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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, 23 March 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 Life Insurance Co., Ltd.**

**4th Quarter of 2019**

## CONTENTS

<b>I. BASIC INFORMATION .....</b>	<b>1</b>
<b>II. KEY INDICATORS .....</b>	<b>3</b>
<b>III. ACTUAL CAPITAL .....</b>	<b>3</b>
<b>IV. REQUIRED CAPITAL .....</b>	<b>3</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>5</b>
<b>VIII. REGULATORY MEASURES TAKEN AGAINST THE COMPANY .....</b>	<b>6</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 organizations, loss adjustment, claims and other business entrusted from overseas insurance organizations; 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 held (10k shares)	Shareholding percentage (%)
Fenghua Xikou Garden Hotel	1,413	51.8
Changjiang Pension Insurance Co., Ltd.	186,486	62.162
City Island Developments Limited	0.1	100
Tianjin Trophy	35,369	100
Pacific Insurance Elderly Care Investment Management Co., Ltd.	300,000	100
Pacific Healthcare Management Co. Ltd.	50,000	100
CPIC Elderly Care Industry Development (Chengdu) Co. Ltd.	51,000	100
CPIC Elderly Care (Hangzhou) Co. Ltd.	35,000	100
Shanghai Dabao Guisheng Information Technology Co. Ltd.	1,020	34
Shanghai Rui Yong Jing Property Development Co. Ltd.	983,500	70
Lianren Healthcare Big Data Technology Co. Ltd.	50,000	25
Changjiang Pension-CHEMCHINA Infrastructure Debt Investment Scheme	2,142	71.4
Ningbo Zhilin Investment Management (LP)	241,632	90
Changjiang Pension-Sichuan Tietou Xugu High-speed Infrastructure Debt Investment Scheme	205	34.17
Changjiang Pension-Yun'nan Nengtou Infrastructure Debt Investment Scheme	3,565	93.82
Jiaxing Yishang Private Equity Investment Partners Enterprise (LP)	95,000	94.81
CPIC AMC Yongquan Yihao	60,000	100

Customized Product				
Guolian'An	Zengfu	One-year		
Term Open-ended Bond Security Investment Fund			500,000	99.8
Guolian'An	Zengyu	One-year		
Term Open-ended Bond Security Investment Fund			500,000	99.8

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, Jiaxing Yishang Private Equity Investment Partners Enterprise (LP), CPIC AMC Yongquan Yihao Customized Product, Guolian'An Zengfu One-year Term Open-ended Bond Security Investment Fund and Guolian'An Zengyu One-year Term Open-ended Bond Security Investment Fund are structured entities.

## (VII) Contacts for solvency information disclosure

Contact person: WANG Teng

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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	257%	259%
Core solvency margin (10K RMB)	21,852,924	21,118,505
Comprehensive solvency margin ratio	257%	259%
Comprehensive solvency margin (10K RMB)	21,852,924	21,118,505
Latest IRR result		A
Premium income (10K RMB)	2,663,434	4,745,195
Net profit (10K RMB)	287,301	537,839
Net assets (10K RMB)	8,507,065	7,934,582

## III. Actual Capital

Items	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	128,374,131	124,531,541
Admitted liabilities (10K RMB)	92,585,857	90,152,993
Actual capital (10K)	35,788,274	34,378,548
Tier 1 core capital (10K RMB)	35,788,274	34,378,548
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)	13,935,350	13,260,043

Required capital for quantitative risk (10K RMB)	14,149,718	13,464,023
1) Required capital for insurance risk (10K RMB)	4,302,214	4,092,002
2) Required capital for market risk (10K RMB)	14,454,959	13,775,280
3) Required capital for credit risk (10K RMB)	2,818,652	2,740,326
4) Diversification effect for quantitative risks (10K RMB)	3,686,004	3,545,044
5) Loss absorption effect for special-type insurance contracts (10K RMB)	3,740,103	3,598,541
Required capital for control risk (10K RMB)	(214,368)	(203,980)
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)	-	-

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## V. Integrated risk rating (IRR)

The Company received an A rating for both Q2 and Q3 of 2019, 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 (SAMRA) 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 Q4.

First, held a risk management seminar for head-office departments so that the 1<sup>st</sup> line of defense can substantially shoulder its responsibility in risk control. The 1<sup>st</sup> and 2<sup>nd</sup> lines of defense respectively made presentations on their work progress in 2019, with

outlook and work plan for 2020.

Second, started the preparations for amendment of the 2020 Enterprise Risk Management policies and the Risk Appetite Framework (RAF), circulated the notice and organized several discussions with relevant departments on the amendment of the RAF.

Third, conducted research into the risk of business operation, explored the establishment of a surveillance system of the risk, and completed preliminary analysis of certain business data, including in-depth analysis of the loss ratio, persistency ratio and rolling loan ratio.

Fourth, implemented the risk management performance evaluation of head-office departments in 2019, focusing on SAMRA management, IRR management and the performance of their general risk management responsibilities.

Fifth, received a special SAMRA audit by Group Internal Audit, and formulated rectification plan in response to gaps identified and confirmed.

In Q1 of 2020, the Company intends to focus on the following areas for its solvency risk management.

First, commence the drafting of the 2019 Annual Enterprise Risk Management Report, which sets forth and analyses the Company's main risks, with control and mitigation measures.

Second, complete the amendment of the 2020 risk management systems and RAF, which will be implemented pending approval of the Company Management Committee and the Board.

Third, organize sessions to study documents of the 2<sup>nd</sup> phase of C-ROSS, subject to its progress, identify gaps and push for rectification by relevant departments based on SARMRA self-assessment under the new rules.

## 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)	8,124,471

#### 2. Comprehensive current ratio

<b>Item</b>	<b>Within 3 months</b>
Comprehensive current ratio	340%

#### 3. Liquidity coverage ratio

<b>Item</b>	<b>Stress scenario 1</b>	<b>Stress scenario 2</b>
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Liquidity coverage ratio	2041%	2006%
-Company level		

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## **(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. Strengthen daily cash flow management and ensure sufficient liquidity to meet all payment obligations via cash budgeting management.
2. Assess the Company's liquidity and the impact on liquidity before making business plans, selling new products or conducting other insurance business activities.
3. Assess the Company's liquidity and investment's impact on liquidity when formulating investment strategies and plans.
4. Strengthen the management of financing activities; ensure access to financing at reasonable costs and in a timely manner to meet liquidity needs.
5. 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, and assess their impact on liquidity in a timely manner.

## **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 Q4 2019.

### **(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.