

Summary of Solvency Report (Excerpts)

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

2023 Interim

Company overview and contact information

Company name (Chinese):	中国太平洋保险（集团）股份有限公司
Company name (English):	CHINA PACIFIC INSURANCE (GROUP) CO., LTD.
Legal representative:	KONG Qingwei
Registered address:	1 Zhongshan Road (South), Huangpu District, Shanghai, PRC.
Registered capital:	RMB9.620 billion
Business license number:	000013
First date for registration:	May 13, 1991
Business scope:	Invest in controlling stakes of insurance companies; supervise and manage the domestic and international reinsurance business of the insurers under its control; supervise and manage the investments by the insurers under its control; participate in international insurance activities as approved.
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I. Statement by the board and management

We hereby declare that the report has been approved by the board of directors. The board and the senior management of the Company warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, and that there is no false representation, misleading statements or material omissions; and they severally and jointly accept responsibility for the contents of this report.

1. Voting results by directors

Name of directors	For	Against	Abstain
KONG Qingwei	✓		
FU Fan	✓		
HUANG Dinan	✓		
WANG Tayu	✓		
WU Junhao	✓		
CHEN Ran	✓		
ZHOU Donghui	✓		
LU Qiaoling	✓		
John Robert Dacey	✓		
LIU Xiaodan	✓		
CHEN Jizhong	✓		
LAM Tyng Yih, Elizabeth	✓		
LO Yuen Man, Elaine	✓		
JIANG Xuping	✓		
Total	14		

Note: Mark “✓” in corresponding blanks according to opinions of directors.

2. Are there any directors who cannot guarantee or harbor any doubt about the truthfulness, accuracy, completeness or compliance of the contents of this report? (yes no)

II. Basic Information

(I) Shareholding structure, shareholders and change

1. Shareholding structure (unit: share)

	Before change		Increase or decrease (+ or -)					After change	
	Amount	Percentage (%)	New shares issued	Bonus shares	Transfer from reserves	Others	Sub-total	Amount	Percentage (%)
1. Ordinary shares denominated in RMB	6,845,041,455	71.15	-	-	-	-	-	6,845,041,455	71.15
2. Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares (H share)	2,775,300,000	28.85	-	-	-	-	-	2,775,300,000	28.85
4. Others	-	-	-	-	-	-	-	-	-
Total	9,620,341,455	100.00	-	-	-	-	-	9,620,341,455	100.00

2. Top 10 shareholders (unit: share)

Name of shareholders	Percentage of shareholding	Total number of shares held	Increase or decrease (+ or -) of shareholding during the reporting period	Number of shares subject to pledge or lock-up	Type of shares
HKSCC Nominees Limited	28.82%	2,772,554,627	+24,400	-	H Share
Shenergy (Group) Co., Ltd.	14.05%	1,352,129,014	-	-	A Share
Hwabao Investment Co., Ltd.	13.35%	1,284,277,846	-	-	A Share
Shanghai State-Owned Assets Operation Co., Ltd.	6.34%	609,929,956	-	-	A Share
Shanghai Haiyan Investment Management Company Limited	4.87%	468,828,104	-	-	A Share
HKSCC	3.46%	332,488,912	+134,379,279	-	A Share
China Securities Finance Co., Ltd.	2.82%	271,089,843	-	-	A Share
Shanghai International Group	1.66%	160,000,000	-	-	A Share
Citibank, National Association	1.55%	148,997,105	-22,950	-	A Share
Yunnan Hehe (Group) Co. Ltd.	0.95%	91,868,387	-	-	A Share

Description of related relations or concerted actions among the aforesaid shareholders

HKSCC Nominees Limited and HKSCC are connected, as the former is a wholly-owned subsidiary of the latter. Shanghai State-Owned Assets Operation Co., Ltd. is a wholly-owned subsidiary of Shanghai International Group, and they act in concert. Other than that, the Company is not aware of any other connected relations or concerted actions among the above-mentioned shareholders.

Notes:

- As at the end of the reporting period, the Company did not issue any preferred shares.

2. The shareholding of the top 10 shareholders is based on the lists of registered shareholders provided by China Securities Depository and Clearing Corporation Limited Shanghai Branch (A share) and Computershare Hong Kong Investor Services Limited (H share) respectively.
3. The shares held by HKSCC Nominees Limited are held on behalf of its clients. As SEHK does not require such shareholders to disclose to HKSCC Nominees Limited whether the shares held by them are subject to pledge or lock-up period, HKSCC Nominees Limited is unable to calculate, or make available such data. Pursuant to Part XV of the SFO, a Substantial Shareholder is required to give notice to SEHK and the Company on the occurrence of certain events including a change in the nature of its interest in shares such as the pledging of its shares. As at the end of the reporting period, the Company is not aware of any such notices from Substantial Shareholders under Part XV of the SFO.
4. HKSCC is the nominal holder of shares traded through Shanghai-Hong Kong Connect Programme.
5. Citibank, National Association is the depository of the Company's GDRs, and the underlying A shares of the Company represented by the GDRs have been registered under it; according to Citibank, National Association, as of the end of the reporting period, the remaining number of the GDRs is 29,799,421, which is 26.69% of the number of GDRs issued under approval by the China Securities Regulatory Commission.

III. Business Operation of Major Member Companies

(I) CPIC P/C

In the first half of 2023, the subsidiary reported rapid premium growth and healthy levels of underwriting profitability. It realised 103.703bn yuan in primary premium income, a year-on-year growth of 14.3%, net profits of 4.041 billion.

As of the end of the reporting period, comprehensive solvency margin ratio was 198%, down by 4pt from the year beginning, mainly due to impact of business development and changes to asset allocation, etc. Of this,

(1) Available capital 61.159bn yuan, up by 6.005bn yuan from the year beginning, or a growth of 10.9%;

(2) Minimum capital 30.952bn yuan, up by 3.706bn yuan, or 13.6% from the year beginning.

(II) CPIC Life

In the first half of 2023, the subsidiary recorded steady premium growth, with robust NBV performance. It realised gross premium income of 169.574bn yuan, a year-on-year growth of 2.5%, NBV of 7.361bn yuan, up by 31.5% year-on-year, and net profits 14.023bn.

As of the end of June 2023, the comprehensive solvency margin ratio was 197%, down by 21pt from the year beginning, mainly due to impact of business development and changes in asset allocation, etc. Of this,

(1) Available capital 314.264bn yuan, down by 8.7%, or 29.958bn yuan from the year beginning;

(2) Minimum capital 159.165bn yuan, up by 0.9%, or 1.363bn yuan from the year beginning.

(III) CPIC Health

CPIC Health focused on specialised business operation, and proceeded with core capacity-building in an orderly manner. During the reporting period, the subsidiary realised 2.988bn yuan in GWPs and health management fees, with net profits of 65mn yuan.

As of the end of June 2023, its comprehensive solvency margin ratio stood at 246%, down by

19pt from the year beginning, mainly as a result of business development, changes in asset allocation. Of this,

(1) Available capital 3.361bn yuan, up by 4.2%, or 136mn yuan from the year beginning;

(2) Minimum capital 1.365bn yuan, up by 12.2%, or 149mn yuan from the year beginning.

(IV) CPIC AMC

The company implemented requirements of high-quality development in an all-around way, focusing on improvement of investment capabilities and control of various risks. As of the end of June 2023, third-party AuM of CPIC AMC amounted to 268.957bn yuan.

(V) Changjiang Pension

The company stayed committed to serving China's national retirement strategy, and strived to become a top-notch financial institution specialising in pension-related financial services with a positive public image. As at 30 June 2023, its third-party assets under trustee management amounted to RMB381.489 billion; third-party assets under investment management reached RMB363.890billion.

(VI) Other member companies

As of the end of June 2023, total assets of the CPIC Real Estate reached 207mn yuan, with net assets of 162mn yuan; total assets of CPIC Technology reached 1.226bn yuan, with net assets of 681mn yuan.

IV. Solvency Statements

Solvency Statements of Insurance Holding Groups

Name: China Pacific Insurance (Group) Co. Ltd.

(30 June, 2023)

unit: 10 thousand RMB yuan

Items	No. of lines	As at the end of the reporting period 1	As at the beginning of the reporting period 2
Available capital	(1) = (2) + (3) + (4) + (5)	45,593,223	47,907,342
Tier 1 core capital	(2)	30,326,538	31,950,386
Tier 2 core capital	(3)	7,137	1,291,004
Tier 1 supplement capital	(4)	15,253,549	14,658,632
Tier 2 supplement capital	(5)	5,998	7,320
Minimum capital	(6) = (7) + (21) + (22)	19,025,604	18,733,329
Minimum capital for quantitative risks	(7) = (8) + (9) + (10) + (11) + (12) + (13) - (20)	19,259,448	18,733,329
Minimum capital for parent company	(8)	-	-
Minimum capital for insurance member companies	(9)	19,259,448	18,733,329
Minimum capital for banking member companies	(10)	-	-
Minimum capital for securities member companies	(11)	-	-

Minimum capital for trust member companies	(12)	-	-
Minimum capital for quantifiable Group-specific risks	(13) = (14) + (15)	-	-
Minimum capital for risk contagion	(14)	-	-
Minimum capital for concentration risk	(15) = (16) + (17) + (18) - (19)	-	-
Minimum capital for concentration risk - counter parties	(16)	-	-
Minimum capital for concentration risk - industry	(17)	-	-
Minimum capital for concentration risk - customers	(18)	-	-
Risk diversification	(19)	-	-
Decrease in required capital for risk diversification effect	(20)	-	-
Minimum capital for control risk	(21)	(233,844)	-
Supplement capital	(22)		
Core solvency margin	(23) = (2) + (3) - (6) × 50%	20,820,874	23,874,725
Core solvency margin ratio	(24) = [(2) + (3)] / (6) × 100%	159%	177%
Comprehensive solvency margin	(25) = (1) - (6)	26,567,619	29,174,012
Comprehensive solvency margin ratio	(26) = (1) / (6) × 100%	240%	256%

Notes: Decrease in required capital for risk diversification effect and supplement capital are yet to be defined by regulator.

V. Management Analysis and Discussions

(I) Analysis of solvency margin ratios movements during the reporting period

As of the end of June 2023, Group comprehensive solvency margin ratio stood at 240%, down by 16pt from the year beginning; core solvency margin ratio was 159%, down by 16pt from

the year beginning, mainly due to impact of business development, changes to asset allocation and shareholder profit distribution. Of this,

1) Available capital amounted to 455.9bn yuan, down by 23.2bn yuan from the year beginning; core capital 303.3bn yuan, down by 29.1bn yuan from the year beginning.

2) Minimum capital 190.3bn yuan, up by 3.0bn yuan from the year beginning.

In short, Group solvency remain stable, both above regulatory minimum levels.

(II) Analysis of changes to IRR and Group risk status during the reporting period

The regulator is yet to conduct Integrated Risk Rating (IRR) for insurance groups.

During the reporting period, the Group posted sound and stable operational results overall with effective implementation of its risk appetite. All risk indicators remained stable, with the overall risk under control. No risk events with significant impact occurred in the year. However, the Group still faced some uncertainties due to impact of internal and external environment, including:

First, macro-environment risks. In a complicated international environment of momentous changes never seen before in the last century and geo-political shifts, China's economic development will face increasing risks and uncertainty, which, coupled with domestic insurance industry transformation, represent formidable challenges to the business operation, business development, and investment returns of the Company. In response, it closely followed the developments of domestic and international macroeconomic environment, seized development opportunities on the basis of prudent operation, and constantly improved its ability to support national strategies and mitigate risks.

Second, credit risk in investment. Currently the market environment is difficult and challenging. Drivers of domestic economic development have been weak, due to lack of demand. With economic slow-down, the "tail" credit risk may continue to deteriorate, with further divergence of market credit-worthiness. The Company attached great importance to credit risk management, continuously upgraded the credit risk management system and professional expertise compatible with needs of investment, optimised the unified credit-rating system, and enhanced control of counter-party access. It also strictly

implemented credit risk limits and concentration management, continued to strengthen the monitoring, early warning and handling of credit risk of investment, so that it could be more pro-active and forward-looking in risk management.

Third, risk of insurance business. In P/C business, with normalisation of claims frequency and deepening of auto insurance comprehensive reform, the combined ratio is likely to go up; in life/health insurance, industry transformation has entered a critical stage, and negative spread once again became a “hot spot” of the industry, given secular decline of interest rates and subsequently rising pressure on insurance fund reinvestment. In the face of external uncertainties, the Company focused on things within its control, with steady growth of EV and steady momentum of core business segments. It pursued change while adhering to the right direction, captured business opportunities in supporting national strategies, the real economy and people’s pursuit of a better life. To forestall major risks, the Company upgraded the risk management system in accordance with C-ROSS II requirements, optimised risk management and control mechanisms, strengthened early warning and response to key risks, carried out rectification as per findings of SARMRA assessment, and consolidated the three lines of defence in risk management to improve the soundness and effectiveness of its risk management system, which greatly helped with the Company’s sustainable development strategy and high-quality development.

VI. Risk Management Capabilities

(I) Group solvency risk governance

The Company has established a broad-based risk management framework in which all parties involved play their due role: the Board of Directors bears the ultimate responsibility, management provides direct leadership, risk management departments provide coordination, and the 3 lines of defense closely work together. The boards of directors of the Group and its subsidiaries are the supreme authority for the risk management of the organization, and bear the ultimate responsibility for their respective risk management systems and status of operation. The board Risk Management and Related Party Transactions Control Committee performs duties in risk management as is mandated by the board.

The Company’s Management Committee is mandated to organize and execute the

Company's risk management activities. It sets up the position of Chief Risk Officer, reports to the board Risk Management and Related Party Transactions Control Committee on the Company's risk positions and management measures on a quarterly basis. The Management Committee has under it a Working Group of Risk Management and Internal Audit, which serves as a professional decision-making body across functions and departments responsible for the review of risk management plans and policies, execution and oversight, and co-ordination.

The Group headquarters set up a Risk Management Centre, under which there are Risk Management Department and Legal and Compliance Department, responsible for coordinating daily work in risk management, legal and compliance and internal control. All insurance member companies of the Group have set up Risk Management Departments, which coordinate and implement various decisions made by the management in the field of risk management, and organize, direct and supervise other departments to execute the daily risk management tasks determined by management. All the other functional departments of Group headquarters and insurance subsidiaries and their branches have appointed responsible persons for risk management and set up corresponding positions, who are responsible for the risk management work within his/her scope of responsibility and communication with the risk management department.

Group Internal Audit Centre conducts, on an annual basis, audits of the status and effects of operation of the Group solvency risk management system, as well as implementation of risk management policies, issues reports and briefs the board on this.

(II) Risk management strategies and implementation

1. Risk management strategies

The overall risk management strategy of the Group is: set reasonable risk management objectives based on development strategies, organisational structure and business features of the Company, and under the guidance of the objectives, support and promote fulfillment of business objectives and strategic planning of the Company via a sound risk management system, stringent risk management processes, advanced risk management mechanisms and tools, and enhanced transmission of risk targets and look-through management of the Group and its member companies.

Risk management is a core element of the Company's operation and management. The Company takes a centralised approach to risk management - setting up an overarching risk management framework covering the whole Group, with centralised formulation of risk

management organisational structure, unified risk management objectives, unified risk management policies and core risk measurement tools, and unified planning and building of risk management information systems to guide and supervise the Group's risk management work. While maintaining their independent risk governance and setting up necessary firewalls, each subsidiary is responsible for managing various risks within their business segment in accordance with the basic goals and policies, systems and processes, methods and tools of the Group's risk management.

2. Risk appetite systems and objectives

Based on its rules on risk appetite system, the Company formulates the Group Risk Appetite System, which is reviewed and updated on an annual basis when necessary.

The Company adopts a “prudent” risk appetite for 2023, and cautiously manages various risks in business operation. The Company and its insurance subsidiaries maintain a sufficient level of solvency, and pursue stable profitability and sustainable value growth while ensuring appropriate liquidity, maintain a sound risk management status and a positive market image, and continuously upgrade the risk control system so that it is more compatible with the Company's status as a listed firm in SSE, SEHK, and LSE, gradually incorporates ESG requirements into the ERM (enterprise risk management) system, thus becoming a leader in healthy and stable development of the industry.

The Company's risk appetite system includes five core dimensions: maintaining adequate capital, pursuing stable profitability, achieving sustained value growth, maintaining appropriate liquidity, and establishing a good market image. The Company has established overall risk limits and cascaded them to its subsidiaries. Based on their own business characteristics and needs, each subsidiary further breaks down the limits for various risks and applies them to daily business decisions, risk monitoring and early warning to achieve healthy interaction and balance between risk management and business development.

3. Risk management tools

The Company uses a wide range of risk management tools, including risk management information system, all-around budgeting, asset liability management, capital planning and stress testing, etc., to manage the risks within the business scope of the Group and its major member companies. The Group and all its member companies have clear risk management

plans and processes, and regularly monitor and supervise their implementation to ensure effective application of the tools.

To be specific, first, the Company sets up a risk management information system to monitor key risk indicators to gradually achieve the transmission of statements and data between business departments and branches. Second, it adopts comprehensive budgeting management and formulated scientific business plans to facilitate its medium and long-term development in light of overarching strategic plans, risk appetite, the goal of sustainable value growth and by means of budget preparation, implementation, analysis, adjustment and evaluation. The member companies effectively promote the implementation of the overall budget under the guidance of the Group. Third, based on internal asset liability management rules, the Company implements prudent asset-liability risk management as per risk appetite and other constraints; it continuously develops, implements, monitors, and refines its asset liability management framework and strategies. Fourth, the Company established a sound capital management system. In compliance with regulatory requirements, it assesses various risks and their capital requirements in a scientific way, putting in place a diversified capital replenishment mechanism to ensure that it is adequately capitalized to withstand risks and meet business development needs. The capital planning of each member company aligns with that of the Group. Fifth, the Company adopts a coordinated stress testing model with both unification and differentiation, whereby the Group Management Committee takes direct leadership, with clear division of responsibilities and close cooperation between relevant departments and member companies, ensuring highly-efficient implementation; the Group sets out unified objectives, methods and standards of stress testing, carries out stress testing for headquarters and the Group as a whole; while member companies are responsible for their respective stress testing work, as well as providing the required data and professional opinions as per Group stress testing requirements.

