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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

Shanghai, the PRC, 28 August 2017

As at the date of this announcement, the Executive Directors of the Company are Mr. KONG Qingwei and Mr. HUO Lianhong; the Non-executive Directors of the Company are Mr. WANG Jian, Mr. WANG Tayu, Mr. KONG Xiangqing, Mr. ZHU Keping, Ms. SUN Xiaoning, Mr. WU Junhao and Mr. CHEN Xuanmin; 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

CPIC Allianz Health Insurance Co., Ltd.

Second Quarter of 2017

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I. Basic information

(I) Registered address: Room 663, 6th Floor, 26 Jiafeng Road, China (Shanghai)
Pilot Free Trade Zone, Shanghai, the PRC

(II) Legal representative: SUN Peijian

(III) Business scope and territories

1. Business scope:

Health insurance and accident insurance denominated in RMB or foreign currencies; health insurance commissioned by the government or supplementary to state medical insurance policies; reinsurance of the above said insurance ; health insurance-related agency and consulting business; insurance funds investment as approved by relevant laws and regulations; other business as approved by the CIRC.

2. Business territories:

Shanghai, Beijing, Guangdong Province, Sichuan Province

(IV) Ownership structure and shareholders:

1. Ownership structure

Equity category	Number of shares or contributed amounts (10K shares)	Percentage (%)
Domestic shares held by legal entities	77,051.00	77.05
Domestic shares held by natural persons		
Foreign shares	22,949.00	22.95
Others		
Total	100,000.00	100.00

2. Top 10 shareholders

Name of shareholders	Shares held or amounts contributed as at the end of the reporting period (10K shares)	Percentage of the shareholding (%)
1.China Pacific Insurance (Group) Co., Ltd.	77,051.00	77.05
2. Allianz Group	22,949.00	22.95

(V) Controlling shareholder or de facto controller:

China Pacific Insurance (Group) Co., Ltd.

(VI) Subsidiaries, joint or associate ventures:

Company name	Number of shares held (10k shares)	Percentage of the shareholding (%)
Shanghai Proton & Heavy Ion Hospital	10,000	20

(VII) Contacts for solvency information disclosure:

1. Contact person: DING Liang
2. Office number: 021-33966101

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	333	405
Core solvency margin surplus (10K RMB)	41,824.73	48,331.37
Comprehensive solvency margin ratio	333	405
Comprehensive solvency margin surplus (10K RMB)	41,824.73	48,331.37
The latest comprehensive risks assessment	–	B
Premium income (10K RMB)	21,472.35	34,714.92
Net profit (10K RMB)	–4,234.68	–9,659.19
Net assets (10K RMB)	63,914.60	68,035.39

III. Actual capital

Items	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	158,901.39	156,805.05
Admitted liabilities (10K RMB)	99,132.24	92,623.22
Actual capital (10K RMB)	59,769.15	64,181.82
Tier 1 core capital (10K RMB)	59,769.15	64,181.82
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)	17,944.42	15,850.45
Required capital for quantitative risks (10K RMB)	17,091.55	15,097.11
1) Required capital for insurance risk (10K RMB)	15,898.27	13,790.83
2) Required capital for market risk (10K RMB)	1,737.02	2,186.52

3) Required capital for credit risk (10K RMB)	1,769.00	1,338.93
Required capital for control risk (10K RMB)	852.87	753.35
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

Comprehensive risk assessment rating for Q4 2016: B

Rating for Q1 2017: B.

VI. Risk management status

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

In 2016, the Company scored 70.02 points during the SARMRA risk assessment conducted by the CIRC. To be specific, we received 13.99 points for risk management infrastructure and environment, 6.77 points for risk management objectives and tools, 7.27 points for insurance risk management, 7.1 points for market risk management, 7.58 points for credit risk management, 6.58 points for operational risk management, 6.52 points for strategic risk management, 7.09 points for reputation risk management, and 7.12 points for liquidity risk management.

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

1. Development and improvement of risk management system

The company has completed the development of the solvency risk management system and the management system for other risk categories. In the second quarter of 2017, the Company carried out the evaluation and updating of the solvency risk management system, and also evaluated, updated, supplemented and revised all the other risk management systems and their supporting systems. The updates included the organizational structure, management process, supervision reports, assessments, and rewards and punishments. Problems found in the solvency risk management assessment were addressed, with clearly defined risk management responsibilities for every department, as well as control

processes and approval procedures for various types of risk management issues. Combining regulatory requirements and the risk characteristics of the Company, the updated risk management system covers all risk areas of the Company and provides effective methodology and institutional safeguard for the Company's overall risk management.

2. Management process optimization

Guided by the C-ROSS, the Company integrated its organizational structure, governance, risk reporting, daily management, information systems, performance evaluation and training, etc. into its risk management framework. In the process of implementing C-ROSS projects, the Company gradually established a division of responsibilities of the risk management process among various departments under normal operating environment.

In the second quarter of 2017, the Company updated and optimized its risk appetite system. The Board of Directors identified the Company's risk appetite objectives, and the Operating Committee established all the risk limits, which clearly defined the goals of risk management process. At the same time, the Company improved its risk management reporting. The quarterly risk management report fully covers the implementation of the Company's risk appetite, risk rating, and the assessment and management of the seven categories of risks. According to the requirements of the Operating Committee, we also took measures to address the key risks found in the risk management report, greatly improving the Company's risk management process.

3. Effectiveness of implementation

In 2017, based on the requirements of the Group and the Company's C-ROSS Steering Committee and its actual risk positions, the Company decided that its priority in risk management under C-ROSS is to further strengthen its solvency risk management system, improve the risk management organizational structure of the Company and its branches, upgrade risk appetite, optimize risk management system, and improve and implement key risk management processes.

The Company continued to promote the implementation of solvency risk management system. As per existing rules, all departments took part in risk management and providing risk information based on various risk management processes. In addition, the risk management department, through active participation in, and assessment, review and control of business processes, closely monitored the implementation of all risk

management policies and rules to ensure the timeliness and effectiveness of risk management. During the reporting period, the implementation of relevant risk management rules and policies went smoothly, with all department fulfilling their respective responsibilities in risk identification, analysis, evaluation, control and reporting.

VII. Liquidity risk

(I) Liquidity risk management indicators

1. Net cash flow

Items	During/as at the end of this quarter
Net cash flow (10K RMB)	703.15

2. Comprehensive current ratio

Items	Within 3 months	Within one year	1-3 years	3-5 years	Above 5 years
Comprehensive current ratio	148	83	727	-13, 528, 253	-

3. Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio (%)	2, 264	2, 226

(II) Liquidity risk analysis and countermeasures

The Company generates positive net cash flows under the baseline scenario and all stress scenarios, an indication of good liquidity.

VIII. Regulatory measures taken against the Company

(I) Regulatory measures taken against the Company by CIRC

CIRC has not taken any regulatory measures against the Company.

(II) Corrective measures taken by the Company

None.