q2 and Q3 2017 respectively.

VI. Risk management status

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

As per The Notice of China Insurance Regulatory Commission on Issues Related to SARMRA Assessment in 2017 (Baojian Caikuai [2017] No. 156), the SARMRA assessment in 2017 adopted the principle of differentiation. The Company was not included in the year's assessment, so the minimum capital for risk control was calculated based on the assessment result for 2016, which was 81.82 points. Of this, it received 15.66 points for risk management infrastructure and environment, 7.39 for risk management objectives and tools, 8.53 for insurance risk management, 8.34 for market risk management, 8.46 for credit risk management, 8.46 for operational risk management, 8.62 for strategic risk management, 8.24 for reputation risk management, and 8.13 for liquidity risk management.

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

To holistically improve its solvency risk management capabilities and the framework of risk management regulations, the Company initiated a comprehensive review of relevant rules and policies, coupled with necessary amendments, based on its reality, the Group risk management regulations and the feed-back from CIRC on SAMRA assessment results. In particular, during the 4th quarter it completed the amendment

to Regulations on Enterprise Risk Management, and specific rules on the management of insurance risk, market risk, credit risk, operational risk, strategic risk, reputational risk and liquidity risk, known as the “1+7” system. The amended regulations were promulgated after being approved the Board. The amendments clearly specified the roles and responsibilities of the “3-line defense system” in the risk management organizational structure, i.e, the primary responsibilities of directly responsible departments as the 1st line of defense, coordinating responsibilities of the 2nd line of defense, and the independent internal auditing responsibility of the 3rd line of defense. The amendments also enhanced the mechanism for tiered monitoring, reporting, performance evaluation and accountability of risk management. Overall, the new system saw great improvement in its completeness and consistency.

During the quarter, the Company continued to strengthen its risk management system for major risk categories. It issued Provisional Regulations on Innovative Insurance + Futures Business for Agricultural Produce, and Regulations on Claims Management of Guarantee Insurance for Individual Borrowers, to enhance risk control of innovative business. It released Provisions on the Management of Asset Allocation to mitigate risks in investment. It enacted Rules on the Management of Clearance Levels for Users Accounts to enhance capability in operational risk management. It also revised Regulations on the Management of Receivables to mitigate credit risk.

The Company adopted a catastrophe model for risk analysis based on the its actual business data and estimates of losses. It also conducted the test-run of a risk limit monitoring and risk accumulation program for its 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)	119,541

(2) Comprehensive current ratio

Item	Within 3 months	Within 1 year	Above one year
Comprehensive current ratio	76.3%	55.3%	255.6%

(3) Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio	389.9%	459.5%

(II) Liquidity risk analysis and mitigation

(1) Cash flows

In this quarter, net cash flow of the Company was RMB -1.44 billion. Of this, cash inflow reached RMB1.2 billion. Net cash flow from business activities in this quarter increased by RMB3.7 billion from the 3rd quarter. Of this, cash inflow from primary insurance contracts increased by RMB7.0 billion, claims payout grew by RMB700 million. As a result, net cash flow from business activities in this quarter increased by 12.5% compared with the same quarter of last year.

Net cash flow from the Company's investment activities was RMB -830 million, mainly due to increased cash payments for the purchase of fixed assets, intangible assets and other long-term assets.

Fund raising generated RMB-1.31 billion in net cash flow in this quarter, mainly as a result 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 will be 389.9% and 459.5% 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.