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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, 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 Life Insurance Co., Ltd.

2nd Quarter of 2020

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I. Basic information

(I) Registered address

1 Zhongshan Road(South), Huangpu , Shanghai, the PRC

(II) Legal representative

PAN Yanhong

(III) Business scope and territories

1. Business scope

Life/health insurance denominated in RMB yuan and foreign currencies including life insurance, health insurance, personal accident insurance, etc.; reinsurance of the above said insurance; statutory life/health insurance; agency and business dealings with domestic and overseas insurers and organizations, loss adjustment, claims and other business entrusted from overseas insurance organizations; insurance funds investment as prescribed by The Insurance Law and relevant laws and regulations; international insurance activities as approved; other business as approved by the CIRC.

2. Business territories

Beijing, Shanghai, Tianjin, Chongqing, Heilongjiang Province, Jilin Province, Liaoning Province, Hebei Province, Shanxi Province, Shandong Province, Anhui Province, Jiangsu Province, Zhejiang Province, Fujian Province, Jiangxi Province, Guangdong Province, Hainan Province, Guangxi Zhuang Autonomous Region, Hunan Province, Hubei Province, Henan Province, Yunnan Province, Guizhou Province, Sichuan Province, Shaanxi Province, Gansu Province, Xinjiang Uygur Autonomous Region, Ningxia Hui Autonomous Region, Inner Mongolia Autonomous Region, Qinghai Province.

(IV) Ownership structure and shareholders :

1. Ownership structure (10k shares or 10k RMB)

Equity category	Shares as at the end of the reporting period	Percentage (%)
Domestic shares held by legal entities	842,000	100
Domestic shares held by natural persons	-	-
Foreign shares	-	-
Others	-	-
Total	842,000	100

2. Top 10 shareholders (10k shares or 10k RMB)

Name of shareholders	Shares held at the end of the reporting period	Percentage of the shareholding (%)
China Pacific Insurance (Group) Co., Ltd.	827,621.84	98.292
Shenergy Group Co., Ltd.	4,597.90	0.546
Shanghai State-Owned Assets Operation Co., Ltd.	4,576.09	0.544
Shanghai Haiyan Investment Management Company Limited	3,140.45	0.373
Yunnan Hehe (Group) Co., Ltd.	2,063.72	0.245

(V) Controlling shareholder or de facto controller

China Pacific Insurance (Group) Co., Ltd. is the controlling shareholder, holding 98.292% of the shares of the Company.

(VI) Subsidiaries, joint or associate ventures

Company name	Number of shares (10k shares)			Shareholding percentage (%)		
	As at the beginning of this quarter	As at the end of this quarter	Change amount	As at the beginning of this quarter	As at the end of this quarter	Change percentage
Changjiang Pension Insurance Co., Ltd.	186,486	186,486	-	62.162	62.162	-
City Island Developments Limited	0.1	0.1	-	100	100	-
Tianjin Trophy	35,369	35,369	-	100	100	-
Pacific Insurance Elderly Care Investment Management Co., Ltd.	300,000	300,000	-	100	100	-
Pacific Healthcare Management Co. Ltd.	50,000	50,000	-	100	100	-
CPIC Elderly Care Industry Development (Chengdu) Co. Ltd.	51,000	51,000	-	100	100	-
CPIC Elderly Care (Hangzhou) Co. Ltd.	35,000	53,000	18,000	100	100	-
CPIC Elderly Care (Xiamen) Co. Ltd.	27,000	29,000	2,000	100	100	-
Shanghai Dabao Guisheng Information Technology Co. Ltd.	1,020	1,020	-	34	34	-
Shanghai Rui Yong Jing Property Development Co. Ltd.	983,500	983,500	-	70	70	-
Llanren Healthcare Big Data Technology Co. Ltd.	50,000	50,000	-	25	25	-
Changjiang Pension-CHEMCHINA Infrastructure Debt Investment Scheme	2,142	2,142	-	71.4	71.4	-
Ningbo Zhilin Investment Management (LP)	241,632	241,632	-	90	90	-
Changjiang Pension-Sichuan Tietou Xugu High-speed Infrastructure Debt Investment Scheme	205	205	-	34.17	34.17	-
Changjiang Pension-Yun'nan Nengtou Infrastructure Debt Investment Scheme	3,565	3,565	-	93.82	93.82	-
Jiaying Yishang Private Equity Investment Partners (LP)	95,000	95,000	-	94.81	94.72	-0.09
CPIC AMC Yongquan Yihao Customized Product	60,000	60,000	-	100	100	-

