

*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, 24 August 2020

*As at the date of this announcement, the Executive Directors of the Company are Mr. KONG Qingwei and Mr. FU Fan; the Non-executive Directors of the Company are Ms. LIANG Hong, Ms. LU Qiaoling, Mr. John Robert DACEY, Mr. HUANG Dinan, Mr. WANG Tayu, Mr. WU Junhao, Mr. ZHOU Donghui and Mr. CHEN Ran; and the Independent Non-executive Directors of the Company are Ms. LAM Tyng Yih, Elizabeth, Ms. LIU Xiaodan, Mr. WOO Ka Biu, Jackson, Mr. CHEN Jizhong, and Mr. JIANG Xuping.*

\* *Note:* The appointment qualifications of Ms. LIANG Hong, Ms. LU Qiaoling, Mr. John Robert DACEY, Mr. ZHOU Donghui, Mr. CHEN Ran, Ms. LIU Xiaodan and Mr. WOO Ka Biu, Jackson are 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 2020**

## 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 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 (%)
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	20.32
CPIC Euler Hermes Credit Insurance Sales Co., Ltd.	2,550	51.00
Shanghai Xingongying Information Technology Co. Ltd.	20	6.27
Shanghai Heji Business Management Partnerships ( LP)	20,000	99.00

## (VII) Contacts for solvency information disclosure

1. Contact person: CHEN Mo
2. Tel. number: +86-21-33966153

## 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	221%	233%
Core solvency margin (10K RMB)	2,238,783	2,320,891
Comprehensive solvency margin ratio	275%	290%
Comprehensive solvency margin (10K RMB)	3,238,783	3,320,891
Latest IRR result	-	B
Premium income (10K RMB)	3,779,039	3,888,118
Net profit (10K RMB)	154,213	163,353
Net assets (10K RMB)	4,155,737	4,155,312

## III. Actual capital

Item	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	19,075,019	18,299,199
Admitted liabilities (10K RMB)	13,987,840	13,227,871
Actual capital (10K RMB)	5,087,179	5,071,328
Tier 1 core capital (10K RMB)	4,087,179	4,071,328
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)	1,848,396	1,750,437
Required capital for quantitative risks (10K RMB)	1,875,402	1,776,011
1) Required capital for insurance risk (10K RMB)	1,367,546	1,323,594
2) Required capital for market risk (10K RMB)	414,433	387,729
3) Required capital for credit risk (10K RMB)	717,420	639,851
Required capital for control risk (10K RMB)	-27,006	-25,575
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 of 2020 and Q4 of 2019.

#### VI. Risk management status

##### (I) The latest CBIRC Solvency Aligned Risk Management Requirements and Assessment (SARMRA) of the Company

In 2018, CBIRC(former CIRC) 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 risk management system and prevention of major risks.

First, it improved risk management policies and regulations: in order to enhance the Risk Appetite Framework and its management, the Company amended Provisions on Management of Risk Appetite Framework, specifying the formulation, transmission, monitoring and adjustment mechanisms of the RAF and relevant management processes, with a full review of the indicator system and formulation of reporting standards; to strengthen liquidity risk management capabilities, it amended and released Implementation Rules on Liquidity Risk Management, adding to contents relating to liquidity risk assessment and management.

Second, in a bid to forestall major risks, serve its business strategies, and promote healthy business development, it reviewed and upgraded the RAF and Risk Tolerance based on regulatory requirements, its strategic objectives and Group requirements on integrated risk control; furthermore, to leverage the role of the RAF as overall guidance and constraints, it revised the 2020 Risk Upper Limits and Risk Monitoring Indicators in light of its business and development programs.

Third, it conducted various self-assessments and risk screening activities: initiated risk and internal control self-assessment for 2020 to enhance foundation of internal control; launched the self-assessment and rectification of data security risk of corporate WeChat account and enhanced management of reputation and operational risks; closely monitored developments of material adverse events in the insurance and other sectors, and in response to the recent high-risk cases of its peers, organized full screening of related risks by the 1<sup>st</sup> and 2<sup>nd</sup> lines of defense, with intensified effort in internal control.

## 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)	-53,781

#### (2) Comprehensive current ratio

Item	Within 3 months	Within 1 year	Above 1 year
Comprehensive current ratio	67.6%	47.1%	242.4%

#### (3) Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio	494.5%	378.0%

### (II) Liquidity risk analysis and mitigation

#### (1) Cash flows

In this quarter, net cash outflow of the Company was RMB540 million. Of this, cash inflow from primary insurance premiums reached RMB37.95 billion, up 21.3%. Cash outflows from claims payout grew by 14.7% to RMB18.36 billion. Net cash flow from business activities in this quarter increased by RMB330 million from the previous quarter.

Net cash outflow from the Company's investment activities was RMB2.88 billion,

mainly due to asset allocation in bank deposits, bonds and equity securities.  
Net cash inflow from the Company's financing activities was RMB310 million, mainly as a result of allocation in 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 494.5% and 378.0% 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**

During the reporting period, CBIRC has not taken any regulatory measures against the Company.

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

None.