(III) Identification and assessment of Group-specific risks

1. Risk contagion

Risk contagion means that the risk of a member company may spread to other member companies of the same group through internal transactions or other means, thus causing

unexpected losses to the group or other member companies. CPIC strictly controls related party transactions (RPTs), enhances risk quarantine mechanisms to minimise the risk of contagion. During the reporting period, relevant measures and their implementation status are as follows:

In term of related party transaction management, as per relevant regulatory requirements, the Company established long-term mechanism for related party transaction management, improved internal control and risk management to curb intra-Group risk contagion, vigorously promoted IT system of RPT management so as to enhance the digitalisation, accuracy and data-processing capacity of the entire management chain. It set up and constantly improves RPT internal control. The Group's Risk Management and Related Party Transactions Control Committee is responsible for the identification of related parties, and the management, review, approval and risk control of related party transactions. Business, finance, compliance and risk control departments all performed their duties with due diligence. During the reporting period, the Company continued to optimise limits on material RPTs as per regulatory requirements, enhanced standards on submission of RPT data, clarified paths of data submission, so as to improve the efficiency of the RPT management system.

In risk quarantine, the Company formulated Rules on Management of Risk Quarantine in strict conformity with regulatory requirements, which seeks to establish a firewall in areas such as legal entity management, financial management, fund management, business operation, information system management, personnel management, branding & publicity, information disclosure, RPTs, and guarantee management, identify paths of contagion and put in place prudent risk quarantine measures. During the reporting period, the Company reviewed relevant business rules and processes to improve the risk quarantine system, and effectively prevented risk contagions across member companies; drafted technology outsourcing strategies and made decisions on major outsourcing projects as per regulatory regulations and Provisions on Outsourcing of Information Technology of the Company.

2.Risk due to opaque organizational structure

This refers to the risk that an insurance group's shareholding structure, management

structure, operational process, scope of business, etc. are excessively complex and opaque, which may cause losses to the group. The Company strictly abides by regulatory rules, and has drafted Provisional Measures on Management of Risk of Opaque Organisational Structure, which defines relevant management mechanisms and the regular evaluation system. In the first of 2023, the status of the risk is as follows:

As a wholly-listed insurance group, the Company maintains a clear shareholding structure and there is no cross-shareholding and illegal subscription of capital instruments between insurance member companies and other affiliates under the Group, or between member companies under the Group.

Based on their strategic planning and business development, each member company has established suitable organizational structures with clearly-defined organisational boundaries, responsibilities and powers, which helps to prevent either overlapping or gaps in function, or over-concentration of powers and responsibility, and formed work mechanisms of good coordination, checks and balances and clear division of responsibilities.

3. Concentration risk

It refers to the risk that the aggregation of individual risks or risk portfolios of member companies at the group level may cause unexpected losses to the group company. In accordance with relevant regulatory requirements, CPIC regularly identifies, evaluates, monitors and reports on different types of concentration risks of the Group and its member companies along 4 dimensions (namely, counter-parties, industry distribution of investment assets, customers and business) and their sub-dimensions, to prevent major adverse effects of concentration risk on its solvency or liquidity status.

CPIC has a risk limit indicators system for concentration risk, covering all the four dimensions and their sub-dimensions, and uses the system to regularly evaluate the concentration risk on each dimension. During the reporting period, there were no breaches of limits on these dimensions, nor events which may trigger early warning. The Company's overall concentration risk was under control.

Based on realities of its business operation and risk profiles, the Company focuses on the

concentration risk relating to investment counter-parties, and regularly assesses the concentration of investment assets with credit risk exposure, as well as the credit risk and financial situation of its major counter-parties. During the reporting period, the concentration risk of investment counter-parties was under control, and Company's major investment counter-parties maintained stable ratings, thus the related concentration risk was under control. During the reporting period, there was no concentration risk that posed a material threat to the Company's solvency or liquidity.

4. Non-insurance risk

CPIC stays focused on the core business of insurance, which dictates its investment in non-insurance sectors, with limited non-insurance risk exposure and impact. In strict compliance with regulatory rules, it prudently manages investment in non-insurance areas, pro-actively manages and prevents the adverse effect on the solvency of both the Group and its member insurers by the business operation of its non-insurance member companies.

In terms of investment by non-insurance member companies, CPIC has established an equity investment management system for non-insurance areas based on equity shareholding and corporate governance system. The Company has set up an investment decision-making commission under the Assets and Liabilities Management Committee to organize and coordinate major equity investments of its member companies, which helps to ensure that the Company's shareholding structure remains clear and that those investments are aligned with CPIC's risk appetite and limits.

In management of its non-insurance business, CPIC strictly complies with relevant regulatory regulations and regularly evaluates the risk exposure of non-insurance investments, with results reported to the board. It also conducts effective equity management and risk monitoring of its member companies, with timely assessment and adjustment of the development strategies of its non-insurance business. The Company has also set up asset and liquidity quarantine mechanisms between its insurance and non-insurance member companies to ensure that investments in non-insurance member companies will not harm the interests of policyholders.

In the first half of 2023, the Company intensified management of non-insurance members companies centering on consolidated management, differentiated management of member

companies, non-insurance equity investment management, and non-insurance capital management. It also pushed forward rectification of SARMRA through enhancement of management mechanisms, rules and processes, division of responsibilities, and supportive tools.

(IV). Results of SARMRA assessment

In 2022, the regulator conducted SARMRA assessment of the Company, with a result of 81.77 points, which consisted of 12.28 for solvency risk governance, 12.76 for risk management strategies and implementation, 9.88 for risk contagion management, 9.6 for management of opaque organisational structure, 10.06 for concentration risk management, 9.27 for non-insurance risk management, 8.35 for other risk management and 9.57 for capital management.

VII. Integrated Risk Rating

(I) Results of the last 2 rounds of IRR

Not applicable. The regulator is yet to carry out Integrated Risk Rating for insurance groups.

(II) Remedial actions taken or to be taken

Not applicable.

Summary of Quarterly Solvency Report (Excerpts)

China Pacific Property Insurance Co., Ltd.

2nd Quarter of 2023

Company overview and contact information

Company name (Chinese):	中国太平洋财产保险股份有限公司
Company name (English):	China Pacific Property Insurance Company Limited
Legal representative:	GU Yue
Registered address:	South Tower, Bank of Communications Financial Building, 190 Middle Yincheng Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC
Registered capital:	19.948bn yuan
Business license number:	000014
Date opening for business:	November 2001
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.
Business territories:	The People's Republic of China (excluding Hong Kong, Macao and Taiwan)
Contact person:	WANG Yucheng
Office Tel. number:	021-33962680
Cell phone:	13917427405
Email:	wangyucheng-003@cpic.com.cn

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I. Board and management statement

The report has been approved by the board of directors. The board and senior management of the Company warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, and that there is no false representation, misleading statement or material omissions; and they severally and jointly accept responsibility for the contents of this report.

1. Voting results by directors

Name of directors	For	Against	Abstain
SU Shaojun	✓		
WU Junhao	✓		
ZHANG Weidong	✓		
ZHANG Yuanhan	✓		
YU Bin	✓		
GU Yue	✓		
ZENG Yi	✓		
Total	7		

2. Are there directors who can not warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, or harbour any doubts in this regard? (yes no)

II. Basic information

(I) Ownership structure, shareholders and change during the reporting period

1. Ownership structure (unit: 10,000 shares)

Types of shareholders	Beginning of reporting period			Change			End of reporting period	
	Shares	Percentage (%)	Shareholder injection	Transfer from capital reserve and	Share transfer	Subtotal	Shares	Percentage (%)

				share dividends distribution				
State	29,895	1.5	-	-	-	-	29,895	1.5
Private legal person	-	-	-	-	-	-	-	-
Foreign	-	-	-	-	-	-	-	-
Natural person	-	-	-	-	-	-	-	-
Others (listed company)	1,964,914	98.5	-	-	-	-	1,964,914	98.5
Total	1,994,809	100	-	-	-	-	1,994,809	100

2. De facto controller

China Pacific Insurance (Group) Co., Ltd. is the controlling shareholder of the Company, holding 98.5% of the stake.

3. Shareholding information (by descending order of shareholding percentage as of the end of the reporting period, unit:share)

Names of shareholders	Types of shareholders	Change during the reporting period	Shares held at the end of the reporting period	Shareholding percentage at the end of the reporting period (%)	Shares pledged or in lock-up
China Pacific Insurance (Group) Co., Ltd.	Others (listed company)	---	19,649,137,578	98.50	None
Shenergy Group Co., Ltd.	State-owned	---	93,106,180	0.47	None
Shanghai Haiyan Investment Management Company Limited	State-owned	---	92,846,189	0.46	None
Yunnan Hehe (Group) Co., Ltd.	State-owned	---	61,049,510	0.31	None
Shanghai State-owned Assets Operation Co., Ltd.	State-owned	---	51,948,193	0.26	None
Total	---	---	19,948,087,650	100	---
Related-party relations among	Of the 5 shareholders of the Company, with the exception of CPIC Group, all are concurrently shareholders of CPIC Group. Other than that, the Company is not				

shareholders aware of any related-party relations between its shareholders.

4. Shareholding by directors, supervisors and senior management

Was there shareholding by directors, supervisors and senior management as at the end of the reporting period? (Yes No)

5. Share transfer

Was there any share transfer during the reporting period? (Yes No)

(II) Directors, supervisors and senior management and the changes thereof

1. Basic information on directors, supervisors and senior management

(1). Directors

Mr. SU Shaojun, born in February 1968, has a PhD degree. He has been serving as Director of the Company since May 2021 (approval document:CBIRC [2021] No. 377). Mr. SU currently serves as Board Secretary of CPIC Group, and Director of CPIC Life. He previously served as Assistant General Manager, Deputy General Manager of Underwriting Department of CPIC P/C, Deputy General Manager, General Manager of CPIC P/C Beijing Branch, General Manager of Development and Planning Department of CPIC P/C, Head of Board Office of CPIC P/C, Head of the Board Office of Supervisors of CPIC P/C, General Manager of Tele-marketing Centre of CPIC P/C, Head of Strategy Research Center and Deputy Director of Transformation of CPIC Group.

Mr.WU Junhao, born in June 1965, has a master's degree. He has served as Director of the Company since August 2012 (approval document: CIRC P/C [2012] No.796). Mr. WU currently serves as Non-executive Director of CPIC Group, Director of CPIC Life, and General Manager of Financial Management Department of Shenergy (Group) Co., Ltd. He is also Director of Shanghai ICY New Energy Venture Capital Co., Ltd., Supervisor of Orient Securities Co., Ltd., a company listed on both SSE and SEHK, Supervisor of Everbright Banking Co., Ltd., a company listed on both SSE and SEHK, Chairman of Board of Supervisors of Shanghai ICY Capital Co. Ltd., and Chairman of

Board of Supervisors of Shanghai Shenergy Chengyi Equity Investment Co. Ltd. Previously, Mr. WU served as Teaching and Research Director of Department of Management of Changzhou University, Executive Deputy Manager of Shanghai New Resources Investment Consulting Company, Deputy General Manager of Shanghai Bailitong Investment Management Co., Ltd., Deputy Supervisor of Shanghai Shenergy Asset Management Co., Ltd., Deputy Supervisor, Supervisor, and Senior Supervisor of Asset Management Department of Shenergy (Group) Co., Ltd., Deputy Manager and Manager of Financial Management Department of Shenergy (Group) Co., Ltd., Director of Shanghai Jiulian Group Co., Ltd., and Director of Chengdu Xinshen Venture Capital Co., Ltd. Mr. WU also formerly served as supervisor of Shanghai Pharmaceuticals Holding Co., Ltd., a company listed on SSE and SEHK, and Director of Orient Securities Company Limited.

Mr. ZHANG Weidong, born in October 1970, holds a bachelor's degree. He has been serving as Director of the Company since March 2018 (approval document: CBIRC [2018] No.3). Mr. ZHANG currently serves as Compliance Responsible Person and General Counsel of CPIC Group and Director of CPIC Life, CPIC AMC, Changjiang Pension and CPIC Health, respectively. Mr. ZHANG previously served as General Manager of Legal and Compliance Department, Head of Board Office of CPIC Group, Board Secretary of the Company, and Board Secretary of CPIC Life and CPIC AMC respectively, Risk & Compliance Director, General Manager of Risk Management Department and Chief Risk Officer of CPIC Group.

Mr. ZHANG Yuanhan, born in November 1967, holds a master's degree and is a director of China Association of Actuaries, a member of the Society of Actuaries and American Academy of Actuaries. He has been serving as Director of the Company since March 2018 (approval document: CBIRC [2018] No.68). Mr. ZHANG is also Finance Responsible Person and Chief Actuary of CPIC Group, Director of CPIC Life and CPIC Health. He previously served as Chief Actuary, Deputy General Manager and Vice President of MetLife Insurance Company Limited (Shanghai), Chief Actuary of Sino Life Insurance Co., Ltd., Deputy General Manager, CFO and Chief Actuary of Sun Life

Everbright Life Insurance Co., Ltd., Director of Sun Life Everbright Asset Management Co., Ltd., Director of CPIC AMC and Chief Actuary of CPIC Health.

Mr. YU Bin, born in August 1969, holds a master's degree. He has been serving as Director of the Company since September 2019 (approval document: CBIRC Shanghai [2019] No.804). Mr. YU currently also serves as Vice President of CPIC Group and Chairman of CPIC Technology. Previously, Mr. YU served as Deputy General Manager of the Non-Marine Insurance Department of the Company, Deputy General Manager of Underwriting and Claims Department of the Company, General Manager of Market Development & Research Center of the Company, General Manager of Marketing Department of the Company, Chief Marketing Officer, Deputy General Manager of the Company, and Assistant President of CPIC Group.

Mr. GU Yue, born in June 1965, holds a master's degree. He has been serving as Chairman and Executive Director of the Company since March 2015 (approval document: CIRC [2015] No. 228). Previously, Mr. GU served as General Manager of CPIC Suzhou Branch and Nanjing Branch, Board Secretary and General Manager of Human Resources Department, Internal Audit Director, Internal Audit Responsible Person, Finance Responsible Person, Vice President, and Executive Vice President of CPIC Group, Chairman of Board of Supervisors and Director of CPIC Life, Chairman of Board of Supervisors of CPIC AMC, Director of CPIC HK, Director of CPIC Health, and General Manager of the Company. Prior to that, Mr. GU worked at the Shanghai Municipal Bureau of Statistics.

Mr. ZENG Yi, born in June 1965, holds a bachelor's degree, and has been serving as Executive Director of the Company since June 2023 (approval document: CIRC [2023] No. 76). He currently serves as General Manager of the Company. Previously, Mr. ZENG served as Deputy Section Chief, Section Chief of Administration of Domestic Business Department, Head of Research and Development Department, Deputy Manager of Domestic Business Department and Research and Development Department, Deputy Manager of General Administration for P/C Insurance Department, Deputy Manager of General Administration for P/C Insurance Department & Jiangbei Sub-branch, Manager of P/C Insurance Business Development Department, Manager of P/C Insurance Business Centre of Chongqing Branch, Manager of P/C Insurance Business Centre & head of Supervisory Department,

Assistant General Manager, Deputy General Manager and General Manager of Chongqing Branch of the Company, Director of Auto Insurance Business, Chief Operating Officer and Deputy General Manager of CPIC P/C. Previously, he worked at PICC Chongqing Branch.

(2). Supervisors

Mr. Sun Peijian, born in September 1963, holds a master's degree and has been serving as Supervisor of the Company since September 2019 (approval document: CBIRC Shanghai [2019] No. 803). He was appointed as Chairman of Board of Supervisors of the Company in October 2019. Mr. SUN currently serves as Chief Risk Officer of CPIC Group, Chairman of Board of Supervisors of CPIC Life. Previously, Mr. SUN served as Assistant General Manager, Deputy General Manager, General Manager of Reinsurance Department of CPIC Group, Assistant General Manager, Deputy General Manager, Compliance Responsible Person, Compliance Director, and Vice President of CPIC Group, Director of CPIC P/C, CPIC Life and CPIC AMC respectively, and Chairman and General Manager of CPIC Health.

Mr. CAO Junhua, born in March 1966, has a PhD degree. He has been serving as Supervisor of the Company since May 2021 (approval document: CBIRC [2021] No. 376). Mr. CAO currently serves as General Manager of Audit Department (East China) of Audit Center of CPIC Group, and Supervisor of Pacific Insurance Elderly Care Investment Management Co., Ltd.. Previously, he served as Head of Secretariat of General Office of CPIC Life, Deputy Section Chief of Board Office of CPIC Group, Assistant General Manager of CPIC P/C Suzhou Branch, Deputy General Manager of Legal & Compliance Department of CPIC P/C Suzhou Branch, Head of Specialised Capacity-building Team of Audit Center of CPIC Group, Deputy General Manager (in charge), General Manager of Audit Department (North China) of Audit Center of CPIC Group, Deputy Chief of Party Discipline Inspection Team of CPIC Group, and Internal Audit Responsible Person of CPIC AMC.

Ms. RUAN Yuhong, born in April 1970, holds a bachelor's degree, with designation of Account, CPA. She has been serving as Employee Supervisor of the Company since January 2023 (approval document: CBIRC [2023] No. 20). Ms. RUAN currently serves as General Manager of Finance/ Asset Management Department of the Company. She

previously served as General Manager of Auditing Department, General Manager of Finance Department, Deputy General Manager, and Chairman of Workers' Union of Ningbo Branch of the Company.

