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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*

Hong Kong, 31 October 2019

*As at the date of this announcement, the Executive Director of the Company is Mr. KONG Qingwei; the Non-executive Directors of the Company are Mr. WANG Tayu, Mr. KONG Xiangqing, Ms. SUN Xiaoning, Mr. LI Qiqiang, Mr. WU Junhao, Mr. CHEN Xuanmin and Mr. HUANG Dinan; and the Independent Non-executive Directors of the Company are Mr. LEE Ka Sze, Carmelo, Mr. CHEN Jizhong, Ms. LAM Tyng Yih, Elizabeth, Mr. JIANG Xuping and Mr. GAO Shanwen.*

# Summary of Quarterly Solvency Report

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

**3<sup>rd</sup> Quarter of 2019**

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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 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 majority shareholder of the Company, holding 98.5% of its stake.

## (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	22.07
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	230%	224%
Core solvency margin (10K RMB)	2,110,051	2,007,309
Comprehensive solvency margin ratio	291%	286%
Comprehensive solvency margin (10K RMB)	3,110,051	3,007,309
Latest IRR result	-	B
Premium income (10K RMB)	3,118,726	3,306,604
Net profit (10K RMB)	91,288	248,950
Net assets (10K RMB)	3,782,955	3,676,196

## III. Actual capital

Item	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	17,032,332	16,939,400
Admitted liabilities (10K RMB)	12,297,438	12,313,540
Actual capital (10K RMB)	4,734,895	4,625,860
Tier 1 core capital (10K RMB)	3,734,895	3,625,860
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)	1,624,844	1,618,550
Required capital for quantitative risks (10K RMB)	1,648,583	1,642,198
1) Required capital for insurance risk (10K RMB)	1,236,265	1,256,805
2) Required capital for market risk (10K RMB)	325,111	317,141
3) Required capital for credit risk (10K RMB)	617,137	580,974
Required capital for control risk (10K RMB)	-23,740	-23,648
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 Q1 and Q2 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 (SARMRA) 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 the objectives and tools of risk management systems, management of insurance risk and early-warning and screening of major risks.

First, it enhanced risk management emergency response mechanisms: formulated and issued Regulations on Emergency Reporting based on the Company's realities and Provisions on Emergency Reporting of the Banking and Insurance Industries by CBIRC, in a bid to strengthen risk prevention and mitigation, as well as reporting of emergent and unexpected incidents.

Second, it improved insurance risk management: amended business processes for reinsurance, optimized business management rules for health and import duty surety insurance in compliance with solvency risk management requirements.

Third, it stepped up early warning and screening of major risks: closely monitored developments of material adverse events such as the supply chain financial risk of Noah Group, P2P defaults which involved certain insurance companies and other risks on the credit market, and issued early warning within the organization promptly; paid close attention to risks relating to P2P loans and organized multiple campaigns for risk screening including the screening of insurance risk relating to anti-poverty micro-loans, investments on P2P platforms and financing trade.

## 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)	-106,015

#### (2) Comprehensive current ratio

Item	Within 3 months	Within 1 year	Above one year
Comprehensive current ratio	95.6%	60.4%	218.4%

#### (3) Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio	518.5%	333.8%

### (II) Liquidity risk analysis and mitigation

#### (1) Cash flows

In this quarter, net cash outflow of the Company was RMB1.06 billion. Of this, cash inflow from primary insurance premiums reached RMB31.88 billion, up 13.1%. Cash outflows from claims payout grew by 11.3% to RMB17.63 billion. Net cash flow from business activities in this quarter increased by RMB340 million from the previous quarter.

Net cash inflow from the Company's investment activities was RMB620 million, mainly

due to asset allocation in bank deposits, bonds and equity securities.

Net cash outflow from the Company's financing activities was RMB3.73 billion, mainly as a result of allocation in financial assets repurchase and payment of shareholder dividend.

**(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 518.5% and 333.8% 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.