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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.
GAO Guofu
Chairman

Shanghai, the PRC, 29 March 2017

As of the date of this announcement, the Executive Directors of the Company are Mr. GAO Guofu and Mr. HUO Lianhong; the Non-executive Directors of the Company are Mr. WANG Jian, Mr. WANG Chengran, Ms. SUN Xiaoning, Mr. WU Jumin, Mr. WU Junhao, Mr. ZHENG Anguo and Ms. HA Erman; and the Independent Non-executive Directors of the Company are Mr. BAI Wei, Mr. LEE Ka Sze, Carmelo, Mr. LAM Chi Kuen, Mr. ZHOU Zhonghui and Mr. GAO Shanwen.

Summary of Quarterly Solvency Report

China Pacific Property Insurance Co., Ltd.

Fourth Quarter of 2016

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I. Basic information

(I) Registered address

South Tower, Bank of Communications Financial Building, 190 Central Yincheng Road, Pudong New District, Shanghai, PRC.

(II) Legal representative

GU Yue

(III) Business scope and territories

1. Business scope

Property insurance; liability insurance; credit and guarantee insurance; short term health insurance and casualty 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 amount(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 the shareholders	Shares held 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 Hongta 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 de facto controller, holding 98.5% of the shares of the company.

(VI) Subsidiary, joint or associate venture

Name of the companies	Quantity of the held shares (10K shares)	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.	160	32.00
Zhongdao Automobile Assistance Co., Ltd	1,280	25.60
CPIC Euler Hermes Credit Insurance Sales Co., Ltd	2,550	51.00

(VII) Contacts for solvency information disclosure

1. Contact person: LUO Yanqiu
2. Tel. number: 021-33962833

II. Main indicators

Item	At the end of this quarter	At the end of last quarter
Core solvency margin ratio	266%	267%
Core solvency margin surplus (10K RMB)	2,163,307	2,152,230
Comprehensive solvency margin ratio	296%	298%
Comprehensive solvency margin surplus (10K RMB)	2,563,307	2,552,230
The latest comprehensive risks assessment	A	B
Premium income (10K RMB)	2,460,179	2,236,970
Net profit (10K RMB)	107,893	130,509
Net assets (10K RMB)	3,524,053	3,473,994

III. Actual capital

Item	At the end of this quarter	At the end of last quarter
Admitted assets (10K RMB)	13,090,989	13,033,649
Admitted liabilities (10K RMB)	9,220,767	9,191,589
Actual capital (10K)	3,870,223	3,842,060
Tier 1 core capital (10K RMB)	3,470,223	3,442,060
Tier 2 core capital (10K RMB)	-	-
Tier 1 supplement capital (10K RMB)	400,000	400,000
Tier 2 supplement capital (10K RMB)	-	-

IV. Required capital

Item	At the end of	At the end of last quarter
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	this quarter	
Required capital (10K RMB)	1,306,916	1,289,830
Required capital for quantitative risks (10K RMB)	1,318,918	1,289,830
1) Required capital for insurance risk (10K RMB)	1,051,312	1,033,073
2) Required capital for market risk (10K RMB)	187,660	240,986
3) Required capital for credit risk (10K RMB)	463,391	385,316
Required capital for control risk (10K RMB)	(12,002)	-
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. Comprehensive risk assessment

The company received B rating in comprehensive risk assessment for Q3 2016.

The company received A rating in comprehensive risk assessment for Q4 2016.

VI. Risk management

(I) The latest CIRC solvency risk management assessment of the Company

In 2016, the Company scored 81.82 points in the on-site SARMRA risk assessment conducted by the CIRC. To be specific, we received 15.66 points for risk management foundation and environment, 7.39 points for risk management objectives and tools, 8.53 points for insurance risk management, 8.34 points for market risk management, 8.46 points for credit risk management, 8.46 points for operational risk management, 8.62 points for strategic risk management, 8.24 points for reputation risk management, and 8.13 points for liquidity risk management.

(II) Measures taken to improve solvency risk management (if any) and the latest results in the reporting period.

During the quarter, the Company completed the solvency risk management self-assessment and received an on-site assessment by regulators. In view of the deficiencies found in the process of self-assessment and regulatory evaluation, the Company adopted the following improvement measures:

1. At the end of 2016, the Company added the effectiveness and implementation of the risk management system into the performance evaluation of senior management to enhance the risk awareness and sense of responsibility of management at all levels;

2. The Group's Audit Center project team conducted a special C-ROSS audit on CPIC P/C, which reviewed 23 processes, 70 sub-processes and 108 control points to gauge the system effectiveness and implementation;

3. The Company launched video training courses on the reporting system for C-ROSS comprehensive rating (differentiated regulation), providing detailed explanation to all branches on the regulatory requirements including the scoring structure, deficiencies improvement, and accountability requirements, as well as description of the difficulties and key issues encountered since the implementation of C-ROSS in the second quarter.

4. In this quarter, the Company issued the *CPIC P/C Measures for the Development and Management of Commercial Motor Insurance Products*, and the *CPIC P/C Interim Measures for the Investment Management of Real Estate for Non-investment Purposes* to further strengthen the management of insurance and market risks.

5. The Company introduced a catastrophe analysis model for risk analysis using the company's actual business data, and planned to complete the accumulated risk calculation program in the first quarter of 2017.

VII. Liquidity risk

(I) Liquidity risk management indicators

1. Net cash flow

Item	At the end of this quarter
Net cash flow (10K RMB)	423,585

2. Comprehensive current ratio

Item	Within 3 months	Within 1 year	Above one year
Comprehensive current ratio (%)	57.4%	45.5%	400.8%

3. Liquidity coverage

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage (%)	697.2%	513.1%

(II) Liquidity risk analysis and countermeasures

1. Cash flow

The company's net cash flow was RMB 2.24 billion for the whole year and RMB 4.24 billion for Q4, of which cash inflow from premiums of insurance contracts stood at RMB 6.3 billion and cash payout rose by RMB 640million.

Cash flow from the Company's investment activities reached RMB 3.36 billion in Q4 2016, mainly cash arising from realized investment returns.

Fund raising generated RMB -2.1 billion in net cash flow in the fourth quarter, which was mainly due to the selling of repo financial assets.

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 will be 697.2% and 513.1% under stress scenario 1 and stress scenario 2 respectively for the following quarter, enough to meet cash flow needs caused by short-term business fluctuation.

VIII. Regulatory measures taken against the Company

(I) Regulatory measures taken against the Company by CIRC

CIRC hasn't taken any regulatory measures against the Company.

(II) Corrective measures taken by the Company

None.