(3) Senior management

Mr. GU Yue, born in June 1965, holds a master's degree. He has been serving as Chairman and Executive Director of the Company since March 2015 (approval document: CIRC [2015] No. 228). Previously, Mr. GU served as General Manager of CPIC Suzhou Branch and Nanjing Branch, Board Secretary and General Manager of Human Resources Department, Internal Audit Director, Internal Audit Responsible Person, Finance Responsible Person, Vice President, and Executive Vice President of CPIC Group, Chairman of Board of Supervisors and Director of CPIC Life, Chairman of Board of Supervisors of CPIC AMC, Director of CPIC HK, Director of CPIC Health, and General Manager of the Company. Prior to that, Mr. GU worked at the Shanghai Municipal Bureau of Statistics.

Mr. ZENG Yi, born in June 1965, holds a bachelor's degree, and has been serving as General Manager of the Company since June 2022 (approval document: CBIRC [2022] No. 379). He currently serves as Director of the Company. Previously, Mr. ZENG served as Deputy Section Chief, Section Chief of Administration of Domestic Business Department, Head of Research and Development Department, Deputy Manager of Domestic Business Department and Research and Development Department, Deputy Manager of General Administration for P/C Insurance Department, Deputy Manager of General Administration for P/C Insurance Department & Jiangbei Sub-branch, Manager of P/C Insurance Business Development Department, Manager of P/C Insurance Business Centre of Chongqing Branch, Manager of P/C Insurance Business Centre & head of Supervisory Department, Assistant General Manager, Deputy General Manager and General Manager of Chongqing Branch of the Company, Director of Auto Insurance Business, Chief Operating Officer and Deputy General Manager of CPIC P/C. Previously, he worked at PICC Chongqing Branch.

Mr. SONG Jianguo, born in December 1966, holds a master's degree. He has been serving as Deputy General Manager of the Company since August 2012 (approval document: CIRC P/C Insurance [2011] No. 380). Previously he served as Head of Operations Section of Overseas Business Department, Deputy Manager and Manager

of Overseas Business Department, and Assistant General Manager of CPIC Hainan Branch, Deputy General Manager, General Manager of the Company's Hainan Branch, General Manager of the Company's Property and Liability Insurance Department, General Manager of the Company's Shandong Branch, Head of Sales (Channel Building and Cooperation), and Deputy General Manager (agricultural insurance) of the Company. Prior to that, Mr. SONG worked at the Hainan Branch of the Bank of Communications.

Mr. ZHANG Dong, born in October 1963, holds a master's degree. He has been serving as Deputy General Manager and Compliance Responsible Person (approval documents: CIRC [2014] No. 750 and CIRC [2014] No. 753 respectively), and Chief Risk Officer of the Company since September 2014. Previously, Mr. ZHANG served as Manager of CPIC Ganyu Sub-branch, Deputy General Manager and General Manager of CPIC Lainyungang Central Sub-branch, Assistant General Manager of CPIC Life Nanjing Branch, Deputy General Manager of CPIC Life Jiangsu Branch, General Manager of CPIC Life Hunan Branch, General Manager of CPIC Life Jiangsu Branch, Head of Sales of CPIC Life, Secretary of Discipline Inspection Commission, Employees' Representative Supervisor, and Chairman of Trade Union of CPIC AMC, and Deputy General Manager (comprehensive management) of the Company. Prior to that, Mr. ZHANG worked at the General Supply and Marketing Cooperative of Yugan County of Jiangsu Province.

Mr. CHEN Sen, born in October 1970, holds a master's degree and has been serving as Deputy General Manager of the Company (approval document: CBIRC [2021] No. 497) since August 2021. He has been serving as Chief Actuary of the Company since October 2015 (approval document: CIRC [2015] No. 949), and Finance Responsible Person of the Company since June 2017 (approval document: CIRC [2017] No. 520). Currently, Mr. CHEN also serves as Director of CPIC Anxin Agricultural and CPIC HK. Previously, he served as Deputy General Manager, Finance Responsible Person and Chief Actuary of China Property & Casualty Reinsurance Company Limited. Prior to that, Mr. CHEN worked at the New York headquarters of Guy Carpenter & Company, and the North American headquarters of Swiss Re.

Mr. ZHANG Yu, born in April 1965, received university education. He has been serving as Deputy General Manager of the Company since May 2021 (approval document: CBIRC Shanghai [2019] No. 826 (qualification for Assistant General Manager)). Previously, he served as Deputy General Manager of CPIC Suzhou Branch, Deputy

General Manager, and General Manager of CPIC P/C Suzhou Central Sub-branch, Deputy General Manager of CPIC P/C Shanghai Branch, General Manager of CPIC P/C Ningbo Branch, General Manager of CPIC P/C Shanghai Branch, and Assistant General Manager (non-auto insurance) of CPIC P/C.

Mr. SU Zhanwei, born in June 1966, holds a master's degree and has been serving as Deputy General Manager of the Company since June 2022 (approval document: CBIRC Shanghai [2019] No. 841) . Prior to that, Mr. SU served as Assistant General Manager, Deputy General Manager, and General Manager of CPIC P/C Henan Branch, Head of General Office of CPIC P/C and Head of Board Office /Office of the Board of Supervisors, General Manager of Corporate Customer Department/Bancassurance Department, and Assistant General Manager of CPIC P/C.

Mr. LI Chao, born in March 1981, holds a master's degree, and has been serving as Assistant General Manager of the Company since August 2021 (approval document: CBIRC [2021] No.496). Prior to this, Mr. LI served as Deputy General Manager of CPIC P/C Tianjin Branch, Deputy General Manager (in charge) and General Manager of CPIC P/C's Small and Medium-sized Customer Business Department, General Manager of CPIC P/C's Corporate Customer Department/Bancassurance Department, and General Manager of CPIC P/C Heilongjiang Branch.

Ms. TAO Lei, born in September 1977, holds a master's degree. She has been serving as Assistant General Manager (approval document: CBIRC [2021] No. 624) and Board Secretary (approval document: CBIRC [2021] No. 623) of the Company since August 2021. Ms. TAO currently also serves as General Manager of Development and Planning Department, Head of Board Office, and Head of Supervisory Board Office of the Company. Previously, she served as Assistant General Manager, Deputy General Manager of Tele-marketing Department of CPIC P/C, Deputy General Manager (in charge) of Project Management Department of CPIC Online, General Manager of Marketing Department of CPIC Online, General Manager of Shanghai Sub-center of Tele-marketing Center of CPIC P/C, and Deputy General Manager of Tele-marketing Center of CPIC P/C.

Mr. Wu Bo, born in June 1970, holds a doctorate degree, and he has been serving as Assistant General Manager of the Company since August 2021 (approval document: CBIRC [2021] No. 591). Mr. WU also serves as Director of the Company's

Beijing-Tianjin-Hebei Regional Coordinated Development and General Manager of CPIC P/C Beijing Branch. Mr. WU previously served as Assistant General Manager, Deputy General Manager and General Manager of CPIC P/C Shandong Branch.

Mr. YU Baoyu, born in May 1965, holds a master's degree. He has been serving as Assistant General Manager of the Company (approval document: CBIRC [2022] No.23) since January 2022. Mr. Yu also serves as the Company's Head for Coordinated Development of Guangdong-Hong Kong-Macao, and General Manager of the Guangdong Branch of the Company. Previously, Mr. Yu served as Deputy General Manager of CPIC P/C Henan Branch, and General Manager of CPIC P/C Gansu Branch and Hubei Branch.

Mr. CHEN Yingjie, born in November 1967, holds a master's degree. He has been serving as Internal Audit Responsible Person of the Company since May 2023 (approval document: CBIRC [2023] No. 277). Previously he served as Member of Party Committee and Deputy General Manager of CPIC P/C Liaoning Branch, Secretary of Party Committee and General Manager of CPIC P/C Heilongjiang Branch, and Secretary of Party Committee and General Manager of CPIC P/C Sichuan Branch.

2. Changes to directors, supervisors and senior management of head-office

Are there changes to the directors, supervisors and senior management during the reporting period? (Yes No)

Position	Predecessor	Incumbent
Director	ZHANG Yuhua	ZENG Yi
Deputy General Manager	ZHANG Yuhua	--
Internal Audit Responsible Person	ZHOU Xiaonan (acting)	CHEN Yingjie

(III) Subsidiaries, joint ventures or associates

Were there subsidiaries, joint ventures or associates as at the end of the reporting period? (Yes No)

Name of companies	Number of shares (10,000)			Percentage of shareholding (%)		
	End of	End of	Change	End of	End of this	Change (pt)

	last quarter	this quarter		last quarter	quarter	
Subsidiaries						
China Pacific Anxin Agricultural Insurance Co., Ltd.	73,206	73,206	-	67.78%	67.78%	-
Joint ventures						
Shanghai Juche Information Technology Co., Ltd.	148	148	-	25.20%	25.20%	-
Zhongdao Automobile Assistance Co., Ltd.	1,280	1,280	-	20.32%	20.32%	-
Shanghai Lexiang Sijin Technology Joint-stock Co. Ltd.	369	369	-	6.09%	6.09%	-
Associates						
CPIC Euler Hermes Credit Insurance Sales Co., Ltd	2,550	2,550	-	51.00%	51.00%	-
Shanghai Binjiang-Xiangrui Investment and Construction Co., Ltd.	1,071	1,071	-	35.70%	35.70%	-

(IV) Breaches

1. Did the Company receive any administrative penalties from financial regulators during the reporting period? (Yes No)

Between April 1 and June 30 2023, CBIRC issued 11 administrative penalties to branch offices of the Company, with 1.33mn yuan in fines for branches and 485,000 yuan in fines for individuals, totalling 1.815mn yuan. Breaches mainly concerned falsification of brokerage business for expense-booking, failure to strictly implement insurance terms & clauses or rates filed with the regulator, granting extra benefits to the insured other than those specified in insurance contracts, loss of business permits, refusal to write compulsory commercial auto insurance, breach of limits on term of acting responsible person, and change of business sites without permission.

2. Did the directors, senior management receive administrative penalties from financial regulators during the reporting period? (Yes No)

3. Did misconduct or breaches of directors and senior management trigger judicial proceedings during the reporting period? (Yes No)

4. Did the Company receive any regulatory measures from the CBIRC during the reporting period?

(Yes No)

III. Key solvency and business metrics

(I) Key solvency metrics

Unit: RMB yuan 10,000

Items	As at the end of this quarter	As at the end of the previous quarter	Estimates for next quarter under base scenario
Admitted assets	26,040,835	25,747,483	25,891,883
Admitted liabilities	19,924,918	19,388,285	19,729,695
Available capital	6,115,917	6,359,198	6,162,188
Tier 1 core capital	4,533,101	4,712,642	4,679,372
Tier 2 core capital	-	-	-
Tier 1 supplement capital	1,582,816	1,646,556	1,482,816
Tier 2 supplement capital	-	-	-
Minimum capital	3,095,181	2,979,334	3,107,474
Minimum capital for quantifiable risks	3,146,692	3,028,917	3,159,189
Minimum capital for control risk	-51,511	-49,583	-51,716
Supplement capital	-	-	-
Core solvency margin	1,437,920	1,733,308	1,571,898
Core solvency margin ratio (%)	146.5%	158.2%	150.6%
Comprehensive solvency margin	3,020,736	3,379,864	3,054,714
Comprehensive solvency margin ratio (%)	197.6%	213.4%	198.3%

(II) Liquidity risk indicators

1. Regulatory indicators for liquidity risk

Items		This quarter	Previous quarter	
Net cash flows (RMB 10,000)	YTD	581,124	618,837	
	Year 2022	-326,022	-326,022	
	Year 2021	288,396	288,396	
LCR (%)	LCR1	Next 3 months	100.9%	114.3%

	LCR2	Next 12 months	104.1%	103.6%
		Next 3 months	235.1%	255.5%
	LCR3	Next 12 months	140.7%	142.1%
		Next 3 months	81.8%	116.7%
		Next 12 months	96.0%	105.3%
Retrospective adverse deviation ratio of net cash flows from business activities (%)	Over the last 2 quarters		140.4%	31.0%
	Over the last quarter		-36.2%	140.4%

2. Other indicators of liquidity risk

	Items	This quarter (YTD)	Previous quarter (YTD)
Liabilities	Net cash flow from operating activities (RMB 10,000)	74,798	39,614
	Net cash flow from operating activities per 100 yuan in premiums (RMB yuan)	0.7	0.7
	Ratio of cash outflow from business of special types (%)	3.1%	2.7%
	Written premiums year-on-year (%)	14.2%	16.5%
Assets	Ratio of cash and liquidity management instruments (%)	3.5%	3.7%
	Quarterly average financing gear (%)	2.2%	2.3%
	Share of domestic fixed income assets with external rating of AA and below (%)	0.3%	0.4%
	Proportion of shares representing over 5% of the stake of listed companies (%)	0.0%	0.0%
	Ratio of fund receivables (%)	17.7%	17.0%
	Ratio of assets of related parties held (%)	1.6%	1.5%

Ratio of cash outflow from business of special types: Ratio of cash outflow from business of special types = (Claim expenses of special-type business + Claim reserves of special-type business) ÷ (Overall claim expenses + Overall claim reserves) × 100%. Business of special types includes financing guarantee insurance business and non-auto business that accounts for more than 5% of overall claim expenses, the latter refers to non-auto insurance business that incurs, due to catastrophes or major claims, estimated or actual claim expenses after insurance exceeding 5% of overall non-auto claim expenses of the previous year.

Written premiums growth(yoy): year-on-year growth of written premiums

Ratio of receivables (%): Ratio of receivables=(Premium receivables + Reinsurance receivables) ÷ Total assets by the end of the reporting period × 100%. Premium receivables, reinsurance receivables and total assets refer to their respective book value as at the end of the reporting period.

Ratio of assets of related parties held: Ratio of assets of related parties held = Total investment assets of related parties held ÷ Total assets as at the end of the reporting period × 100%, excluding related-party transactions between the insurance company and the insurance group that it belongs to or between subsidiaries of the insurance group.

(III) Key business metrics

Unit: RMB yuan 10,000

Indicators	As at the end of this quarter/during this quarter	As at the end of this quarter/YTD
Gross written premiums	4,702,199	10,477,368
Net profits	204,018	404,058
Total assets	21,290,205	21,290,205
Net assets	5,236,358	5,236,358
Insurance contract liabilities	12,123,568	12,123,568
Basic earnings per share (RMB yuan)	0.1	0.2
ROE (%)	3.8	7.7
ROA (%)	1.0	2.0
Investment yield (%)	1.0	1.8
Comprehensive investment yield (%)	1.3	2.7
Combined ratio (%)	97.7	97.8
Expense ratio (%)	28.1	28.0
Loss ratio (%)	69.6	69.8
Proportion of commission and brokerage expenses (%)	8.4%	8.1%
Proportion of operating and administrative expenses (%)	19.0%	16.3%
Written premiums	4,890,764	10,613,411
	2,636,044	5,381,069

Written premiums of auto insurance

Written premiums of top 5 non-auto insurance business lines	1,848,625	4,377,278
Health insurance	308,435	1,312,724
Agricultural insurance	725,285	1,245,447
Liability insurance	495,464	1,095,739
Guarantee insurance	158,440	362,221
Commercial property insurance	161,001	361,147
Average premium of auto insurance per vehicle (RMB yuan)	2,925	2,824
Written premiums by channels	4,890,764	10,613,411
Agency	2,824,374	5,861,574
Direct	1,448,997	3,460,727
Brokerage	617,393	1,291,110
Others	-	-

Note: 1. All calculation of reserves was based on financial statements; the expense ratio, the loss ratio and combined ratio were based on earned premiums; comprehensive investment yield includes changes in fair value of AFS assets, which is not included in calculation of investment yield.

2. Net profits, total assets, net assets, and insurance contract liabilities listed above were based on Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments revised and promulgated by the Ministry of Finance in 2017, and Accounting Standard for Business Enterprises No. 25 - Insurance Contracts revised and promulgated by the Ministry of Finance in 2020; basic earnings per share, ROE and ROA were calculated in accordance with the formula prescribed by Article 24 of Solvency Regulatory Standards of Insurance Companies No. 18 - Solvency Report, based on results of afore-mentioned indicators.

IV. Risk management capabilities

(I) Classification of insurance companies (risk management requirements)

As per rules on classification of insurance companies contained in Solvency Regulatory Standards No. 12: Solvency-aligned Risk Management Requirements and Assessment, the Company, established on 9 November 2001, is a Category I insurance company. In 2022, its annual written premiums amounted to RMB

175.677bn yuan; total assets stood at RMB 232.667bn yuan; there are 37 provincial-level branch offices.

