

*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.**  
**KONG Qingwei**  
*Chairman*

Hong Kong, 26 August 2019

*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 Tayu, Mr. KONG Xiangqing, Ms. SUN Xiaoning, Mr. WU Junhao, Mr. LI Qiqiang, Mr. CHEN Xuanmin and Mr. HUANG Dinan; and the Independent Nonexecutive Directors of the Company are Mr. BAI Wei, Mr. LEE Ka Sze, Carmelo, Mr. CHEN Jizhong, Ms. LAM Tyng Yhi, Elizabeth and Mr. GAO Shanwen.*

\* *Note:* The appointment of Mr. LI Qiqiang is subject to approval by China Banking and Insurance Regulatory Commission.

# Summary of Quarterly Solvency Report

**China Pacific Property Insurance Co., Ltd.**

**2<sup>nd</sup> Quarter of 2019**

## Contents

<b>I. BASIC INFORMATION .....</b>	<b>1</b>
<b>II. MAIN INDICATORS .....</b>	<b>2</b>
<b>III. ACTUAL CAPITAL .....</b>	<b>2</b>
<b>IV. REQUIRED CAPITAL .....</b>	<b>3</b>
<b>V. INTEGRATED RISK RATING.....</b>	<b>3</b>
<b>VI. RISK MANAGEMENT STATUS .....</b>	<b>3</b>
<b>VII. LIQUIDITY RISK .....</b>	<b>4</b>
<b>VIII. REGULATORY MEASURES TAKEN AGAINST THE COMPANY .....</b>	<b>5</b>

## 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 indemnity insurance; liability insurance; credit and guarantee insurance; short term health and personal accident 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.	148	25.20
Zhongdao Automobile Assistance Co., Ltd	1,280	23.27
CPIC Euler Hermes Credit Insurance Sales Co., Ltd	2,550	51.00
Shanghai Xingongying Information Technology Co. Ltd.	20	6.44
Shanghai Heji Business Management Partnerships ( LP)	50,000	99.60

## (VII) Contacts for solvency information disclosure

1. Contact person: CHEN Mo
2. Tel. number: 021-33966153

## 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	224%	238%
Core solvency margin (10K RMB)	2,007,309	2,117,646
Comprehensive solvency margin ratio	286%	304%
Comprehensive solvency margin (10K RMB)	3,007,309	3,117,646
Latest IRR result	-	B
Premium income (10K RMB)	3,306,604	3,518,135
Net profit (10K RMB)	248,950	86,095
Net assets (10K RMB)	3,676,196	3,698,269

## III. Actual capital

Item	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	16,939,400	16,726,352
Admitted liabilities (10K RMB)	12,313,540	12,079,662
Actual capital (10K)	4,625,860	4,646,691
Tier 1 core capital (10K RMB)	3,625,860	3,646,691
Tier 2 core capital (10K RMB)	-	-
Tier 1 supplement capital (10K RMB)	1,000,000	1,000,000
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)	1,618,550	1,529,044
Required capital for quantitative risks (10K RMB)	1,642,198	1,551,384
1) Required capital for insurance risk (10K RMB)	1,256,805	1,168,475
2) Required capital for market risk (10K RMB)	317,141	305,821
3) Required capital for credit risk (10K RMB)	580,974	572,851
Required capital for control risk (10K RMB)	-23,648	-22,340
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. Integrated risk rating (IRR)

The Company was rated B in IRR for both Q4 of 2018 and Q1 of 2019.

#### VI. Risk management status

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

In 2018, CBIRC conducted Solvency Aligned Risk Management Requirements and Assessment (SAMRA) of the Company, and the result was 82.88 points: 16.73 points for risk management infrastructure and environment, 7.55 for risk management objectives and tools, 8.60 for insurance risk management, 8.32 for market risk management, 8.38 for credit risk management, 7.66 for operational risk management, 8.68 for strategic risk management, 8.28 for reputation risk management, and 8.68 for liquidity risk management.

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

During the quarter, the Company took the following steps to further improve risk management systems, objectives and tools, management of major risk categories and risk management culture.

First, it focused on enhancing the risk control capability of grass-root branches, issued Provisional Regulations on Risk Management of Key Sub-branches, seeking to improve risk management of key sub-branches in three lines of defense, risk management departments and personnel, risk management measures, performance evaluation & incentives and penalties, and risk management culture, and to put in place long-term mechanisms for better control control.

Second, it improved Risk Appetite Framework (RAF), established industry leading risk appetite transmission models of quantitative indicators of insurance, market and credit risks, completed amendment to the RAF. In particular, the Risk Appetite Statement was incorporated into the Company's strategic transformation objectives. Risk Tolerance defines the Company's maximum risk exposure from various dimensions. It also clarified the concept and tiers of Risk Functional Limits and Risk Monitoring Indicators, which covered all of the 8 major risk categories, and included indicators for new businesses and emerging risks.

Third, it stepped up management of major risk categories, completed the review of and amendment to risk management regulations of the 8 categories.

Fourth, it continued to foster the culture of risk management, formulated rules on compliance & risk management training, improved mechanisms of such training.

## 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)	137,179

#### (2) Comprehensive current ratio

Item	Within 3 months	Within 1 year	Above one year
Comprehensive current ratio	90.3%	67.3%	223.0%

#### (3) Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio	368.9%	364.5%

### (II) Liquidity risk analysis and mitigation

#### (1) Cash flows

In this quarter, net cash inflow of the Company was RMB1.37 billion. Net cash flow from business activities in this quarter increased by RMB3.13 billion from the previous quarter. Of this, cash inflow from primary insurance premiums reached RMB31.29 billion, up 7.1%. Cash outflows from claims payout grew by 12.0% to RMB16.01 billion.

As a result,.

Net cash inflow from the Company's investment activities was RMB3.09 billion, mainly due to asset allocation in bank deposits, bonds and equity securities.

Net cash outflow from the Company's financing activities was RMB3.43 billion, 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 is 368.9% and 364.5% under stress scenario 1 and 2 respectively in the next quarter, enough to meet short-term cash flow requirements.

To mitigate liquidity risk, the Company attaches importance to daily cash flow management, coordinates cash flows from business, investment and financing activities to ensure sufficient liquidity to meet needs of surrenders, claims and other benefits payments. It will continue to monitor changes to its liquidity status and enhance risk management capabilities.

**VIII. Regulatory measures taken against the Company**

**(I) Regulatory measures taken against the company by CBIRC**

None.

**(II) Corrective measures taken by the Company**

None.