China Venture Capital Fund Equity Investment Plan	6,120	6,120	-	100	100	-
Guolian'An Zengfu One-year Term Open-ended Bond Security Investment Fund	500,000	500,000	-	99.8	99.8	-
Guolian'An Zengyu One-year Term Open-ended Bond Security Investment Fund	500,000	500,000	-	99.8	99.8	-
Shanghai Junhe Tongyi Start-ups Industrial Equity Investment Fund Partnerships (LP)	-	106,500	106,500	-	99.97	99.97
CPIC-Jiangsu Communications Holding Debt Investment Plan (Phase 1)	-	4,000	4,000	-	100	100
CPIC – Gansu HATG Debt Investment Plan	-	600	600	-	100	100

Note: Changjiang Pension-CHEMCHINA Infrastructure Debt Investment Scheme, Ningbo Zhilin Investment Management (LP), Changjiang Pension-Sichuan Tietou Xugu High-speed Infrastructure Debt Investment Scheme, Changjiang Pension-Yun'nan Nengtou Infrastructure Debt Investment Scheme, Jiaying Yishang Private Equity Investment Partners Enterprise (LP), CPIC AMC Yongquan Yihao Customized Product, China Venture Capital Fund Equity Investment Plan, Guolian'An Zengfu One-year Term Open-ended Bond Security Investment Fund, Guolian'An Zengyu One-year Term Open-ended Bond Security Investment Fund, Shanghai Junhe Tongyi Start-ups Industrial Equity Investment Fund Partnerships (LP), CPIC – Jiangsu Communications Holding Debt Investment Plan (Phase 1), CPIC – Gansu HATG Debt Investment Plan are structured entities.

(VII) Contacts for solvency information disclosure

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II. Main Indicators

Items	As at the end of this quarter/during this quarter	As at the end of last quarter/during last quarter
Core solvency margin ratio	242%	254%
Core solvency margin (10K RMB)	21,504,289	22,397,702
Comprehensive solvency margin ratio	242%	254%
Comprehensive solvency margin (10K RMB)	21,504,289	22,397,702
Latest IRR result	-	A
Premium income (10K RMB)	4,671,235	9,187,339
Net profit (10K RMB)	432,414	582,248
Net assets (10K RMB)	8,026,167	9,005,367

III. Actual Capital

Items	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	139,307,482	134,516,525
Admitted liabilities (10K RMB)	102,707,178	97,562,139
Actual capital (10K)	36,600,304	36,954,386
Tier 1 core capital (10K RMB)	36,600,304	36,954,386
Tier 2 core capital (10K RMB)	-	-
Tier 1 supplement capital (10K RMB)	-	-
Tier 2 supplement capital (10K RMB)	-	-

IV. Required Capital

Items	As at the end of this quarter	As at the end of last quarter
Required capital (10K RMB)	15,096,014	14,556,684
Required capital for quantitative risk (10K RMB)	15,328,237	14,780,610
1) Required capital for insurance risk (10K RMB)	4,545,116	4,443,761
2) Required capital for market risk (10K RMB)	15,443,892	15,082,141
3) Required capital for credit risk (10K RMB)	3,229,173	2,921,272
4) Diversification effect for quantitative risks (10K RMB)	4,051,382	3,820,174
5) Loss absorption effect for special-type insurance contracts (10K RMB)	3,838,561	3,846,390
Required capital for control risk (10K RMB)	(232,223)	(223,926)
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 received an A rating for both Q1 of 2020 and Q4 of 2019, according to feedbacks from the regulator on the IRR results.

VI. Risk management status

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

The Company's SARMRA score for 2017 was 83.03 points. To be specific, it received 16.12 points for risk management infrastructure and environment, 8.82 points for risk management objectives and tools, 8.36 points for insurance risk management, 8.00 points for market risk management, 8.00 points for credit risk management, 8.38 points for operational risk management, 8.96 points for strategic risk management, 8.33 points for reputation risk management, and 8.06 points for liquidity risk management.

In 2018 and 2019, the regulator conducted no SARMRA assessment of the Company.