(II) Measures taken to improve risk management and status during the reporting period

In Q2 this year, the Company held the 2023 Risk & Compliance Discipline Inspection Work Conference, requiring all its employees to be guided by the spirit of the 20th CPC National Congress and Xi Jinping's thoughts of socialism with Chinese characteristics in the new era. We strove to further promote risk & compliance discipline inspection work guided by the three-year Party building plan and the three-year sustainable development plan so as to better support high-quality sustainable development. During the quarter, the following was done for risk management:

First, we formulated a plan to build a risk reduction service system. Being customer-centred, the Company, leveraging risk engineering and external expertise, established a professional system of risk reduction service covering working SOPs, technical standards, professional teams and platform tools, and actively assisted our corporate customers in risk assessment, education and training, screening of potential hazard, emergency response drills, risk monitoring and early warning, and so on. To optimise resources allocation related to risk reduction, guide all our business lines and branches to improve risk reduction, further enrich "CPIC Services", and better serve China's social and economic development, we created an overarching design for our risk reduction system in the new era and made specific plans for the development of our risk reduction service system based on the Guidelines on Risk Reduction Services;

Second, we further improved our risk management processes and rules. To serve its strategy and risk management, the Company issued the 2023 Risk Appetite System within the framework of CPIC Group's risk appetite system, taking into consideration its own realities and development plans; to strengthen internal control of our foreign exchange business, standardise the accounting of foreign exchange business, and avoid and guard against the risks associated with our foreign exchange business, we revised the Regulations on the Management of Foreign Exchange Insurance Business; and to adapt to new regulatory requirements and further standardise its information disclosure, the Company amended its Rules on Information Disclosure Management;

Third, the Company carried out various assessments and self-inspections. We carried out quarterly and annual review of potential reputational risks to further improve the pro-activeness, foresight and effectiveness of reputational risk management; organised special investigations in areas such as personal information protection, anti-fraud, contract and agreement, credit and liquidity risks, etc., to strengthen risk control; and organised the 2023 Risk and Control Self-Assessment to strengthen the foundation of internal control;

Fourth, we organised the third Risk & Compliance Month and Clean Financial Culture themed activities as well as the 2023 Data Security Season themed activities. The Risk & Compliance Month activities helped to promote company-wide consensus on risk & compliance management and its compliance capacity building. They strengthened employees' awareness of compliance and integrity, and improved the Company's risk control capability and efforts to become a pioneer and leader in risk control, thus creating an environment of proactive compliance, effective risk control and clean practices, and contributing to new breakthroughs in the systematic capacity building of the Company. To strengthen data security management, enhance data security, and prevent all kinds of data security risks, the Company organised Data Security Season activities to further improve awareness of data security at all levels of the organisation and clarify the responsibility for data security.

(III) Results of last solvency risk management valuation

In 2021, the regulator conducted SARMRA assessment of the Company, which scored 83.94 points. Of this, infrastructure and environment of risk management was 82.19 points, targets and instruments of risk management was 82.35 points, insurance risk management was 86.4 points, market risk management was 81.68 points, credit risk management was 86 points, operational risk management was 84.44 points, strategic risk management was 86.12 points, reputation risk management was 84.53 points, liquidity risk management was 83.54 points.

(IV) Status of SARMRA self-assessment

Not applicable.

V. Information on IRR (differentiated supervision)

(I) Information on IRR (differentiated supervision)

The Company was rated AA at the IRR for both Q4 of 2022 and Q1 of 2023.

The Company strictly abides by rules of the former CBIRC, improves work mechanisms and operational processes of IRR (differentiated supervision), and files information as required and in a timely manner on a quarterly basis, while ensuring the truthfulness, compliance and completeness of the data. In the reporting quarter, it purchased the IRR System Phase II from Pulian Software Co. Ltd. and continuously improved its functions, which helped with the data quality and efficiency of regulatory filing.

We have briefed the board on the content of Q1 regulatory communication, and plan to organise further analysis of rectification by relevant departments as per alerts by the regulator.

(II) Status of various risks of the Company

1. Operational risk

In the quarter, the Company strengthened compliance management as per relevant regulatory requirements, and made solid progress in management of operational risks and money-laundering related risks, with all of them well under control. The following was done in operational risk management:

First, we continued to embed risk controls into relevant business management systems. Leveraging progress made in integrated risk control under Transformation 2.0 and in light of the newly discovered issues from external assessment and internal auditing, we analysed relevant risk data, and the status quo and gaps in our system control in key areas, formulated business line-specific plans to optimise operational risk control, so as to embed important control rules into the relevant front-line business management systems.

Second, we upgraded “look-through” monitoring. Focusing on improving three key capabilities of system connection, data mining and process embedding, we formulated three Sky-Eye platforms, namely, “integrated planning of risk dashboard, optimisation of risk-probing function, and closed-loop management of comprehensive self-review and risk prevention”.

Third, we made efforts to further cultivate awareness for compliance management. We carried out the third Risk & Compliance Month and Clean Financial Culture activities, under the theme “Stimulating new energy of risk control to underpin development”, to further promote the Company's risk & compliance capacity building in a practical manner.

Fourth, we adopted standardised control over insurance contracts by actively promoting relevant projects for standardised and systematic control over insurance agreements.

Fifth, in accordance with the Circular on Anti-Money Laundering in Shanghai in 2023 issued by the Shanghai Branch of the People's Bank of China, we made plans and arrangements for anti-money laundering work for 2023 and issued risk alerts on strengthening capacity building for anti-money laundering, requesting organisations at all levels to get a clear understanding of the serious regulatory environment at home and abroad on anti-money laundering.

2. Strategic risk

There was no occurrence of risk incidents which may impact the execution of the strategic planning of the Company in this quarter. The main work done in this quarter includes:

First, the Company put forward the annual plan and implementation measures based on its overall development plan, and formulated the 2023 Business Development Plan, which was submitted to the board of directors for

consideration in May. Quarterly assessment of the plan was conducted to ensure its implementation;

Second, assessed the implementation of 2022 Development Plan, based on execution status of the overall plan, which was approved by senior management of the Company and relevant board committees in the first quarter and then by the Board of Directors in April;

Third, the Company strengthened the management of strategic risks in terms of talent management, business management, investment management and overseas operation management, and regularly collected and analysed relevant information and strengthened the monitoring of strategic risks through multi-dimensional indicators such as premium growth rate, combined ratio, solvency margin ratio, IRR rating and corporate governance evaluation;

Fourth, the Company assessed the overall situation of strategic risk management in a timely, all-round and objective manner, and summarised the assessment and management of strategic risks and incorporated them into its overall risk management and assessment report to senior management.

At the next stage, the Company will continue to pay close attention to the external economic environment and relevant policy developments, and adjust its strategic planning when appropriate accordingly while taking into account its own development needs, so as to ensure that its business activities will stay on course within the framework of the plan and towards its objectives.

3. Reputational risk

During the quarter, there were no severe reputational risk incidents, with the risk overall under control. As per Interim Provisions on Reputational Risk Management by Banking and Insurance Institutions (CBIRC[2021]No.4), Regulations on Reputational Risk Management of China Pacific Insurance (Group) Co. Ltd. (CPIC[2021]No.57) and Implementation Rules on Reputational Risk Management of China Pacific Property Insurance Co. Ltd. (CPIC P/C [2022] 86), when conducting business and branding activities, the Company will further enhance risk screening and prevention, step up fast response and coordination after the risk emerges and intensify revisit and optimisation after the completion of risk-handling, accumulate the “asset” of reputation and strengthen early-stage intervention and closed-loop management of reputational risk. In the quarter, the Company promoted the company-wide 2023 annual series of emergency response drills for reputation risks by relevant business lines. Next, building on those drills, it will improve whole process management, make regular recommendations, and continue to improve the emergency management and coordination capabilities for handling of reputation incidents.

4. Liquidity risk

To mitigate liquidity risk, the Company attaches importance to daily cash flow management, coordinates cash flows from business, investment and financing activities, pays special attention to large cash outflows arising from major claims reinsurance bills and taxes, makes funds available in a timely manner to ensure sufficient liquidity to meet needs of various payment obligations. In Q2, in anticipation of large pay-outs like prepayment of contribution into the Mandatory Insurance Security Fund, quarterly prepayment and settlement of income tax, and reinsurance outgo, the Company made appropriate arrangement of funds, while handling needs for liquidity or applications for payment of branch offices in a timely manner.

It will continue to monitor changes to its liquidity status and enhance risk management capabilities while considering various needs for liquidity.

VI. Management analysis and discussions

(I) Review of key operating results

1. Analysis of changes to IRR ratings

The overall risk status of the Company remains stable, with solvency margin ratios stable and solid, and business operation and net cash flows showing signs of improvement. It maintained normal status in strategic risk, reputational risk and operational risk. There was no occurrence of major risk incidents.

2. Analysis of solvency margin ratio movement

By the end of Q2 2023, the comprehensive and core solvency margin ratios of the Company stood at 197.6% and 146.5% respectively, down by 15.8pt and 11.7pt respectively from the end of the previous quarter. Of this, available capital fell by 2.43bn yuan from the previous quarter, mainly due to net profits, other comprehensive income, and dividend distribution.

Minimum capital rose by 1.16bn yuan from the previous quarter. Of this, minimum capital for insurance risk increased by 1.13bn yuan, with minimum capital for premium reserve risk up by 760mn yuan, mainly due to higher retained premiums for commercial property, agricultural and liability insurance, and higher claims reserve for short-term health and commercial property insurance compared with the previous quarter; minimum capital for catastrophe risk rose by 720mn yuan, mainly as a result of higher SA in commercial property insurance.

Minimum capital for market risk rose by 1.54bn yuan from the preceding quarter, largely due to increased risk exposure of bond securities investments, which led to higher capital requirement for interest rate risk.

Minimum capital for credit risk dropped by 0.83bn yuan from the preceding quarter, largely due to decreased risk exposure of term deposits and deposits with negotiable terms, which reduced minimum capital requirement.

The Company set forth its solvency risk upper limits and monitoring indicators compatible with its risk profile and appetite, and its own realities, and tracked them on a regular basis. In the meantime, it continued to ensure stable and sufficient solvency positions via enhanced business quality control, improved capability in risk identification and management, and optimised asset and business mix, etc.

3. Analysis of changes to liquidity risk indicators

(1) Liquidity coverage ratios (LCR)

As per C-ROSS II standards on liquidity, the liquidity coverage ratios, i.e., LCR1 and LCR2 in the next 3 months and 12 months under the base and stress scenarios respectively were above 100%, and LCR3 above 50%, all meeting regulatory requirements. The Company adopts a prudent approach towards cash flow projections from operating activities, with the retrospective adverse deviation ratio of net cash flows from operating activities in the past 2 quarters consistently higher than the regulatory minimum of -30%. On a YTD basis, net cash inflows of the Company amounted to 5.81bn yuan. Of this, net cash inflow from operating activities was 750mn yuan; net cash outflow from investment activities 760mn yuan; net cash inflow from financing activities 5.77bn yuan.

To mitigate liquidity risk, the Company attaches importance to daily cash flow management, coordinates cash flows from operating, investment and financing activities to ensure sufficient liquidity to meet needs of surrenders, claims and other benefits payments. The Company has allocated a certain proportion of highly liquid assets in its SAA to meet liquidity requirements, which enables it to meet short-term cash flow requirements arising from business volatility. It will continue to monitor changes to its liquidity status and enhance risk management capabilities.

Summary of Quarterly Solvency Report (Excerpts)

China Pacific Life Insurance Co., Ltd.

2nd Quarter of 2023

Company overview and contact person

Company name (Chinese):	中国太平洋人寿保险股份有限公司
Company name (English):	China Pacific Life Insurance Co., Ltd.
Legal representative:	PAN Yanhong
Registered address:	1 Zhongshan Road (South), Huangpu District, Shanghai, China
Registered capital:	8.6282bn yuan
Business license number:	000015
Date opening for business:	November 2001
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 international insurance business as approved by the former CIRC. 【To conduct business subject to approval according to laws and regulations, permission of relevant departments is required.】
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 (with offices in 5 vice-provincial level municipalities such as Dalian, Qingdao, Ningbo, Xiamen, Shenzhen, where the insurance regulator also set up branch offices)

Contact person: HAN Shuwan
Office Tel. number: 021-33965311
Email: hanshuwan@cpic.com.cn

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I. Board and management statement

(I) Board and management statement

The report has been approved by the board of directors. The board and senior management of the Company warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, and that there is no false representation, misleading statement or material omissions; and they severally and jointly accept responsibility for the contents of this report.

(II) Status of review by the board

1. Voting results by directors

Name of directors	For	Against	Abstain
MA Xin	✓		
SU Shaojun	✓		
WU Junhao	✓		
ZHANG Weidong	✓		
ZHANG Yuanhan	✓		
CAI Qiang, John	✓		
PAN Yanhong	✓		
Total	7		

Note: Tick “ ✓ ” in corresponding blanks according to opinions of directors.

2. Are there directors who can not warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, or harbour any doubts in this regard? (yes no)

II. Basic information

(I) Ownership structure and shareholders, and change during the reporting period

1. Ownership structure (unit: 10,000 shares or RMB yuan 10,000)

Types of shareholders	Beginning of reporting period		Change				End of reporting period	
	Shares or contribution	Percentage (%)	Shareholder injection	Transfer from capital reserve and share dividends distribution	Share transfer	Sub-total	Shares or contribution	Percentage (%)
State	14,733.69	1.708	-	-	-	-	14,733.69	1.708
Domestic legal person								
Foreign	-	-	-	-	-	-	-	-
Natural person	-	-	-	-	-	-	-	-
Others (listed company)	848,086.31	98.292	-	-	-	-	848,086.31	98.292
Total	862,820	100	-	-	-	-	862,820	100

2. Top 10 shareholders (by descending order of shareholding percentage as of the end of the reporting period, unit: 10,000 shares or RMB yuan 10,000)

Names of shareholders	Types of shareholders	Change to shareholding during reporting period	Shares held as at the end of Q2 2023	Shareholding percentage as at the end of Q2 2023 (%)	Shares pledged or in lock-up
China Pacific Insurance (Group) Co., Ltd.	Listed company	-	848,086.31	98.292	-
Shenergy Group Co., Ltd.	State-owned	-	4,711.59	0.546	-
Shanghai State-Owned Assets Operation Co., Ltd.	State-owned	-	4,689.24	0.544	-
Shanghai Haiyan Investment Management Company Limited	State-owned	-	3,218.11	0.373	-
Yunnan Hehe (Group) Co., Ltd.	State-owned	-	2,114.75	0.245	-
Related party relations between shareholders	Of the 5 shareholders of the Company, with the exception of CPIC Group, all are concurrently shareholders of CPIC Group. Other than that, the Company is not aware of any related party relations between its shareholders.				

The Company has no de facto controller. China Pacific Insurance(Group) Co. Ltd. is the majority shareholder of the Company, holding 98.292% of its shares.

3. Shareholding by directors, supervisors and senior management

Was there shareholding by directors, supervisors and senior management as at the end of the reporting period? (Yes No)

4. Share transfer

Was there any share transfer during the reporting period? (Yes No)

(II) Directors, supervisors and senior management of company headquarters

1. Basic information of directors, supervisors and senior management of company headquarters

(1) Directors

As of the end of June 2023, the 7th Board of Directors of the Company has 7 directors in total:

Mr. MA Xin, born in April 1973, has a master's degree. He has been serving as Director of the Company since March 2018 (approval document: CIRC Approval [2018] No. 320). Mr. MA currently serves as Vice President of CPIC Group, Director of Changjiang Pension, and Chairman of CPIC Health. He previously served Assistant Manager of Cheng'an Sub-branch of CPIC Xi'an Branch, Assistant Manager of the Life Insurance General Management Department and Group Insurance Department of Chengnan Sub-branch of CPIC Xi'an Branch, Deputy Head, and Deputy Manager of Marketing Management Department of Chengdong Sub-branch, Manager of Individual Business Department and Assistant General Manager of CPIC Life Xi'an Branch, Deputy General Manager and General Manager of CPIC Life Shaanxi Branch, Director of CPIC P/C, Transformation Director, Director of Strategic Transformation Office, GM of Strategic Planning Department, and Board Secretary of CPIC Group.

Mr. SU Shaojun, born in February 1968, holds a PhD degree and a title of senior engineer. He has been serving as Director of the Company since December of 2021 (approval document: CBIRC Approval [2021] No. 1033). Mr. SU currently serves as Board Secretary, and Director of CPIC P/C. Previously, he served as Assistant General Manager and Deputy General Manager of the Underwriting Department, Deputy General Manager and General Manager of Beijing Branch, General Manager of Development Planning Department, Head of the Board Office, Head of the Board of Supervisors' Office, General

Manager of the Telemarketing Department of CPIC P/C, Head of the Strategic Research Center of CPIC Group, and Deputy Transformation Director of CPIC Group.

Mr. WU Junhao, born in June 1965, holds a master's degree. He has been serving as Director of the Company since July 2012 (approval document: CIRC Approval [2012] No. 816). Mr. WU currently serves as General Manager of the Financial Management Department of Shenergy (Group) Co., Ltd., Non-executive Director of CPIC Group, and Director of CPIC P/C. Mr. WU also is Supervisor of Orient Securities Company Limited, a company listed on SSE and SEHK, Chairman of the Supervisory Board of Shanghai ICY Capital Co., Ltd., Supervisor of Everbright Banking Co., Ltd., a company listed on both SSE and SEHK, and Chairman of the Supervisory Board of Shanghai Shenergy Chengyi Equity Investment Co., Ltd. Previously, Mr. WU worked as head of the Teaching Research Department of the School of Business Management of Changzhou University, Executive Deputy General Manager of Shanghai New Resources Investment Consulting Company, Deputy General Manager of Shanghai Bailitong Investment Company, Deputy Chief of Shanghai Shenergy Assets Management Co., Ltd., Deputy Chief, Chief and Senior Chief of the Assets Management Department, Deputy Manager of the Financial Management Department of Shenergy (Group) Co., Ltd., Director of Shanghai Jiulian Group Co., Ltd., and Director of Chengdu Xinshen Venture Capital Co., Ltd. Mr. WU also formerly served as supervisor of Shanghai Pharmaceuticals Holding Co., Ltd., a company listed on SSE and SEHK, and Director of Orient Securities Company Limited.

Mr. ZHANG Weidong, born in October 1970, holds a bachelor's degree. He has been serving as Director of the Company since March 2018 (approval document: CIRC [2018] No.330). Mr. ZHANG currently serves as Chief Compliance Officer and General Counsel of CPIC Group, Director of CPIC P/C, CPIC Health, CPIC AMC and Changjiang Pension respectively. Mr. ZHANG previously served as General Manager of Legal and Compliance Department, Head of Board Office, General Manager of Risk Management Department, Risk & Compliance Officer and Chief Risk Officer of CPIC Group, and Board Secretary of CPIC P/C, CPIC Life and CPIC AMC.

