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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, 25 April 2020

*As at the date of this announcement, the Executive Director of the Company is Mr. KONG Qingwei; the Non-executive Directors of the Company are Mr. WANG Tayu, Mr. KONG Xiangqing, Ms. SUN Xiaoning, Mr. LI Qiqiang, Mr. WU Junhao, Mr. CHEN Xuanmin and Mr. HUANG Dinan; and the Independent Non-executive Directors of the Company are Mr. LEE Ka Sze, Carmelo, Mr. CHEN Jizhong, Ms. LAM Tyng Yih, Elizabeth, Mr. JIANG Xuping and Mr. GAO Shanwen.*

# Summary of Quarterly Solvency Report

**China Pacific Property Insurance Co., Ltd.**

**1st Quarter of 2020**

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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 indemnity insurance; liability insurance; credit and guarantee insurance; short term health and personal accident 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 amounts contributed (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 or amounts contributed as at the end of the reporting period (shares)	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 majority shareholder of the Company, holding 98.5% of its stake.

## (VI) Subsidiaries, joint or associate ventures

Name of companies	Number of shares (10K)	Percentage of the shareholding (%)
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.	148	25.20
Zhongdao Automobile Assistance Co., Ltd.	1,280	20.32
CPIC Euler Hermes Credit Insurance Sales Co., Ltd.	2,550	51.00
Shanghai Xingongying Information Technology Co. Ltd.	20	6.29
Shanghai Heji Business Management Partnerships (LP)	50,000	99.60

## (VII) Contacts for solvency information disclosure

1. Contact person: CHEN Mo
2. Tel. number: 021-33966153

## 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	233%	233%
Core solvency margin (10K RMB)	2,320,891	2,218,762
Comprehensive solvency margin ratio	290%	293%
Comprehensive solvency margin (10K RMB)	3,320,891	3,218,762
Latest IRR result		-
Premium income (10K RMB)	3,888,118	3,354,401
Net profit (10K RMB)	163,353	164,695
Net assets (10K RMB)	4,155,312	3,988,470

## III. Actual capital

Items	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	18,299,199	16,462,839
Admitted liabilities (10K RMB)	13,227,871	11,572,798
Actual capital (10K RMB)	5,071,328	4,890,041
Tier 1 core capital (10K RMB)	4,071,328	3,890,041
Tier 2 core capital (10K RMB)	-	-
Tier 1 supplement capital (10K RMB)	1,000,000	1,000,000
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)	1,750,437	1,671,279
Required capital for quantitative risks (10K RMB)	1,776,011	1,695,697
1) Required capital for insurance risk (10K RMB)	1,323,594	1,284,532
2) Required capital for market risk (10K RMB)	387,729	350,532
3) Required capital for credit risk (10K RMB)	639,851	597,798
Required capital for control risk (10K RMB)	-25,575	-24,418
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 was rated B in IRR for both Q2 and Q3 of 2019.

#### VI. Risk management status

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

In 2018, CBIRC conducted Solvency Aligned Risk Management Requirements and Assessment (SARMRA) of the Company, and the result was 82.88 points: 16.73 points for risk management infrastructure and environment, 7.55 for risk management objectives and tools, 8.60 for insurance risk management, 8.32 for market risk management, 8.38 for credit risk management, 7.66 for operational risk management, 8.68 for strategic risk management, 8.28 for reputation risk management, and 8.68 for liquidity risk management.

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

During the quarter, the Company released the 2020 Framework Program of Compliance and Risk Management, which centered on the objective of "being the best in industry in risk control capabilities" under the Group Transformation 2.0, and that of "emulating industry best" of the Company, and called for adherence to the guidelines of "being pro-active, precise, sustained" while "seeking to address the root-causes of deficiencies". The program set forth the 3 approaches of "being pragmatic, professional and focusing on the basics" in a bid to put in place an integrated risk control system spanning whole business processes and containing mechanisms of checks and penalties, thus supporting the Company's high quality development.

In this quarter, the Company took further steps to improve the management of major risk categories and the prevention of major risks.

First, it took the COVID-19 pandemic very seriously, initiated level-1 emergency response to major public health crises, established a steering group and a working group to lead and coordinate, in an orderly and efficient way, prevention and control efforts in aspects of personnel, work-place and business continuation. After the resumption of business, the headquarters organized emergency response drills, focusing on detection & reporting, investigation of tracks, disinfection of work-places, relocation of personnel and initiation of disaster back-ups, so as to test the effectiveness and operability of The Emergency Response Contingency Plan of COVID-19 of CPIC P/C, staff familiarity with relevant procedures and the capability of the working group in coordination and mobilization. It then optimized the contingency plan based on a review of the drill.

Second, it held the Q1 meeting of the Risk & Compliance Management Work Committee, which comprehensively reviewed the "1+8" regulations in risk management, followed by updating plans.

Third, it enhanced the management of insurance risk via product management. It convened the annual meeting of the Product Management Committee, which called for intensified review and control of product risks, enhanced management of product data, and improved retrospective evaluation of products.

## 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)	217,670

#### 2. Comprehensive current ratio

Item	Within 3 months	Within 1 year	Above 1 year
Comprehensive current ratio	87.3%	49.3%	242.1%

#### 3. Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio	591.8%	354.3%

## **(II) Liquidity risk analysis and mitigation**

### **1. Cash flows**

In this quarter, net cash inflow of the Company was RMB2.18 billion. Of this, cash inflow from primary insurance premiums reached RMB31.23 billion, up 5.2%. Cash outflows from claims payout fell by 8.4% to RMB14.08 billion. Net cash flow from business activities in this quarter decreased by RMB6.07 billion from the previous quarter.

Net cash outflow from the Company's investment activities was RMB5.42 billion, mainly due to asset allocation in bank deposits, bonds and equity securities.

Net cash inflow from the Company's financing activities was RMB5.50 billion, mainly as a result of allocation in financial assets repurchase.

### **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 591.8% and 354.3% under stress scenario 1 and 2 respectively in the next quarter, enough to meet short-term cash flow requirements arising from business volatility.

To prevent liquidity risk, the Company attaches importance to daily cash flow management, coordinates cash flows from business, investment and financing activities to ensure sufficient liquidity to meet needs of surrenders, claims or other benefits payments. It 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**

CBIRC has not taken any regulatory measures against the Company during the reporting quarter.

### **(II) Corrective measures taken by the Company**

None.