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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 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.**

**3<sup>rd</sup> Quarter of 2020**

## CONTENTS

<b>I. BASIC INFORMATION .....</b>	<b>1</b>
<b>II. MAIN INDICATORS.....</b>	<b>3</b>
<b>III. ACTUAL CAPITAL.....</b>	<b>4</b>
<b>IV. REQUIRED CAPITAL.....</b>	<b>4</b>
<b>V. INTEGRATED RISK RATING.....</b>	<b>4</b>
<b>VI. RISK MANAGEMENT STATUS .....</b>	<b>4</b>
<b>VII. LIQUIDITY RISK.....</b>	<b>6</b>
<b>VIII. REGULATORY MEASURES TAKEN AGAINST THE COMPANY .....</b>	<b>7</b>

## **I. Basic information**

### **(I) Registered address**

1 Zhongshan Road(South), Huangpu District, 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 organisations, loss adjustment, claims and other business entrusted from overseas insurance organisations; 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)

<b>Equity category</b>	<b>Shares as at the end of the reporting period</b>	<b>Percentage (%)</b>
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 Health Care 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.	53,000	53,000	-	100	100	-
CPIC Elderly Care (Xiamen) Co. Ltd.	29,000	34,000	5,000	100	100	-
CPIC Elderly Care (Nanjing) Co. Ltd.	-	8,400	8,400	-	100	100
CPIC Rehab & Retirement (Shanghai) Industrial Development Co. Ltd.	-	2,000	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	-
Lianren 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	95,000	95,000	-	94.72	94.72	-

Investment Partners (LP)

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	-
Shanghai Junhe Tongyi Start-ups Industrial Equity Investment Fund Partnerships (LP)	106,500	292,300	185,800	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	-
Guoian'An New Blue Chips & Dividend One-year Term Open-ended Hybrid Security Investment Fund	-	25,000	25,000	-	96.15	96.15
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	-
Changjiang Pension-SDIC (Shanghai) Technology Commercialization Equity Investment Fund	-	770	770	-	100	100
Changjiang Pension-Ansteel Infrastructural Projects Debt Investment Plan	-	900	900	-	30	30

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, Guoian'An New Blue Chips & Dividend One-year Term Open-ended Hybrid Security Investment Fund, 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, Changjiang Pension-SDIC (Shanghai) Technology Commercialization Equity Investment Fund, Changjiang Pension-Ansteel Infrastructural Projects 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%	242%
Core solvency margin (10K RMB)	21,636,554	21,504,289
Comprehensive solvency margin ratio	242%	242%
Comprehensive solvency margin (10K RMB)	21,636,554	21,504,289
Latest IRR result		A
Premium income (10K RMB)	4,758,987	4,671,235
Net profit (10K RMB)	438,199	432,414
Net assets (10K RMB)	8,426,190	8,026,167

### III. Actual Capital

Items	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	144,166,226	139,307,482
Admitted liabilities (10K RMB)	107,243,466	102,707,178
Actual capital (10K)	36,922,760	36,600,304
Tier 1 core capital (10K RMB)	36,922,760	36,600,304
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)	15,286,207	15,096,014
Required capital for quantitative risk (10K RMB)	15,521,355	15,328,237
1) Required capital for insurance risk (10K RMB)	4,679,589	4,545,116
2) Required capital for market risk (10K RMB)	15,530,644	15,443,892
3) Required capital for credit risk (10K RMB)	3,216,980	3,229,173
4) Diversification effect for quantitative risks (10K RMB)	4,093,901	4,051,382
5) Loss absorption effect for special-type insurance contracts (10K RMB)	3,811,957	3,838,561
Required capital for control risk (10K RMB)	(235,149)	(232,223)
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 and Q2 of 2020, 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 Q3 2020.

First, as per C-ROSS Phase II risk management requirements, it continued to improve relevant risk management systems and polices.

Second, it intensified research into transmission of Risk Appetites and Risk Upper Limits, promoted establishment of limits on product development and investment pool SAA so as to ensure stringent risk control for both assets and liabilities.

Third, it completed SARMRA self-assessment, enhanced IRR system-building and deficiency correction and pushed forward the risk screening and rectification of irregularities throughout the entire organisation.

Fourth, it strengthened the risk control system for business operation, made continuous effort to address the problem of “false business and false structure of the agency force”, with intensified early warning, look-through supervision and accountability, in order to improve the professional capability in risk control.

In Q4 of 2020, the Company intends to focus on the following areas for its solvency risk management.

First, continue to improve the risk control system for business operation, conduct research into policy loans and business quality, carry out risk identification and screening based on in-house data, and optimise the Company’s risk management.

Second, as per latest regulatory requirements and progress of Group Risk Control Integration Project, push forward in an all-around way the review of and amendment to 2020 risk management systems and policies and relevant KPIs.

Third, in line with the C-ROSS Phase II progress, organise studies of regulatory policies and documents, conduct gap analysis, and push for rectification across departments based on findings of the 2020 SARMRA self-assessment.



## VII. Liquidity Risk

### (I) Liquidity risk management indicators

#### 1. Net cash flow

<b>Item</b>	<b>During/as at the end of this quarter</b>
Net cash flow (10K RMB)	10,001,657

#### 2. Comprehensive current ratio

<b>Item</b>	<b>Within 3 months</b>
Comprehensive current ratio	103%

#### 3. Liquidity coverage ratio

<b>Item</b>	<b>Stress scenario 1</b>	<b>Stress scenario 2</b>
Liquidity coverage ratio		
-Company level	1821%	1818%

### (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 optimise 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. Optimise 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 withdraws products from the market, develops or adjusts distribution channels, formulates policyholders' dividend policy for participating

insurance business and determines 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 Q3 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.