Mr. ZHANG Yuanhan, born in November 1967, holds a master's degree and is a director

of China Association of Actuaries, a member of the Society of Actuaries and American Academy of Actuaries. He has been serving as Director of the Company since March 2018 (approval document: CIRC [2018] No.327). Mr. ZHANG is also Chief Actuary and Finance Responsible Person of CPIC Group, Director of CPIC P/C, and Director of CPIC Health. Mr. ZHANG previously served as Chief Actuary of Citi Group TRV-Citi Insurance headquarters, Chief Actuary, Deputy General Manager and Vice President of MetLife Insurance Company Limited (Shanghai), Chief Actuary of Sino Life Insurance Co., Ltd., Deputy General Manager, CFO and Chief Actuary of Sun Life Everbright Life Insurance Co., Ltd., Chief Risk Officer, Chief Actuary and Chief Risk Officer of CPIC Health, and Director of CPIC AMC.

Mr. CAI Qiang (John), born in July 1967, holds a bachelor's degree. Mr. CAI is a CLU, ChFC, and CFP. He has been serving as Executive Director of the Company (approval document: CBIRC [2021] No. 390) since May 2021. Currently, he serves as General Manager (CEO) of the Company, Director of CPIC Life Hong Kong, and Director of LL Global. Previously, he served as insurance agent, regional manager, and regional director of AXA U.S., General Manager (agency business) and CEO of AXA Hong Kong, CEO of AIA China, Regional CEO of AIA Group, and Vice Chairman and President of WE DOCTOR GROUP.

Ms. PAN Yanhong, born in August 1969, holds a master's degree and a title of Senior Accountant, and is a Chinese Certified Public Accountant. She has been serving as Chairman of the Company since May 2021 (approval document: CBIRC [2021] No.421). Ms. PAN currently also serves as Executive Director of the Company, Director of CPIC AMC, CPIC Health and Changjiang Pension respectively, and Chairman of CPIC Life Hong Kong. Ms. PAN previously served as Deputy CFO, CFO, Deputy General Manager, Vice Chairperson, and General Manager of the Company, and Finance Responsible Person, Vice President, and Executive Vice President of CPIC Group.

(2) Supervisors

As of the end of June 2023, the 7th Board of Supervisors of the Company has 3 supervisors:

Mr. FENG Jintao, born in November 1976, holds a master's degree. He has been serving

as Supervisor of the Company (approval document: CBIRC [2021] No. 438) since June 2021. He currently serves as General Manager of Individual Business Planning Department of the Company. Previously, he served as Head of Individual Business Department of CPIC Life Shandong Branch, Deputy General Manager of CPIC Life Shandong Branch, General Manager of Individual Business Marketing Department and Individual Business Management Department of the Company, and Secretary of Party Committee/ General Manager of CPIC Life Henan Branch, concurrently Secretary of Party Committee/ General Manager of CPIC Life Yudong Branch.

Mr. SUN Peijian, born in September 1963, has a master's degree. He has been serving as Chairman of the Board of Supervisors of the Company since August 2019 (approval document: CBIRC Shanghai [2019] No.673). Mr. SUN currently serves as Chief Risk Officer of CPIC Group, Chairman of Board of Supervisors of CPIC P/C. Previously, he served as Assistant General Manager, Deputy General Manager, General Manager of Reinsurance Department of CPIC Group, Assistant General Manager, Deputy General Manager, Chief Compliance Officer, Head of Compliance, and Vice President of CPIC Group, Director of CPIC P/C, CPIC Life and CPIC AMC respectively, General Manager and Chairman of CPIC Health.

Mr. ZHANG Lei, born in July 1976, holds a master's degree in economics and a title of senior auditor. He has been serving as Supervisor of the Company (approval document: CBIRC [2021] No. 397) since June 2021. He currently also serves as General Manager of Legal and Compliance Department of the Company, and Director of Office of Board of Supervisors of the Company. Previously, he served as Deputy Director of Computerised Auditing Division, Deputy Director (in charge), Director of Social Security Audit Division, and Director of Corporate Audit Division of Shanghai Special Representative Office of National Audit Office, Chief Auditor (life insurance) of Audit Technology Department of Audit Center of CPIC Group, Chief Auditor (life insurance) of Digitalized Audit Technology Department of CPIC Group, General Manager of Investment Audit Department of CPIC Group, and Internal Audit Responsible Person of Changjiang Pension.

(3) Senior management

As of the end of June 2023, the Company has 14 members of senior management in total:

Mr. CAI Qiang currently serves as General Manager (CEO) of the Company. Please refer to Basic Information of Directors above for Mr. CAI's biography.

Mr. WANG Guangjian, born in June 1965, has a master's degree. Mr. WANG currently serves as Executive Deputy General Manager of the Company (approval document: CBIRC [2019] No.637) , and Compliance Responsible Person (approval document: CBIRC [2023] No.85)and Chief Risk Officer of the Company. Mr. WANG previously served as Deputy Manager, Manager of the Planning and Finance Department of CPIC Urumqi Branch, Deputy General Manager of CPIC Life Urumqi Branch, Deputy General Manager of CPIC Taiyuan Branch, General Manager of CPIC Shanxi Branch, General Manager of CPIC Shandong Branch, Assistant to Chairman of the Management Committee of CPIC Life, Deputy General Manager and Chief Compliance Officer, Chief Risk Officer of CPIC Life, Chairman of the Board of Supervisors of CPIC Life, Executive Director and General Manager of the Group Business Center of Pacific Medical & Health Management Co., Ltd. Mr. WANG holds a title of accountant. He has been serving as Executive Deputy General Manager of the Company since August 2019, as Chief Risk Officer of the Company since July 2022, and as Compliance Responsible Person since March 2023.

Mr. WEI Lin, born in July 1972, holds a master's degree. He currently serves as Deputy General Manager of the Company (approval document: CBIRC [2018] No.449), Executive Director and General Manager of Pacific Elderly Care Investment Management Co., Ltd., Chairman and Legal Representative of Pacific ORPEA (Shanghai) Elderly Care Service Co., Ltd., Director of CPIC (Dali) Elderly Home Co., Ltd., and Executive Director of Pacific Medical & Health Management Co., Ltd. Mr. WEI previously served as Chief Staff Member of the CIRC Chengdu Office, Deputy Director of the General Management Division of CIRC Sichuan Bureau, Deputy Director of the General Office of CIRC Sichuan Bureau, Deputy Director (in charge) of the Personnel and Education Division of CIRC Sichuan Bureau, Senior Manager of the Board Office of China Insurance (Holdings) Co., Ltd., General Manager of Investment Management Department of Taiping Group, and General Manager of Taiping Elderly Care Investment Company. Mr. WEI has been serving as

Deputy General Manager of the Company since June 2018.

Mr. CUI Shunxin, born in July 1963, has a master's degree. He is currently Deputy GM of the Company (approval document: CIRC [2014] No.770). Mr. CUI previously served as head of Finance Department of State-Owned Hemp Products Factory in Wen'an County, Hebei Province, deputy director of the factory, deputy head of the Finance Department of the Economic Committee of Wen'an County, Hebei Province, manager and assistant to GM of CPIC Langfang Branch, Deputy GM of CPIC Tangshan Branch, Deputy GM (in charge), GM of CPIC Tangshan Central Sub-Branch, assistant to GM, Deputy GM, GM of CPIC Life Hebei Branch, GM of CPIC Life Henan Branch, and assistant to GM of CPIC Life. Mr. CUI holds the title of accountant. He took up his current position in April 2018.

Mr. YE Peng, born in March 1972, holds a master's degree. He is currently Deputy General Manager of the Company (approval document: CBIRC Shanghai [2019] No.638), CFO (approval document: CBIRC Shanghai [2019] No.689), Director of Changjiang Pension, Director of CPIC Life HK, and Executive Director of Beijing Borui Heming Insurance Brokerage Co., Ltd. Mr. YE previously served as Assistant GM, CFO, Board Secretary, and Deputy GM of Changjiang Pension. Mr. YE holds a title of senior accountant, and is a certified public accountant and tax advisor in China. He is also a senior member of FAIA, and a member of IFA/IPA. He took up his current position in August 2019.

Mr. LI Jinsong, born in June 1969, holds a master's degree. He currently serves as Deputy General Manager of the Company (approval document: CBIRC Shanghai [2020] No. 781) and General Manager of the Group Business Operation Center and the Bancassurance Business Operation Center of the Company. Mr. LI previously served as General Manager of CPIC Life Sichuan Branch, General Manager of the Bancassurance Department of CPIC Life, Assistant General Manager of CPIC Life, Deputy Head of Marketing of CPIC Group and GM of the Strategic Customer Department of CPIC Group. He took up his current position as Deputy GM of the Company in December 2020.

Ms. CHEN Xiujuan, born in June 1971, holds a master's degree. She is currently Chief Actuary of the Company (approval document: CIRC [2014] No.770) and General Manager

of Health Insurance Business Unit of the Company. Ms. Chen previously served as deputy head of Actuarial Section of the Actuarial Department of CPIC Life, senior specialist, Assistant GM (in charge), Deputy GM (in charge), and GM of of the Actuarial Department of CPIC Life. Ms. CHEN has professional qualifications of an actuary, and is an executive director of the China Association of Actuaries. She took up her current position in September 2014.

Mr. ZHANG Shuming, born in December 1963, holds a bachelor degree. He is currently Deputy General Manager of the Company (approval document: CBIRC [2018] No.502). Mr. ZHANG previously served as GM of CPIC Life Baoding Central Sub-Branch, GM of CPIC Life Qinhuangdao Central Sub-Branch, assistant to GM and Deputy GM of CPIC Life Hebei Branch, GM of CPIC Life Gansu Branch, GM of CPIC Life Heilongjiang Branch, and Assistant GM of CPIC Life. Prior to that, he was GM of Ping An Insurance Qinhuangdao Central Sub-branch. He took up his current position in June 2019.

Mr. DAI Chuanjiang, born in September 1973, holds a bachelor's degree. He is currently Assistant GM of the Company (approval document: CBIRC Shanghai [2019] No. 662) and Director of CPIC Life Hong Kong. Mr. DAI previously served as Assistant Manager, Deputy Manager of CPIC Life Bijie Central Sub-Branch, Deputy Manager (in charge), Manager of Guiyang Business Department of CPIC Guizhou Branch, Deputy Manager of Business Division of CPIC Life Guizhou Branch, Manager of Individual Business Management Department of CPIC Life Guizhou Branch, Assistant GM, Deputy GM of CPIC Life Guizhou Branch, and Senior Deputy GM, GM of CPIC Life Shanghai Branch. He took up his current position in August 2019.

Mr. TAI Fuchun, born in December 1967, holds a master's degree. He currently serves as Assistant General Manager of the Company (approval document: CBIRC [2021] No. 745). Mr. TAI previously served as Assistant General Manager, Deputy General Manager and General Manager of CPIC Life Shanxi Branch, General Manager of the Customer Resource Management Department of CPIC Life, General Manager of CPIC Life Shandong Branch, Deputy Chief Internal Auditor of CPIC Group, and Internal Audit Responsible Person (Life Insurance) of CPIC Group. Prior to that, Mr. TAI served as Cadre of the General Office of

the Standing Committee of the Shanxi Provincial People's Congress. He took up his current positions in October 2021.

Mr. JIANG Yifeng, born in January 1978, holds a doctoral degree. He currently serves as Board Secretary (approval document: CBIRC [2021] No. 976), Assistant General Manager (approval document: CBIRC [2021] No. 746). Mr. JIANG previously served as Deputy General Manager of the Human Resources Department of CPIC Life, General Manager of CPIC Life Ningxia Branch, General Manager of CPIC Life Shaanxi Branch, Head of Transformation Matters for CPIC Group, and General Manager of CPIC Life Zhejiang Branch, and Acting Responsible Person of CPIC Life Shanghai Branch. He took up his current positions in October 2021.

Mr. HUANG Kun, born in November 1977, holds a bachelor's degree. He currently serves as Assistant General Manager (approval document: CBIRC [2021] No. 748) and Chief Information Officer of the Company, and Director of Shanghai Dabao Guisheng Information Technology Co., Ltd. Mr. HUANG previously served as Technical Director and Chief Architect of Digital China Rongxin Software Co., Ltd., Vice President of Digital China Engineering Institute, Executive Director, and General Manager of China Qicheng (Beijing) Technology Co., Ltd., and General Manager of Bank Cloud Credit Business Center of OneConnect Financial Technology Co., Ltd. of Ping An Group. He took up his current positions in October 2021.

Mr. ZHU Xuesong, born in November 1969, holds a bachelor's degree. He currently serves as Assistant General Manager (approval document: CBIRC [2021] No. 1033) and Chief Operation Officer of the Company. Mr. ZHU previously served as Attending Surgeon at the Third Affiliated Hospital to Shanghai Textile Industry Bureau, Responsible Person of the Group Insurance Operation Department of Taiping Life, Deputy General Manager of Taiping Pension Shanghai Branch, General Manager of the Group Insurance Business Department and Chief Operating Officer of the Operation Department of AIA China, Chief Operation Technology Officer of FWD China, General Manager of FWD Technology Co., Ltd., and Executive COO of WeDoctor Group. He took up his current positions in December 2021.

Mr. YU Yun, born in June 1965, holds a bachelor's degree. He currently serves as Internal Audit Responsible Person of the Company (approval document: CBIRC [2021] No. 975), and Deputy Chief Internal Auditor of CPIC Group. Mr. YU previously served as General Manager of CPIC Xinjiang Karamay Central Sub-branch, Manager of the Personal Business Department of CPIC Xinjiang Branch, Assistant General Manager, Deputy General Manager, Deputy General Manager (in charge) and General Manager of CPIC Xinjiang branch, and General Manager of CPIC Beijing branch. Prior to that, Mr. YU served as Director of the Finance Bureau of Karamay City, Xinjiang. He took up his current positions in December 2021.

2. Changes to directors, supervisors and senior management

Was there any change to the directors, supervisors and senior management during the reporting period? (Yes No)

(1) Changes to directors or supervisors? (Yes No)

(2) Changes to senior management? (Yes No)

(III) Subsidiaries, joint ventures or associates

Were there any subsidiaries, joint ventures or associates as at the end of the reporting period? (Yes No)

Company name	Number of shares (10,000 shares)			Shareholding percentage (%)		
	As at the beginning of this quarter	As at the end of this quarter	Change amount	As at the beginning of this quarter	As at the end of this quarter	Change (pt)
Changjiang Pension Insurance Co., Ltd.	186,486	186,486	-	62.16	62.16	-
City Island Developments Limited	0.1	0.1	-	100.00	100.00	-
Tianjin Trophy	35,369	35,369	-	100.00	100.00	-
Pacific Insurance Elderly Care Investment Management Co., Ltd.	500,000	500,000	-	100.00	100.00	-
Pacific Health Care Management Co. Ltd.	100,000	100,000	-	100.00	100.00	-

CPIC Elderly Care Development (Chengdu) Co. Ltd.	98,700	98,700	-	100.00	100.00	-
CPIC Elderly Care (Hangzhou) Co. Ltd.	100,000	100,000	-	100.00	100.00	-
CPIC Elderly Care (Xiamen) Co. Ltd.	90,000	90,000	-	100.00	100.00	-
CPIC Elderly Care (Nanjing) Co. Ltd.	22,000	22,000	-	100.00	100.00	-
CPIC Rehab & Retirement (Shanghai) Industrial Development Co. Ltd.	25,000	25,000	-	100.00	100.00	-
CPIC Elderly Care (Zhengzhou) Co. Ltd.	25,850	29,850	4,000	100.00	100.00	-
CPIC Elderly Care (Beijing) Co. Ltd.	61,200	61,200	-	100.00	100.00	-
CPIC Elderly Care (Wuhan) Co. Ltd.	71,308	81,308	10,000	100.00	100.00	-
CPIC Health Management (Sanya) Co. Ltd.	23,888	23,888	-	100.00	100.00	-
Beijing Borui Heming Insurance Agency Co. Ltd.	5,200	5,200	-	100.00	100.00	-
China Pacific Life Insurance (Hong Kong) Company Limited	100,000	100,000	-	100.00	100.00	-
Shanghai Dabao Guisheng Information Technology Co. Ltd.	1,020	1,020	-	34.00	34.00	-
Shanghai Rui Yong Jing Property Development Co. Ltd.	983,500	983,500	-	70.00	70.00	-
Shanghai Shantai Health Care Technology Co. Ltd.	4,000	4,000	-	40.00	40.00	-
Zhongbao Rongxin Private Equity Fund Management Co. Ltd.	150,000	150,000	-	10.14	10.14	-
Lianren Healthcare Big Data Technology Co. Ltd.	50,000	50,000	-	20.00	20.00	-

Note: Shareholding percentage of Lianren Health care Big Data Technology Co. Ltd. is based on subscribed capital contribution. As at 30 June 2023, the change of registered capital was not fully paid-in, and based on paid-in capital, the shareholding of the Company was 24.37%.

1. Did the Company and its directors, supervisors and senior management receive any administrative penalties from financial regulators during the reporting period?
(Yes No)

2. Did the directors, supervisors, management at department level and above and senior management of provincial-level branches conduct illegal acts which triggered judicial proceedings? (Yes No)

3. Did the Company receive any regulatory measures from the NAFR (formerly CBIRC) during the reporting period?
(Yes No)

During the reporting period, there was no regulatory measures against the Company by NAFR (formerly CBIRC). However, certain branches of the regulator took regulatory

measures against the Company: Weinan Key Sub-branch of Shanxi Branch, Ji'nan Lixia Sub-branch of Shandong Branch, Dushan Sub-branch of Guizhou Branch, Shandong Zaozhuang Key Sub-branch of Shandong Branch, Ningbo Branch, Qiqiha'er Key Sub-branch of Heilongjiang Branch, Longjiang Sub-branch of Heilongjiang Branch, Gannan Sub-branch of Heilongjiang Branch, Tailai Sub-branch of Heilongjiang Branch, Kedong Sub-branch of Heilongjiang Branch, Keshan Sub-branch of Heilongjiang Branch, Baiquan Sub-branch of Heilongjiang Branch, Nehe Sub-branch of Heilongjiang Branch, Fuyu Sub-branch of Heilongjiang Branch, Yi'an Sub-branch of Heilongjiang Branch, Fula'erji Sub-branch of Heilongjiang Branch, Xianyang Key Sub-branch of Shanxi Branch, Shangluo Key Sub-branch of Heilongjiang Branch, Yangzhou Key Sub-branch of Jiangsu Branch, Xuzhou Key Sub-branch of Jiangsu Branch, and Qingdao Branch each received an administrative penalty; besides, Meizhou Key Sub-branch of Guangdong Branch received a Regulatory Notice; Yanbian Key Sub-branch of Jilin Branch received 2 Regulatory Opinion Letters, Chizhou Key Sub-branch of Anhui Branch, Shantou Key Sub-branch of Guangdong Branch and Jiangxi Branch each received a Regulatory Opinion Letter.

