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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, 23 March 2020

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 Solvency Report

China Pacific Insurance (Group) Co., Ltd.

2019

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I. Basic information

(1) Registered address:

1 Zhongshan Road (South), Huangpu District, Shanghai, PRC.

(2) Legal representative:

KONG Qingwei

(3) Business scope

Invest in controlling stakes of insurance companies; supervise and manage the domestic and international reinsurance business of the insurers under its control; supervise and manage the investments by the insurers under its control; participate in international insurance activities as approved.

(4) Contacts for solvency information disclosure:

Contact person: XIA Yan

Office number: 021-33963628

Email address: xiayan-008@cpic.com.cn

II. Group ownership structure and changes to member companies

Please refer to our 2019 Annual Report for detailed information.

III. Key indicators

Items	As at the end of the reporting period	As at the beginning of the reporting period
Core solvency margin ratio	288%	292%
Core solvency margin (10K RMB)	37,509,764	31,644,324
Comprehensive solvency margin ratio	295%	301%
Comprehensive solvency margin (10K RMB)	30,635,692	26,196,323

IV. Actual capital

Items	As at the end of the reporting period	As at the beginning of the reporting period
Actual capital (10K)	46,383,835	39,252,324
Tier 1 core capital (10K RMB)	45,383,835	38,172,324
Tier 2 core capital (10K RMB)	–	–
Tier 1 supplement capital (10K RMB)	1,000,000	1,080,000

V. Required capital

Items	As at the end of the reporting period	As at the beginning of the reporting period
Required capital (10K RMB)	15,748,143	13,056,001
Required capital for quantitative risks (10K RMB)	15,748,143	13,056,001
1) Required capital for parent company	-	-
2) Required capital for insurance member company	15,748,143	13,056,001
3) Required capital for banking member company	-	-
4) Required capital for securities member company	-	-
5) Required capital for trust member company	-	-
6) Required capital for quantifiable Group specific risks	-	-
7) Increase in required capital for risk diversification effect	-	-
8) Decrease in required capital for risk diversification effect	-	-
Required capital for control risk (10K RMB)	-	-
Supplement capital (10K RMB)	-	-

Note: Detailed regulations are yet to be promulgated by the CBIRC regarding the required capital for quantifiable Group specific risks, increase in required capital for risk aggregation effect, decrease in required capital for risk diversification effect, required capital for control risk, and supplement capital.

VI. Material events

During the reporting period, there was no material investment losses, no major guarantees for external parties, no financial crisis incurred by the Group's subsidiaries or associates, or their takeovers by regulators.

VII. Risk governance and strategies

(1) Group risk governance status

The Company established a risk management organizational system with the Board shouldering the ultimate responsibility, the management responsible for direct stewardship, underpinned by risk management departments, with close participation of all relevant functions and covering all branch offices and positions. The boards of the Company and its subsidiaries are the top decision-making body in risk management, and bear the ultimate responsibility for their respective risk management systems and status of operation. The Board established the Risk Management Committee, which was vested by the Board to perform risk management functions. In 2019, the Committee convened 5 sessions, reviewing relevant risk-related items and reports. The Company management confirmed the effectiveness of internal control of both the issuer and its associates.

The Company Management Committee, which set up the position of Group Chief Risk

Officer, is charged with organizing and implementing risk management activities and serves as the body of consultation and deliberation in risk and compliance management. Under the Committee there is Group Risk Management and Audit Work Commission, responsible for formulation risk management plans, work co-ordination and execution & supervision.

The Group and its insurance and asset management subsidiaries have all set up relatively independent risk management departments, charged with coordinating the implementation of management decisions in risk management, including organizing, supervising, and guiding other departments in daily risk management as per decisions of the management. Other functional departments of the Group and branch offices of its subsidiaries have all designated Risk Responsible Person and Risk Management Personnel, performing their duties as within their scope of responsibilities and responsible for communications with risk management departments.

(2) Group risk management strategies and their implementation

The overall risk management strategy is: within the limits of reasonable risk management objectives, establish an integrated risk management system, execute the communication and transmission of risk management objectives of the Group, its subsidiaries and their branch offices, improve the closed-loop management mechanisms in a bid to fulfill the objective to being “the best in risk control capabilities”.

The Group drafted, as per regulatory solvency regulations, its Risk Appetite Framework (RAF) which is reviewed annually and updated when necessary. In 2019, the overall status was good of execution of the RAF of both the Group and its subsidiaries, which was also reported to the Board Risk Management Committee on a quarterly basis.

VIII. Group specific risks

(1) Risk contagion

As per regulatory requirements, the Company has set up risk quarantine mechanisms for its business operation, personnel management, fund management, information systems and internal transactions, etc., to effectively prevent the spread of relevant risks within the Group and to minimize the risk of contagion.

(2) Risk due to opaque organizational structure

As a listed insurance holding group, the Company boasts a clear ownership structure and sound corporate governance. The focus on insurance as its main business effectively prevents the risk of losses incurred by the Company as a result of opaque

organizational structure.

(3) Concentration risk

As per regulatory requirements, the Company and its member insurers identify, evaluate, supervise and report on the concentration risk of various types on a regular basis, including the concentration risk of investment and reinsurance counter-parties, that of insurance and non-insurance business and that of investment assets, which effectively prevented the aggregation of a single risk or risk portfolios at the Group level, or a material threat to the Group's solvency and liquidity.

(4) Non-insurance risk

The Company takes non-insurance risk management very seriously. In strict compliance with regulatory rules, it prudently manages investment in non-insurance areas, continuously tracks and prevents the adverse effect on the solvency of both the Group and its member insurers by the business operation of its non-insurance member companies, in a bid to safeguard policyholder's interests.