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

The Company attaches great importance to risk management. Although exempt from SARMRA assessment in 2018 and 2019, it continued to identify gaps in solvency risk management systems and took effective remedial actions based on an analysis of findings in relation to the regulatory assessment of its peers as well as those of its

own internal audits. Below is a summary of what was done in Q2.

First, improved risk management performance evaluation as per regulatory solvency requirements, with increased weighting of risk management for competent departments; defined the powers of the lead department in the performance evaluation of responsible departments which fall under its remit so as to enhance the effectiveness of risk management systems.

Second, in line with the Group project on “Integrated Risk Control”, continued to promote the transmission of Risk Upper Limits, while starting the design of risk management standards on product development and the optimization of stress testing.

Third, conducted SAMRA self-assessment, focusing on effectiveness of adherence; proceeded with the building of IRR systems and rectification of deficiencies, maintaining top ratings for 2 consecutive quarters in the year at regulatory evaluations; initiated an annual review of progress in “rectification of irregularities”, identified the key areas and functions of examination, and communicated the work plan throughout the entire organization.

Fourth, carried out research into business risks, and has completed a preliminary analysis of the key risk of “false business and false structure of the agency force” and its data protocols, which will be integrated into the risk screening campaign, especially for the supervision of branch offices.

In Q3 of 2020, the Company intends to focus on the following areas for its solvency risk management.

First, in light of the progress of C-ROSS Phase II, dynamically improve relevant risk management policies and rules as part of the effort to enhance Company system of rules and regulations.

Second, step up studies of the transmission of Risk Upper Limits, update Risk Upper Limits on product development, unify the stress testing system in line with that of the Group, and stringently control investment risks.

Third, complete the annual SAMRA self-assessment and filing with the regulator in a timely manner; enhance system building of IRR and rectification of deficiencies; push forward the screening and rectification of irregularities of the Company.

Fourth, strengthen the risk control system of business risks, and conduct studies of lapse of insurance policies in migration, enhance early warning, adopt a look-through approach towards risk monitoring and improve professional capabilities in risk 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)	10,318,696

2. Comprehensive current ratio

Item	Within 3 months
Comprehensive current ratio	105%

3. Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio -Company level	1609%	1943%

(II) Liquidity risk analysis and mitigation

Liquidity risk is projected to be largely manageable in the next quarter. The Company has taken the following measures to pro-actively mitigate potential liquidity risk:

1. Introduce cash budgeting management which enables a planned coordination of cash surplus/ shortage. Cash budgeting management includes: cash in the treasury at the beginning of the period, projected cash inflows during the period and cash needed in the period. The mechanism enables the Company to know when there will be a shortage of cash, and how to address the issue; or when there will be cash surplus so that plans can be made for necessary investment.
2. Continue to boost business mix restructuring, formulate effective financial policies to boost the growth of profitable business, and in particular, protection and long-term regular pay business; at the same time optimize the mix of universal life business, adjust the sales strategy of participating insurance business from bancassurance, and control the surrender risk of unit-linked business.
3. Optimize asset mix, balance between asset liquidity and investment yield; keep a healthy gearing ratio and ensure long-term debt repayment capability; maintain healthy short-term debt repayment capability and enhance monitoring of the current ratio and quick ratio.
4. Closely follow the development of business surrenders, with review and analysis thereof on a regular basis; ensure rational asset allocation based on cash flows of the Company.
5. The impact on liquidity has been duly considered before the Company makes business plans, sells new products or withdraw products from the market, develop or adjust distribution channels, formulate policyholders' dividend policy for participating

insurance business and determine crediting rate for universal life insurance, conducts other insurance business activities such as policy surrenders, payment of benefits and claims and policy loans. The impact is reflected in the cash flow stress testing. The Company will ensure effective ALM based on the actual situation to mitigate the liquidity risk.

6. Closely monitor major events that might lead to liquidity risks, such as irregular concentration of surrenders, expected major maturity payments or survival benefit pay-outs, major claims events, severe investment losses, financial crisis incurred by major counter-parties, significant changes to the Company's credit-ratings, severe adverse publicity of the Company, and the loss of key distributional channels and other material events.

VIII. Regulatory Measures Taken Against the Company

(I) Regulatory measures taken against the Company by CBIRC

The Company head-office received no administrative penalties from CBIRC in Q2 2020.

(II) Corrective measures taken by the Company

The Company will continue to enhance internal control, address the root-causes of risk issues, strengthen its overall compliance and risk management capabilities.