III. Key indicators

(I) Key solvency metrics

unit: 10,000 RMB yuan

Indicators	As at the end of this quarter	As at the end of last quarter	Next quarter estimates
Admitted assets	189,823,508	186,594,349	190,210,640
Admitted liabilities	158,397,131	154,448,877	158,397,131
Available capital	31,426,377	32,145,472	31,813,509
Tier 1 core capital	17,809,158	18,723,905	18,378,022
Tier 2 core capital	-	-	-
Tier 1 supplement capital	13,611,221	13,416,072	13,429,758
Tier 2 supplement capital	5,998	5,495	5,729
Minimum capital	15,916,490	16,146,309	16,204,449
Minimum capital for quantifiable risks	16,147,427	16,380,580	16,439,564
Minimum capital for control risk	(230,937)	(234,271)	(235,115)

Supplement capital	-	-	-
Core solvency margin	1,892,668	2,577,596	2,173,573
Core solvency margin ratio (%)	112%	116%	113%
Comprehensive solvency margin	15,509,887	15,999,163	15,609,061
Comprehensive solvency margin ratio (%)	197%	199%	196%

(II) Regulatory indicators for liquidity risk

Items	As at the end of the reporting period	As at the end of the previous period
Liquidity coverage ratio (LCR) (%)		
LCR under base scenario (LCR1)		
Next 3 months	130%	121%
Next 12 months	107%	106%
LCR under stress scenario (LCR2)		
Next 3 months	652%	628%
Next 12 months	225%	234%
LCR under stress scenario excluding asset disposal (LCR3)		
Next 3 months	118%	150%
Next 12 months	99%	109%
Retrospective adverse deviation ratio of net cash flows from business activities (%)	34%	-6%
Net cash flow YTD (RMB yuan 10,000)	10,834	-259,876

(III) Monitoring indicators for liquidity risk

Indicators	unit: 10,000 RMB yuan	
	As at the end of this quarter/during this quarter	As at the end of last quarter/during last quarter
1. Net cash flow from operating activities	8,352,977	4,871,134
2. Comprehensive surrender ratio (%)	1.1%	0.7%
3-1. Net cash flow from participating accounts	1,675,146	1,423,061
3-2. Net cash flow from universal accounts	798,560	732,038
4. Written premiums growth year-on-year	2.5%	-3.7%
5. Ratio of cash and liquidity instruments (%)	2.1%	2.0%
6. Quarterly average financial leverage ratio (%)	2.6%	3.7%
7. Share of domestic fixed income assets rated AA (inclusive) and	2.5%	2.7%

below (%)		
8.Share of investments in listed stocks with a stake of 5% or above (%)	0.3%	0.3%
9.Share of receivables (%)	1.0%	1.0%
10.Share of related party assets held by the Company (%)	3.7%	3.7%

(IV) IRR results

The feed-back from the regulator concerning the results of the IRR (differentiated supervision) indicated an AAA and AA rating of the Company for Q4 of 2022 and Q1 of 2023, respectively.

(V) Key business metrics

1.Key business metrics

Indicators	unit: 10,000 RMB yuan	
	As at the end of this quarter/during this quarter	YTD
Gross written premiums	5,815,748	15,506,824
Net profits	487,093	1,402,272
Total assets	187,433,008	187,433,008
Net assets	11,575,458	11,575,458
Insurance contract liabilities	167,838,931	167,838,931
Basic earnings per share (RMB yuan)	0.56	1.63
ROE (%)	4.15%	12.77%
ROA (%)	0.26%	0.77%
Investment yield (%)	0.76%	1.46%
Comprehensive investment yield (%)	0.74%	2.23%

Note: Gross written premiums in the table above was based on Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standard for Business Enterprises No. 25 - Insurance Contracts, Accounting Standard for Business Enterprises No. 26 - Reinsurance contracts promulgated by the Ministry of Finance (MoF) in 2006, and Provisions on Accounting Treatment of Insurance Contracts by MoF in 2009 (collectively referred to as "old accounting standards"). Investment yields and comprehensive investment yield were prepared in accordance with relevant provisions of Solvency Regulatory Standards of Insurance Companies No. 18 - Solvency Report, based on results under the old accounting standards. Net profits, total assets, net assets, and insurance contract liabilities were prepared according to Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standard for Business Enterprises No. 23 - Transfer of Financial Assets, Accounting Standard for Business Enterprises No. 24 - Hedge Accounting and Accounting Standard for Business Enterprises No. 37 - Presentation of Financial Instruments and Accounting Standard for Business Enterprises No. 25 - Insurance Contracts (hereinafter referred to as the "new insurance standards") amended and issued by MoF in 2017 and 2020 sequentially. Earnings per share, ROE and ROA were prepared according to relevant provisions of Solvency Regulatory Standards of Insurance Companies No. 18 - Solvency Report, based on results under the new accounting standards.

IV. Risk management capabilities

(I) Company overview

Established in November 2001, the Company is the life insurance subsidiary of CPIC Group. As per Articles 5 and 6 of Solvency Regulatory Rules No. 12: Solvency Aligned Risk Management Requirements and Assessment on classification of insurance companies, it is a Category I insurance company. As of the end of Q2, 2023, its written premiums amounted to 169.6bn yuan, with total assets of 1,874.3bn yuan, and 35 provincial-level branches.

(II) Results of last solvency risk management evaluation

In 2022, the regulator carried out a SARMRA evaluation of the Company, which scored 84.50 points. Of this, infrastructure and environment of risk management was 17.06 points, targets and instruments of risk management was 8.89 points, insurance risk management was 8.43 points, market risk management was 8.36 points, credit risk management was 8.37 points, operational risk management was 8.39 points, strategic risk management was 8.4 points, reputation risk management was 8.28 points, liquidity risk management was 8.32 points.

(III) Measures taken to improve risk management and implementation status during the reporting period

The Company attaches great importance to risk management. It identified gaps in

solvency risk management systems and took effective remedial actions to enhance solvency risk management based on findings of regulatory assessment of its peers as well as those of its own internal audits. Below is a summary of what was done in Q2 2023.

First, issued and implemented Risk Appetite and Risk Tolerance, which had been reviewed and approved by the board.

Second, submitted Annual ERM Report of 2022 to the board for review, and upon approval, filed it with NFRA (formerly CBIRC).

In Q3 of 2023, the Company intends to focus on the following areas for its solvency risk management.

First, initiate rectification based on findings of regulatory on-site SARMRA assessment, including formulation of plans by departments.

Second, draft the Interim ERM Report of 2023, which will be submitted to the Management Committee, board Risk Management Committee and the board for approval.

V. Information on IRR (differentiated supervision)

(I) IRR under current differentiated supervision regime

The feed-back from the regulator concerning the results of the IRR (differentiated supervision) indicated an AAA and AA rating of the Company for Q4 of 2022 and Q1 of 2023 respectively.

The Company continued to enhance the testing and evaluation system for differentiated supervision, keeping tabs on risk metrics and seeking to improve the timeliness and accuracy of such monitoring; issued risk early warning in a timely manner via the monitoring and analysis of changes to metrics on a regular basis; in the meantime, stepped up risk topical research and mitigation programmes, such as conducting in-depth study of cause and trends of risks, identifying patterns and coming up with mitigation recommendations, with follow-up remedial actions. To date, the Company has issued several management policies on IRR, followed by amendments and revision according to

regulatory requirements, implemented quarterly data filing and internal rating of branches and put in place long-term mechanisms for the work. At the same time, a dedicated IRR management system is in use, covering data filing, data analysis, rectification and reporting.

Going forward, it will strengthen control of business operation risks, focusing on root-causes and the front-line business, and use IRR to motivate branch offices in compliance and basic management.

(II) Self-assessment of unquantifiable risks

As per requirements for IRR under C-ROSS II, the Company continued to strengthen its in-house testing and evaluation system for differentiated supervision, continuously reviewed risk metrics to improve the timeliness and accuracy of the monitoring; issued risk early warning in a timely manner via the monitoring and analysis of changes to metrics on a regular basis

1. Methods, processes and results of self-assessment

As part of its work in quarterly IRR, the Company organises, on a quarterly basis, a self-review of operational risk, strategic risk, reputational risk and liquidity risk involving relevant departments to evaluate its risk status in an objective way. Departments involved would monitor various indicators according to assignment of responsibilities, and in the event of detection of abnormalities, would follow up and identify their causes, so as to track the development of risks and roll out remedial actions in a timely manner; and in the absence of such remedial actions, they would formulate rectification plans with deadlines. The actual status as of the end of each quarter would be submitted by departments within their scope of responsibilities to the lead department, which, in turn, would compile the data, report them to company management and file with the regulator. The latest self-assessment indicated that unquantifiable risks were under control, and no triggers of material risk incidents were detected.

2. Status of unquantifiable risks

In operational risk, the Company issued Provisions on Operational Risk Management (CPIC Life [2022] No.170), Provisions on Data Loss Recovery of Operational Risk (CPIC Life

[2022] No.234), Measures on Operational Risk and Internal Control(2022) (CPIC Life [2022] No.274), in a bid to clearly define the responsibility of operational risk management, and establish more scientific and regular risk mitigation mechanisms. Based on analysis of IRR indicators and the monitoring of operational risk metrics, the operational risk was manageable overall, including in insurance business, fund utilisation, corporate governance, IT systems, legal cases management, etc.

In reputational risk, the Company gives priority risk screening including regular screening, routine screening and ad hoc screening so as to enhance at-source management of adverse publicity. It set up a risk handling working group at headquarters, with dedicated/part-time positions on reputational risk management at both headquarters and branch offices in a bid to step up coordination. Training and drills have become an important part of daily risk management, which consist of specialised programmes in handling of publicity crisis and media interviews leveraging the expertise of in-house and third-party experts, and support for branch offices via special-purpose training, and the formulation, dissemination of handbooks. In Q2 2023, the Company monitored and detected 98 reports (original) of adverse publicity on the media, higher than in Q2 2022. Of this, there were 22 Level III reports, accounting for 22.4%, 76 Level IV reports, representing 77.6%, and there were no Level I or II major incidents, indicating manageable reputational risk. Self-media and social media tend to be the high-risk area. In terms of content, the share of mis-selling and claims disputes, as well as regulatory notices on administrative penalty was relatively high.

As for strategic risk, the implementation of strategies of the Company is in a healthy status. In terms of factors which may impact its business operation and fulfillment of strategic objectives, China's economic development got off to a good start in the first half of the year, with gradual recovery of market demand. However, the insurance industry is still in a critical stage of transformation, facing pressures in sustained development. The Company upheld high-quality development, optimised top-level design of the Changhang Transformation which seeks to build "headquarters for empowerment and branch offices for business operation", deepened the Changhang Transformation to establish a model of sustainable development with "win-win" for all stakeholders, including customers,

employees, shareholders, and the society, and strived for industry leadership in healthy and steady development. Next, the Company will further consolidate the progress of the transformation, shifting the focus from “building the new model” to “securing the new model”, and at the same time roll out in an all-around way “headquarters for empowerment and branch offices for business operation”, starting with organisational restructuring, in a bid to build an organisation which can support productivity improvement.

With respect to liquidity risk, the Company established a cash flow management system for investment accounts covering assets and liabilities, front-line departments and back-office departments. To be concrete, the system includes the projection, review, analysis and transfer of cash flows from investment accounts. It conducts account-specific cash flow projections at year-end, month-end and in the event of material adjustment of business plans, with analysis of discrepancies between actual cash flows and projections. It also set tolerances depending on size of accounts and profiles of liabilities. In the event of breaches of such tolerances, a detailed explanation for material cash flow discrepancies is required. Meanwhile, the Company conducts on a regular basis liquidity emergency drills to ensure effective response in cases of occurrence of risk incidents; put in place mechanisms for early warning, with the focus shifting from crisis handling to early warning and prevention, which can enhance overall liquidity risk management. LCRs under all scenarios were solid. Relevant indicators show that the liquidity management of the Company was sound and effective, with the liquidity risk overall under control.

VI. Management Analysis and Discussions

(I) Changes to solvency analysis this quarter

As of the end of this quarter, the core solvency margin ratio of the Company was 112%, with a margin of 18.92668bn yuan, down by 4pt from the previous quarter; the comprehensive solvency margin ratio of the Company was 197%, with a margin of 155.09887bn yuan, down by 2pt from the previous quarter. Reasons for change are as follows:

1. As of the end of this quarter, available capital amounted to 314.26377bn yuan,

versus 321.45472bn yuan of the previous quarter, down by 2.2%, mainly due to:

(1) Due to capital market volatility, profit distribution and changes of insurance contract liabilities under solvency reporting, core capital decreased by 9.14747bn yuan in the quarter;

(2) Supplement capital increased by 1.95652bn yuan.

2. As of the end of this quarter, minimum capital amounted to 159.16490bn yuan, versus 161.46309bn yuan as of the end of the previous quarter, down by 1.4%, mainly due to:

(1) Minimum capital for insurance risk during the quarter increased by 256.19mn yuan, and of this, that for life insurance rose by 245.27mn yuan, and that for non-life insurance rose by 10.92mn yuan;

(2) Minimum capital for market risk during the quarter decreased by 2.40952bn yuan, and of this, that for interest rate risk fell by 1.80256bn yuan, that for equity prices risk by 3.09658bn yuan, and that for overseas asset prices risk increased by 1.99108bn yuan;

(3) Minimum capital for credit risk during the quarter decreased by 1.25874bn yuan, and of this, that for credit spread rose by 1.96240bn yuan, and that for defaults of counter-parties dropped by 2.44100bn yuan;

(4) Risk diversification effect and loss absorption decreased by 1.08054bn yuan, which increased minimum capital requirements;

(5) Subtraction from minimum capital by control risk decreased by 33.34mn yuan from the preceding quarter.

(II) Changes to regulatory liquidity risk indicators

LCR for the next 3 months was 130%, and that for the next 12 months 107%, which can satisfy the minimum requirement of 100%. The LCR in the next 12 months under the stress scenario and the stress scenario without considering disposal of assets was 225% and 99%, respectively, all staying in comfort zones.

(III) Analysis of changes to IRR

As per notice of the regulator, the Company was rated AA at the IRR for Q1 2023,

maintaining an A-class rating. It continued to implement new rules on IRR under C-ROSS II, put in place long-term work mechanisms, enhanced rectification of early-warning indicators; at the same time, it pressed ahead with the Changhang Action Programme and strive to handle various risks via strategic transformation. Going forward, the Company will stay focused on the long term, uphold compliance in business operation, strengthen risk control and accelerate high-quality development.

Summary of Quarterly Solvency Report (Excerpts)

Pacific Health Insurance Co., Ltd.

2nd Quarter of 2023

Company overview and contact information

Company name (Chinese):	太平洋健康保险股份有限公司
Company name (English):	Pacific Health Insurance Co., Ltd.
Legal representative:	MA Xin
Registered address	13th Floor, Building No. 1, 1229 Century Avenue, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC
Registered capital	3.6 billion yuan
Business license number	00000117
Date opening for business	December 2014
Business scope	Health and personal accident insurance denominated in RMB yuan and 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.
Business territories	Shanghai, Beijing, Guangdong Province, Sichuan Province.
Contact person:	XIA Bing
Tel. number:	+86-21-33968652
Cell phone:	13761619886
Fax number:	+86-21-68870641
Email:	xiabing-003@cpic.com.cn

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I. BOARD AND MANAGEMENT STATEMENT

The report has been approved by the board of directors. The board and the senior management of the Company warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, and that there is no false representation, misleading statement or material omissions; and they severally and jointly accept responsibility for the contents of this report while each of them is directly responsible for contents within their respective scope of responsibilities.

1. Voting results by directors

Name of directors	For	Against	Abstain
MA Xin	✓		
WANG Mingchao	✓		
WANG Yong	✓		
ZHANG Weidong	✓		
ZHANG Yuanhan	✓		
PAN Yanhong	✓		
Total	6		

Note: Tick "✓" in corresponding blanks according to opinions of directors.

2. Are there any directors who can not warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, or harbour any doubts in this regard? (yes no)

II. Basic information

(I) Ownership structure and shareholders

1. Ownership structure

Shares held by	Shares or contribution as at the end of reporting period (unit: 10,000 shares)	Percentage (%)	Shares or contribution as at the beginning of reporting period (unit: 10,000 shares)	Percentage (%)
Domestic legal persons	360,000.00	100.00	360,000.00	100.00
Domestic natural persons	-	-	-	-
Foreign	-	-	-	-
Others	-	-	-	-
Total	360,000.00	100.00	360,000.00	100.00

2. Top 5 shareholders as at the end of the reporting period

Names of shareholders	Shares held or contribution made as at the end of the reporting period (unit: 10,000 shares)	Shareholding percentage at the end of the reporting period (%)
China Pacific Insurance (Group) Co., Ltd.	306,183.60	85.051
China Pacific Life Insurance Co., Ltd.	53,816.40	14.949

3. Shareholding by directors, supervisors and senior management

Did any of them hold any shares of the Company during the reporting period? (Yes No)

4. Share transfer during the reporting period

Did any share transfer occur during the reporting period? (Yes No)

(II) Controlling shareholder or de facto controller

China Pacific Insurance (Group) Co., Ltd.

