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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, 27 October 2018

As at the date of this announcement, the Executive Directors of the Company are Mr. KONG Qingwei and Mr. HE Qing; the Non-executive Directors of the Company are Mr. HUANG Dinan, Mr. WANG Tayu, Mr. KONG Xiangqing, 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.

* *Note:* The appointment qualification of Mr. Huang Dinan is subject to approval by China Banking and Insurance Regulatory Commission.

Summary of Quarterly Solvency Report

China Pacific Property Insurance Co., Ltd.

3rd Quarter of 2018

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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 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 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 controlling shareholder, holding 98.5% of the Company.

(VI) Subsidiaries, joint or associate ventures

Name of companies	Number of shares (10K)	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	27.20
Zhongdao Automobile Assistance Co., Ltd	1,280	25.60
CPIC Euler Hermes Credit Insurance Sales Co., Ltd	2,550	51.00
Shanghai Xingongying Information Technology Co. Ltd.	20	7.53
Shanghai Heji Business Management Partnerships (LP)	50,000	99.00

(VII) Contacts for solvency information disclosure

1. Contact person: TAO Ran
2. Tel. number: 021-33962842

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	218%	215%
Core solvency margin (10K RMB)	1,828,234	1,783,933
Comprehensive solvency margin ratio	308%	273%
Comprehensive solvency margin (10K RMB)	3,228,234	2,683,933
Latest comprehensive risks assessment	-	B
Premium income (10K RMB)	2,741,030	2,945,083
Net profit (10K RMB)	37,906	134,397
Net assets (10K RMB)	3,416,680	3,377,307

III. Actual capital

Item	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	15,658,537	16,264,795
Admitted liabilities (10K RMB)	10,877,554	12,025,233
Actual capital (10K)	4,780,982	4,239,561
Tier 1 core capital (10K RMB)	3,380,982	3,339,561
Tier 2 core capital (10K RMB)	-	-
Tier 1 supplement capital (10K RMB)	1,400,000	900,000
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)	1,552,749	1,555,628
Required capital for quantitative risks (10K RMB)	1,567,008	1,569,914
1) Required capital for insurance risk (10K RMB)	1,185,182	1,169,891
2) Required capital for market risk (10K RMB)	343,550	360,291
3) Required capital for credit risk (10K RMB)	534,867	547,313
Required capital for control risk (10K RMB)	-14,260	-14,286
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 was rated B in comprehensive risk assessment for both Q1 and Q2 of 2018.

VI. Risk management status

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

As per The Notice of China Banking and Insurance Regulatory Commission on Issues Related to SARMRA, Governance and Asset Liability Management Assessment in 2018 (Yinbaojian Fa[2018] No. 37), a CBIRC working group conducted an on-site assessment of the Company between July 19 and August 1, and is yet to release final results.

As per The Notice of China Insurance Regulatory Commission on Issues Related to SARMR Assessment in 2017 (Baojian Caikuai [2017] No. 156), the Company calculated its minimum capital for risk control based on the assessment result for 2016, which was 81.82 points. Of this, it received 15.66 points for risk management infrastructure and environment, 7.39 for risk management objectives and tools, 8.53 for insurance risk management, 8.34 for market risk management, 8.46 for credit risk management, 8.46 for operational risk management, 8.62 for strategic risk management, 8.24 for reputation risk management, and 8.13 for liquidity risk management.

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

During the reporting quarter, as per The Notice of CBIRC on Conducting Self-audit of Credit & Guarantee Insurance (Yinbaojian Ban No. 62), requirements of the Shanghai State Asset Management Commission regarding the screening and mitigation of

on-line lending risk and the work plan of CPIC Group on the screening and mitigation of on-line lending risk, the Company carried out a review specifically of its credit & guarantee business and business relating to on-line lending, covering all branch offices and lending platforms so as to measure risk exposure and prevent potential risks.

In the quarter, the Company continued to improve its risk management system.

First, risk management tools and objectives: issued Risk Functional Limits for 2018 to enhance the transmission of risk appetite and tolerance; issued General Provisions on Asset Liability Management, Rules on Implementation of Asset Liability Management, Provisional Regulations on Annual Asset Allocation Models and Tools, established the Asset Liability Management Executive Committee, its Secretariat and the Asset Liability Management Working Group to further strengthen the Company's ALM capabilities and prevent asset liability mismatch.

Second, released Regulations on Anti-fraud Efforts, which explicitly integrated insurance frauds into the management of operational risk.

Third, issued Rules on Management of Customer Identification, to step up prevention of money-laundering risk.

Fourth, promulgated Regulations on Management of Underwriting & Claims Handling for Personal Loans Guarantee Insurance, amended Provisions on Management of Data for Outstanding Claims Reserves, in a bid to enhance management of insurance and operational risks.

Besides, the Company adopted a catastrophe model for risk analysis based on the its actual business data and estimates of losses. It monitors, on a quarterly basis, risk limits and risk accumulation of catastrophes of its branches and estimated, on a preliminary basis, losses caused by Typhoon Mangkhut.

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)	-258,321

(2) Comprehensive current ratio

Item	Within 3 months	Within 1 year	Above one year
Comprehensive current ratio	81.1%	52.7%	228.5%

(3) Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio	720.5%	338.5%

(II) Liquidity risk analysis and mitigation

(1) Cash flows

In this quarter, net cash outflow of the Company was RMB2.58 billion. Of this, cash inflow from primary insurance premiums reached RMB28.2 billion, up 10.5%. Cash outflows from claims payout grew by 12.9% to RMB15.85 billion. As a result, net cash outflow from business activities in this quarter increased by RMB1.79 billion from the previous quarter to RMB2.78 billion.

Net cash inflow from the Company's investment activities was RMB4.46 billion, mainly due to the influence of investment progress.

Net cash outflow from the Company's financing activities was RMB4.26 billion, mainly as a result of shareholder dividend pay-out.

(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 720.5% and 338.5% under stress scenario 1 and 2 respectively in the next quarter, enough to meet short-term cash flow requirements. The Company 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

None.

(II) Corrective measures taken by the Company

None.