(III) Directors, supervisors and senior management

1. Directors (6 in total)

Mr. MA Xin, born in April 1973, has a master's degree. He has been serving as Chairman of the Company since January 2021 (approval document: CBIRC Approval [2021] No.4). Mr. MA currently serves as Vice President of CPIC Group, Director of CPIC Life and Changjiang Pension respectively. He previously served as Manager of Individual Business Department and Assistant General Manager of CPIC Life Xi'an Branch, Deputy General Manager and General Manager of CPIC Life Shaanxi Branch, Transformation Director, Head of Strategic Transformation Office and General Manager of the Strategic Planning Department of CPIC Group, Board Secretary of CPIC Group, Director of CPIC P/C, and Acting Responsible Person of the Company.

Mr. WANG Mingchao, born in October 1976, holds a master's degree and title of Senior Human Resources Professional. He has been serving as Director of the Company (approval document: CBIRC [2019] No.856) since October 2019. Mr. WANG currently also serves as Deputy Marketing Officer of CPIC Group. Previously, he served as Head of Cadre's Section of Human Resources Department of CPIC Life, Assistant General Manager of Human Resources Department of CPIC Life, Deputy Head and Head of Party Affairs Department/Organization and Cadre Department of CPIC Life, Senior Deputy General Manager of CPIC Life Shanghai Branch, General Manager of Cooperation Business Department, General Manager of Shanghai Branch (Operations Department) and Head of Sales of the Company, Head of Individual Life Insurance Cooperation Business Centre (SBU) of the Company, Board Secretary of CPIC P/C, and Head of Board Office of CPIC Group.

Mr. WANG Yong, born in July 1974, holds a master's degree. He has been serving as Director of the Company (approval document: CBIRC [2021] No.942) since December 2021. Mr. WANG currently serves as Head of the Strategic Research Center of CPIC Group. He previously served as Assistant General Manager of the Human Resources Department of CPIC Life, Secretary to Chairman of the CPIC Group, Head of the Party Affairs Department of CPIC Group, General Manager of Employee Affairs Department

of CPIC Group, Deputy Head of the Party Committee Office of CPIC Group, Head of the Party and People Department of CPIC Group, General Manager of CPIC P/C Tianjin Branch, Deputy Party Secretary of the Information Technology Center of the CPIC Group, and Senior Deputy General Manager of CPIC Life Suzhou Branch.

Mr. ZHANG Weidong, born in October 1970, holds a bachelor's degree. He has been serving as Director of the Company since May 2021 (approval document: CBIRC [2021] No.341). Mr. ZHANG currently serves as Compliance Responsible Person and General Counsel of CPIC Group, and Director of CPIC P/C, CPIC Life, CPIC AMC and Changjiang Pension respectively. Mr. ZHANG previously served as General Manager of Legal & Compliance Department and Risk Management Department, Risk & Compliance Officer and Chief Risk Officer of CPIC Group, Head of Board Office of CPIC Group, and Board Secretary of CPIC P/C, CPIC Life and CPIC AMC.

Mr. ZHANG Yuanhan, born in November 1967, holds a master's degree and is a member of Society of Actuaries and American Academy of Actuaries respectively, and director of China Association of Actuaries. He has been serving as Director of the Company since April 2021 (approval document: CBIRC [2021] No.280). Mr. ZHANG currently serves as Chief Actuary, Finance Responsible Person of CPIC Group, and Director of CPIC P/C, CPIC Life, and CPIC Capital, respectively. Mr. ZHANG previously served as Chief Actuary of the Company, acting Chief Actuary, Chief Risk Officer of the Company, Deputy General Manager, CFO, Chief Actuary of Sun Life Everbright Life Insurance Co., Ltd., Director of Sun Life Everbright Asset Management Co., Ltd, Chief Actuary of Sino Life Insurance Co., Ltd., Chief Actuary, Deputy General Manager and Vice President of MetLife Insurance Company Limited (Shanghai), and Chief Actuary of Citi Group TRV-Citi Insurance headquarters.

Ms. PAN Yanhong, born in August 1969, holds a master's degree and title of senior accountant and is a Chinese CPA. She has been serving as Director of the Company since March 2015 (approval document: CIRC [2015] No.263). Ms. PAN currently serves as Chairman of CPIC Life, and Director of Changjiang Pension and CPIC AMC respectively. Ms. PAN previously served as Executive Vice President and Finance Responsible Person of CPIC Group, Director of CPIC P/C, and Deputy General Manager, General Manager of Finance Department of CPIC Life, Deputy Head of Finance, Executive Member of Business Management Committee, Head of Finance, Deputy General Manager, General Manager, and Vice Chairman of CPIC Life.

2. Supervisors (3 in total):

Mr. GU Qiang, born in January 1967, holds a master's degree and title of senior accountant. He has been serving as Chairman of the Board of Supervisors of the Company (approval document: CBIRC [2021] No.165) since March 2021. Mr. GU currently serves as Employee Representative Supervisor of CPIC Group, Chairman of the Board of Supervisors of CPIC AMC and Chairman of the Board of Supervisors of Changjiang Pension. Mr. GU formerly was a lecturer at the Department of Finance and Insurance of Shanghai University of Finance and Economics, senior auditor of Pricewaterhouse Da Hua Certified Public Accountants, Manager of the International Business Department of Wanguo Securities Co., Ltd., Vice President and CFO of Shanghai Branch of American International Underwriters, served as Deputy Chief Accountant, CFO, Finance Responsible Person and Deputy General Manager of CPIC P/C, Vice President and Finance Responsible Person of China Pacific Anxin Agricultural Insurance Co., Ltd.

Ms. HU Shuangzhu, born in September 1980, holds a master's degree, is a certified internal auditor, certified information system auditor, financial risk manager, and has CRMA qualification. She has been serving as Supervisor of the Company since August 2016 (approval document: CIRC [2016] No.814). Ms. HU currently serves as Chief Auditor of Audit Technology Division, Internal Audit Center of CPIC Group. Previously, Ms. HU served as Senior Manager of PricewaterhouseCoopers Business Consulting (Shanghai) Co., Ltd., and Chief Auditor of Internal Audit Business Division of Internal Audit Center of CPIC Group.

Ms. XUE Yongxian, born in November 1976, holds a master's degree. She has been serving as Supervisor (employee representative) of the Company (approval document: CIRC [2017] No.161) since February 2017. Ms. XUE currently serves as Chairman of Trade Union, General Manager of Shanghai Branch and Senior Director of Key Account Business Center of the Company. Previously, she served as General Manager of Sales Management Department of the Company, General Manager of Individual Life Insurance Cooperation Business Centre of the Company, Deputy General Manager of Group Business Department Planning and Training Division of CPIC Life, Assistant General Manager of Group Business Department Accident Insurance Division of CPIC Life, Assistant General Manager and Senior Manager of Group Business Department Direct Sales Supervision Division of CPIC Life, and Section Head of Group Business Department of CPIC Life.

3. Senior management (7 in total)

Mr. SHANG Jiaoyan, born in March 1978, holds a bachelor's degree, and has been serving as General Manager of the Company since May 2023 (approval document: CBIRC [2023] No. 293). Previously, Mr. SHANG served as Vice President of Tencent WeSure, Marketing Director and General Manager of Individual Business Division of Ping An Health Insurance Company, Deputy General Manager (in charge) of Ping An Health Insurance Company Beijing Branch, and Head of Sales of Ping An Health Insurance Company Beijing Branch.

Mr. LI Jieqing, born in November 1968, holds a bachelor's degree. He has been serving as Deputy General Manager of the Company (approval document: CIRC [2016] No.450) since May 2016 and has been serving as Chief Risk Officer of the Company since August 2021 (no approval document). Mr. LI also serves as Head of Customer Service Centre of the Company, Director of Shanghai Proton & Heavy Ion Hospital. Previously, Mr. LI served as Director of Risk and Compliance, Compliance Responsible Person and General Manager of Risk Management Department of CPIC Group, Director of CPIC P/C, CPIC Life, CPIC AMC and the Company.

Mr. ZHOU Bin, born in April 1966, has received a post-graduate education. He has been serving as Deputy General Manager of the Company (approval document: CIRC [2016] No.450) since May 2016. Mr. Zhou is currently head of Health Care Eco-system Business Centre, head of Health Service Business Centre, and also Council Member of Shanghai Pacific Blue Charity Foundation. Previously, Mr. ZHOU served as General Manager of Human Resources and Comprehensive Management Department of Information Technology Center of CPIC Group, Deputy Head of Cadre and Personnel Division of Shanghai Municipal Commission of Financial Industry (temporary post), General Manager of Human Resources Department of CPIC Group and Chief Risk Officer of the Company.

Mr. SONG Quanhua, born in February 1973, holds a master's degree. He has been serving as Deputy General Manager of the Company (approval document: CBIRC [2021] No.691) since September 2021. Mr. SONG is also head of Individual Customer Cooperation Business Centre and head of Key Account Business Center of the Company. He previously served as secretary of the Secretariat of the General Office of China Pacific Insurance Company, Deputy General Manager of CPIC Life Ningbo Branch, General Manager of CPIC Life Dalian Branch, Director of Party Affairs Department of

CPIC Life Headquarters, General Manager of New Channel Business Department of CPIC Life, General Manager of Corporate Channel Business Marketing Department of CPIC Life, Deputy General Manager of Health and Elderly Care Business Center of CPIC Life, Deputy General Manager of Group Business Center of CPIC Life, and General Manager of Pacific Medical & Healthcare Management Co., Ltd.

Ms. YIN Yanling, born in June 1972, holds a master's degree and is a member of China Association of Actuaries. She has been serving as Finance Responsible Person of the Company since September 2021 (approval document: CBIRC [2021] No.729), serving as the Chief Actuary of the Company since August 2022 (approval document: CBIRC [2022] No.532) and Board Secretary the Company since August 2022 (no approval required). She also serves as head of the Technology Centre of the Company. Previously, she served as head of the Actuarial Management Section of Planning and Finance Department of CPIC Group, Assistant General Manager of Planning and Finance Department of CPIC Group, Deputy General Manager (in charge) of Financial Investment Department/Actuarial Department, Deputy General Manager (in charge) of Financial Management Department/Actuarial Department, Deputy General Manager of Risk Management Department/Risk Monitoring Department, General Manager of Financial Management Department/Actuarial Department, and General Manager of Actuarial Department of CPIC Group, General Manager of Actuarial Department of CPIC Life, and Acting Finance Responsible Person and Acting Actuarial Responsible Person of the Company.

Mr. TANG Rui, born in October 1977, holds a master's degree and has been serving as Acting Compliance Responsible Person of the Company since March 2023 (reported to regulator and no approval required). Mr. TANG is also General Manager of Risk and Compliance Department (Discipline Inspection Office) of the Company. Previously, he served as secretary of Administration Office of CPIC Group, secretary to General Manager of CPIC Group, Senior Manager, Vice General Manager and Vice General Manager (in charge) of Administration of CPIC Group. He also served as head of the Preparatory Office of Sichuan Branch, General Manager of Sichuan Branch of the Company.

Mr. JIANG Honglang, born in November 1964, holds a doctoral degree and title of senior auditor. He has been serving as Internal Audit Responsible Person of the Company since January 2019 (approval document: CBIRC [2019] No.128). Mr. JIANG

currently serves as General Manager of Digital Audit Technology Department of CPIC Group. Previously, he served as Senior Auditor of Internal Audit Department of CPIC Group, Deputy General Manager of Internal Audit Management Department of CPIC Group, and General Manager of Remote Internal Audit Department of CPIC Group. Prior to that, he served as associate professor of Institute of Applied Mathematics of Guizhou University of Technology.

Note: Mr. SHANG Jiaoyan has been serving as General Manager of the Company Since May 2023.

(IV) Subsidiaries, joint ventures or associate ventures (Yes No)

One associate venture: Shanghai Proton & Heavy Ion Hospital. The Company completed an investment of RMB100 million in the entity in January 2016, holding 20% of its shares.

There was no change during the reporting period.

(V) Breaches and administrative penalties during the reporting period (Yes No)

None during the reporting period.

III. Main indicators

(I) Solvency margin ratios

unit: 10,000 RMB yuan

Items	As at the end of this quarter	As at the end of previous quarter	Next quarter estimates
Admitted assets	1,096,087.94	1,108,005.24	1,089,616.41
Admitted liabilities	760,000.95	777,830.56	750,448.78
Available capital	336,086.99	330,174.68	339,167.63
Tier-1 core capital	299,103.30	298,884.28	297,259.30
Tier-2 core capital	7,137.29	4,388.24	11,013.83
Tier-1 supplement capital	29,846.40	26,902.16	30,894.49
Tier-2 supplement capital	0.00	0.00	0.01
Minimum capital	136,469.63	128,283.49	140,108.73
Minimum capital for quantifiable risks	135,517.46	127,388.44	139,131.17
Minimum capital for control risk	952.17	895.05	977.56
Minimum capital for supplement capital	-	-	-
Solvency margin			
Core solvency margin	169,770.96	174,989.03	168,164.40

Comprehensive solvency margin	199,617.36	201,891.19	199,058.90
Core solvency margin ratio (%)	224	236	220
Comprehensive solvency margin ratio (%)	246	257	242

(II) Regulatory indicators for liquidity risk

Indicators	Reporting quarter	Previous quarter
Actual cash flow (unit:10,000 yuan)	7,145.94	-6,360.55
Retrospective adverse deviation ratio of net cash flows from business activities (%)	25	-40
Overall liquidity coverage ratio under base scenario (3 months)(%)	124	123
Overall liquidity coverage ratio under base scenario (12 months)(%)	105	105
Overall liquidity coverage ratio under mandatory stress scenario (3 months)(%)	623	726
Overall liquidity coverage ratio under mandatory stress scenario (12 months)(%)	146	192
Overall liquidity coverage ratio under self-assessment stress scenario (3 months)(%)	490	562
Overall liquidity coverage ratio under self-assessment stress scenario (12 months)(%)	203	231
Overall liquidity coverage ratio before asset disposal under mandatory stress scenario (3 months)(%)	179	149
Overall liquidity coverage ratio before asset disposal under mandatory stress scenario (12 months)(%)	60	79
Overall liquidity coverage ratio before asset disposal under self-assessment stress scenario (3 months)(%)	176	185
Overall liquidity coverage ratio before asset disposal under self-assessment stress scenario (12 months)(%)	142	162

(III) Other indicators for liquidity risk

Indicators	Reporting quarter	Previous quarter
Net cash flows from operating activities (unit: 10,000 yuan)	-37,049.58	19,455.11
Comprehensive surrender ratio	0.1	0.05
Net cash flows from participating/universal accounts	-	-
Gross premium income year-on-year growth (%)	55.33	53.79
Share of cash flow and liquidity management tools (%)	3.48	2.82
Quarterly average financial leverage ratio (%)	3.35	3.45
Share of domestic fixed income assets rated AA and below (%)	-	-
Share of investments in listed stocks where the Company holds a stake of 5% or above	-	-
Share of receivables (%)	23.44	18.22
Share of related party assets held by the Company (%)	3.63	3.59

(IV) Key business metrics

unit: 10,000 yuan

Indicators	As at the end of this quarter/during this quarter	As at the end of this quarter/YTD
Gross written premiums	129,023.62	292,831.17
Net profits	620.90	6,513.67
Total assets	853,202.90	853,202.90
Net assets	333,840.17	333,840.17
Insurance contract liabilities	380,852.53	380,852.53
Basic earnings per share (yuan)	0.00	0.02
ROE (%)	0.19	1.97
ROA (%)	0.07	0.75
Investment yield (%)	1.13	1.40
Comprehensive investment yield (%)	1.32	2.73

Note: Net profits, total assets, net assets, and insurance contract liabilities listed above were disclosed according to the Financial Report (which was prepared based on Chinese accounting standards such as Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments revised and promulgated by the Ministry of Finance in 2017, and Accounting Standard for Business Enterprises No. 25 - Insurance Contracts revised and promulgated by the Ministry of Finance in 2020); basic earnings per share, ROE and ROA were calculated in accordance with the formula prescribed by Article 24 of Solvency Regulatory Standards of Insurance Companies No. 18 - Solvency Report, based on results of afore-mentioned indicators.

IV. Risk management capabilities

(I) Company category

The Company was incorporated in December 2014. As of the end of June 2023, its total assets reached 11.0912987 billion yuan, with written premiums amounting to 816.9578 million yuan for the first half of 2023. It has 4 provincial-level branch offices, and according to Solvency Regulatory Standards of Insurance Companies No.12: Solvency-aligned Risk Management Requirement and Assessment, the Company is in Category II.

(II) Measures taken to improve risk management and the latest status

In Q2 2023, based on regulatory feedback on the results of the 2022 SARMRA assessment, the Company's senior management organised a comprehensive review of its solvency risk

management system, set up and optimised plans and objectives for the next phase to comprehensively improve its solvency risk management capability, and at the same time, analysed relevant deficiencies and shortcomings as highlighted in the regulatory feedback, formulated and issued corresponding rectification plans, with clear responsibilities and appointed responsible person from senior management for each task in the plans. The Company will continue to improve and optimise C-ROSS II in strict accordance with regulatory rules and requirements from the feedback.

In the second quarter, to further improve risk control, we set up specific indicators, limits and thresholds for the Company's risk limit system for 2023 within the scope of the risk appetite framework for the year 2023, previously approved by the Board of Directors. The Company's risk limit system covers all types of risks faced by the Company, the entire process of insurance business, health services, investment business, operation management and all personnel, highlighting the mandatory constraints on key businesses and key areas.

Since the beginning of 2023, the Company has revised all its emergency response plan and 15 sub-plans, optimised relevant management structures and adjusted emergency response measures – all updates were documented and circulated within the Company in Q2. The iteration of the emergency management system further strengthened our ability to respond to emergencies.

In Q2 2023, the Company's risk management regulations and processes were faithfully implemented, and no major risk incidents occurred in the quarter.

(III) The latest result of Solvency Aligned Risk Management Requirements and Assessment (SARMRA) of the Company

The Company scored 80.15 points at the SARMRA assessment for 2022. To be specific, it consisted of 16.29 points for risk management infrastructure and environment, 7.69 points for risk management objectives and tools, 7.98 points for insurance risk management, 8.14 points for market risk management, 8.13 points for credit risk management, 8.16 points for operational risk management, 7.81 points for strategic risk management, 7.89 points for reputational risk management, and 8.06 points for liquidity risk management.

V. Integrated risk rating (differentiated supervision)

(I) The last two IRR results

The Company was rated BB at the IRR (differentiated supervision) by CBIRC for both Q4 of 2022 and Q1 of 2023, which met regulatory requirements in solvency, with low level of operational risk, reputational risk, strategic risk and liquidity risk.

(II) Measure taken or to be taken for improvement

In Q2 2023, the Company continued to focus on measures as identified in self-assessment with regard to operational risk and strategic risk indicators as per Evaluation Criteria for the Unquantifiable Risks of Insurance Companies. In terms of operational risk, the Company maintained the efficiency and quality of all its operational processes, and focused particularly on improving claims management turnaround. At the same time, it analysed causes of customer complaints and took targeted measures. On strategic risk, the Company completed approval of appointment qualifications for general manager.

(III) Findings of self-assessment of operational, strategic and reputational risks

Liquidity risk of the Company mainly stems from claims and maturity payments on insurance contracts, daily expenditures and investment asset impairment losses. As of the end of Q2 2023, there were no incidents which may trigger liquidity risk. The Company maintained a high proportion of highly-liquid assets in investments, with the 5-day liquidation ratio at sound levels, which enabled it to meet various needs for liquidity. At the same time, the Company maintained a certain level of gear ratio and financing activities to ensure sufficient borrowing in the unlikely event of emergencies. Overall, its sources of liquidity outweigh needs for liquidity, indicating a low level of liquidity gap risk.

Operational risk: In terms of compliance and internal control, there were no breaches of regulations or administrative penalties from regulators in Q2 2023. There was zero violation per 100 million yuan in standard premiums and zero regulatory penalty per 100 million yuan in standard premiums for the Company. On the IT side, all its core systems were 100% usable, and there was no financial losses incurred due to system failure. In terms of personnel, the workforce was relatively stable. There was no losses resulting from operational risk incidents in the area of sales, underwriting, POS, claims settlement or investment, or occurrence of insurance frauds in this quarter.

Reputational risk: The Company's media monitoring system includes CPIC Group's own system, and third-party monitoring services, which can effectively monitor, on a daily basis, negative publicity of the Company and its insurance and investment counter-parties. In daily work, the Company strictly implements various reputational risk management processes covering assessment, risk handling and post-crisis accountability. In Q2 2023, the Company did not experience any reputational risk incidents on mainstream or other types of media.

Strategic risk: The Company sets its strategic objectives based on macro-economic environment, market trends, its own positioning and competitive advantage, and the strategic objectives of the Group. In light of its 2021-2023 Development Plans and Annual Business Targets, the Company formulated strategic decisions aligned with the market environment to identify, assess and manage strategic risks by means of target breakdown, review of business performance on a regular basis, analysis of market conditions and its own strengths and weaknesses. In the first half of 2023, strategic risk management was proceeding in strict accordance with relevant regulations and rules of the Company. While serving the need of the board to supervise strategy implementation, risk management was intertwined with strategy implementation, covering the full range of assessment, monitoring and reporting, with no occurrence of incidents which may trigger strategic risk.

VI. Management analysis and discussions

(I) Solvency Analysis

1. Available capital

As of 30 June 2023, the Company's net assets was 3,360.8699 million yuan, an increase of 59.1232 million yuan from the previous quarter, which was mainly due to the increase in surplus of insurance policies and contribution from net profits.

2. Minimum capital

The minimum capital of the Company at the end of Q2 2023 was 1,364.6963 million yuan, up 6.38% from the previous quarter, mainly as a result of continued growth of long-term insurance business, which in turn led to increase in life insurance risk; the 2023 Annual Investment Guidelines increased the allocation of equity investments, which increased the

market risk; of this, minimum capital for insurance risk of life business was 746.9336 million yuan, that for insurance risk of non-life business was 675.0415 million yuan, that for market risk 352.1200 million yuan, that for credit risk 316.5431 million yuan, diversification effect for quantifiable risk was 735.4635 million yuan, and that for control risk was 9.5217 million yuan.

3. Solvency margin ratios

As of 30 June 2023, the Company's core solvency margin was 1,697.7095 million yuan, and the core solvency margin ratio was 224%; the comprehensive solvency margin was 1,996.1736 million yuan, and the comprehensive solvency margin ratio was 246%. In Q2 2023, the core and comprehensive solvency margin ratios fell by 12pt and 11pt respectively from the previous quarter, mainly due to consumption of capital by business operation.

(II) Liquidity risk

For this quarter, net cash flow was 71 million yuan, mainly because of cash inflows from investment activities; the difference between actual net cash flow from operating activity and the estimate was 185 million yuan, meaning a retrospective adverse deviation ratio of 25%, in compliance with regulatory requirements. As of the end of Q2, all liquidity coverage ratios under various scenarios and all liquidity indicators for monitoring were within regulatory limits.

The Company will strictly follow the regulatory requirements on solvency cash flow forecasting, take into account factors such as business development and market changes, regularly evaluate the effectiveness of its liquidity risk management mechanisms and systems, and make appropriate adjustments to ensure a reasonable liquidity risk level.

Summary of Quarterly Solvency Report (Excerpts)

China Pacific Anxin Agricultural Insurance Co., Ltd.

2nd Quarter of 2023

Company overview and contact information

Company name (Chinese):	太平洋安信农业保险股份有限公司
Company name (English):	China Pacific Anxin Agricultural Insurance Company Limited
Legal representative:	SONG Jianguo
Registered address	3651 Gonghexin Road, Shanghai, the PRC.
Registered capital	1.08bn yuan
Business license number	00000089
Date opening for business	September 2004
Business scope	Agricultural insurance; property indemnity insurance; liability insurance including mandatory liability insurance; credit and guarantee insurance; short-term health and accident insurance; other types of property insurance relating rural areas and farmers; reinsurance of the above said insurance; insurance agency business (business which requires approval to be conducted after such approvals are granted, subject to approval documents or permits)
Business territories	Shanghai, Jiangsu Province, Zhejiang Province.
Contact person:	LI Mao
Tel. number:	+86-21-66988703
Cell phone:	18817959847
Email:	Limao-005@aaic.com.cn

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I. Board and management statement

(I) Board and management statement

The report has been approved by the board of directors of the Company. The board and senior management of the Company warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, and that there is no false representation, misleading statement or material omissions; and they severally and jointly accept responsibility for the contents of this report.

(II) Status of review by the board

Below is the voting results by directors:

Name of directors	For	Against	Abstain
SONG Jianguo	√		
MAO Xiaojun	√		
SHI Jian	√		
XING Zhibin	√		
JIANG Shengzhong	√		
SHEN Chun	√		
ZHANG Qiao	√		
CHEN Sen	√		
ZHOU Li	√		
Total	9		

Note: Tick “√” in corresponding blanks according to opinions of directors.

There were no directors who can not warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, or harbour any doubts in this regard.

July 2023

China Pacific Anxin Agricultural Insurance Company Limited

II. Basic information

(I) Ownership structure and shareholders, and change during the reporting period

1. Ownership structure and change

Types of shareholders	Beginning of reporting period		Shareholder injection	Change of shares or stake			End of reporting period	
	Shares or contribution	Percentage (%)		Transfer from capital reserve and share dividends distribution	Share transfer	Sub-total	Shares or contribution	Percentage (%)
State	0	0%	0	0	0	0	0	0%
State-owned legal person	108,000	100%	0	0	0	0	108,000	100%
Private legal person	0	0%	0	0	0	0	0	0%
Foreign	0	0%	0	0	0	0	0	0%
Others	0	0%	0	0	0	0	0	0%
Total	108,000	100%	0	0	0	0	108,000	100%

Note:(1) Shares apply to joint-stock companies (unit: 10,000 shares), and stake applies to non joint-stock companies (unit: 10,000 yuan). (2) Ownership by state refers to the stake acquired by investment entities or departments on behalf of the state by way of capital contribution or following legal procedures. Such shares are registered by insurance companies as being owned by the entity or department. Ownership by state-owned legal persons refers to the stake acquired by state-owned enterprises, not-for-profit organisations and other entities by way of contributing capital to an independent insurance firm or acquired following legal procedures using assets legally in their possession. Such shares are registered by insurance companies as being owned by the state-owned enterprise, not-for-profit organisation and entity.

2. Controlling shareholder or de facto controller

The Company has no de factor controller. China Pacific Property Insurance Co., Ltd. is the majority shareholder, holding 67.78% of the shares of the Company.

3. Shareholders and related parties as at the end of the reporting period

Names of shareholders	Types of shareholders	Shares held at the end of the reporting period (10,000)	Shareholding percentage at the end of the reporting period (%)	Shares pledged or in lock-up
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shares)

China Pacific Property Insurance Co., Ltd.	State-owned	73,205.68	67.78%	0
Shanghai Agricultural Development Co., Ltd.	State-owned	7,718.03	7.15%	0
Shanghai Minhang Asset Investment (Group) Co., Ltd.	State-owned	5,365.19	4.97%	0
Shanghai Nongfa Asset Management Co., Ltd.	State-owned	4,201.72	3.89%	0
Shanghai Fengxian District State-owned Asset Operation Co., Ltd.	State-owned	3,653.35	3.38%	0
Shanghai Baoshan Fiscal Investment Company	State-owned	3,150.84	2.92%	0
Shanghai Jiading Guangwo Asset Management Co., Ltd.	State-owned	2,504.59	2.32%	0
Shanghai Songjiang State-owned Asset Investment Management Group Co., Ltd.	State-owned	2,025.88	1.88%	0
Shanghai Huinong Investment Management Co., Ltd.	State-owned	1,817.99	1.68%	0
Shanghai Qingpu Asset Management Co., Ltd.	State-owned	1,719.37	1.59%	0
Shanghai Jinshan Capital Management Group Co. Ltd.	State-owned	1,640.50	1.52%	0
Shanghai Chongming Asset Operation Co., Ltd.	State-owned	996.86	0.92%	0
Total	— —	108,000.00	100.00%	0
Related party relations among shareholders	None			

Note: Types of shareholders refer to “state-owned”, “foreign” and “natural persons”, etc.

4. Shareholding by directors, supervisors and senior management

None during the reporting period.

5. Share transfer during the reporting period

None.

(II) Directors, supervisors and senior management

1. Directors, supervisors and senior management

1.1 Directors

As of the end of June 2023, the 4th Board of Directors of the Company has 9 directors in total:

Mr. SONG Jianguo, born in December 1966, holds a master's degree. He has been serving as Chairman of the Company since February 2015 (approval document: CIRC Approval [2015] No. 143). Mr. SONG currently serves as Deputy General Manager of CPIC P/C and Dean of Tai'an Agricultural Insurance Research Institute. He previously served as General Manager of CPIC P/C Hainan Branch, General Manager of Property Liability Insurance Department of CPIC P/C, General Manager of CPIC P/C Shandong Branch, and Head of Sales of CPIC P/C.

Mr. MAO Xiaojun, born in March 1967, received junior college education and holds the title of Accountant. He has been serving as Non-executive Director of the Company since July 2015 (approval document: CIRC Approval [2015] No. 732). Mr. MAO currently serves as General Manager of Shanghai Shenlian Shengshi Enterprise Development Co., Ltd. He previously served as CFO of Shanghai Dalong Accounting Firm, and Head of Investment Management Department of Shanghai Minhang Asset Investment Management (Group) Co., Ltd.

Ms. XING Zhibin, born in June 1982, holds a bachelor's degree. She has been serving as Non-executive Director of the Company since February 2022 (approval document: CBIRC Approval [2022] No. 32). Ms. XING currently serves as Head of Assets Supervision Section of Shanghai Agricultural Development Promotion Center. She previously served as Deputy Manager of Administrative Affairs Department of Shanghai Kaibo Property Management Co., Ltd., Deputy Head of Organization and Personnel Section of Shanghai Modern Agriculture Open Training Center, and Director

of General Office of Shanghai Agricultural Development Promotion Center.

Mr. SHI Jian, born in November 1973, holds a bachelor's degree, and has been serving as Executive Director of the Company since September 2021 (approval document: CBIRC [2021] No. 680). Mr. SHI also serves as General Manager of the Company. Previously he served as Deputy General Manager (in charge) of Shanghai West Operation Management Office of Shanghai Branch of China Life Insurance Company, Deputy General Manager of Business Management Department, General Manager of Market Development Department, and General Manager of Product Development and Reinsurance Department of Shanghai Anxin Agricultural Insurance Co., Ltd. He also served as Assistant President, Vice President, Board Secretary, Executive Director, President (General Manager) of Anxin Agricultural Insurance Co., Ltd., as well as Deputy Head of Marketing and General Manager of Strategic Account Department of CPIC Group.

Mr. JIANG Shengzhong, born in July 1958, holds a doctoral degree. He has been serving as Independent Director of the Company since April 2018 (approval document: CBIRC Approval [2018] No. 4). Mr. JIANG is currently a professor and PhD supervisor of Nankai University. He also serves as Director of Agricultural Insurance Center of Nankai University Finance College, President of the Education Committee of the Insurance Society of China, Executive Director of China Society for Finance and Banking, Executive Director of Tianjin Insurance Society, and Honorary Director of Council of China Insurance News. Mr. JIANG was previously Dean of Insurance Department of Nankai University.

Mr. ZHANG Qiao, born in November 1962, holds a doctoral degree. He has been serving as Independent Director of the Company since December 2022 (approval document CBIRC Approval [2022] No. 851). Mr. ZHANG currently serves as Research Fellow of Agricultural Information Institute of the Chinese Academy of Agricultural

Sciences, executive member of the Agriculture Risk Management Council of China, Research Fellow of the National Research Centre on Agriculture and Rural Areas of China Agriculture University, and vice chair of the Panel of Monitoring and Early Warning of China Agricultural Institute. He previously served as Assistant Research Fellow, Deputy Research Fellow of Agricultural Information Institute of the Chinese Academy of Agricultural Sciences, and lecturer of Shanxi University of Finance and Economics.

Mr. SHEN Chun, born in August 1971, holds a bachelor's degree. He has been serving as Independent Director of the Company since January 2019 (approval document: CBIRC Approval [2019] No. 44). Mr. SHEN currently serves as Director of the Management Committee of Excellent Law Firm, Chairman of the China Democratic National Construction Association Baoshan Committee Wusong General Branch, Member of the Standing Committee of the 9th Baoshan District Political Consultative Conference, Law Enforcement Supervisor of the CPC Political and Legal Commission of Baoshan District, Legal Advisor of Government of Baoshan District. Mr. SHEN previously served as Deputy Head and Partner of Shanghai Zhengming Law Firm.

Mr. CHEN Sen, born in October 1970, holds a master's degree and membership of Society of Actuaries (SOA). He has been serving as Non-executive Director of the Company since March 2019 (approval document: CBIRC Approval [2019] No. 332). Mr. CHEN currently serves as Deputy General Manager, Finance Responsible Person, and Chief Actuary of CPIC P/C. He previously served as Senior Actuarial Analyst of Finance Department of Swiss Reinsurance Company (USA), Actuary of Analysis Department of Guy Carpenter & Company, Deputy General Manager, Chief Actuary, and Finance Responsible Person of China Property & Casualty Reinsurance Company.

Ms. ZHOU Li, born in March 1979, holds a bachelor's degree and the title of Accountant. She has been serving as Non-executive Director of the Company since June 2022

(approval document: CBIRC Approval [2022] No. 403). Ms. ZHOU currently serves as Manager of General Affairs Department of Agricultural Development Asset Management Center of Shanghai Pudong State-owned Assets Investment Management Co., Ltd. Previously, she served as Deputy Manager of Finance Department of Shanghai Agricultural Development Asset Management Center, Head of Audit Office of Shanghai Agricultural Development Asset Management Co., Ltd., Manager of General Affairs Department of Agricultural Development Asset Management Center of Shanghai Pudong State-owned Assets Investment Management Co., Ltd., etc.

1.2 Supervisors

As of the end of June 2023, the 4th Board of Supervisors of the Company has 6 Supervisors:

Mr. HUANG Xiongfei, born in March 1963, holds a bachelor's degree and the title of Accountant. He has been serving as Chairman of Board of Supervisors and Employee Representative Supervisor of the Company since July 2022 (approval document: CBIRC Approval [2022] No. 403). He concurrently serves as chairman of the Trade Union of the Company. Previously, Mr. Huang served as Manager of Personal Financial Services Department of Shanghai Rural Commercial Bank Pudong Branch, Deputy General Manager of Shanghai Pudong Sub-branch of Anxin Agricultural Insurance Co., Ltd., General Manager of Shanghai Nanhui Sub-branch of Anxin Agricultural Insurance Co., Ltd., member of the Party Committee, Vice-president, Deputy General Manager of Anxin Agricultural Insurance Co., Ltd. and Deputy Secretary of the Party Committee and General Manager of Shanghai Branch of Anxin Agricultural Insurance Co., Ltd., Deputy General Manager, member of the Party Committee, and Secretary of the Party Disciplinary Committee of China Pacific Anxin Agricultural Insurance Co., Ltd.

Ms. ZHANG Wenjuan, born in November 1983, holds a master's degree and national legal professional qualification. In December 2020, she became Employee Representative Supervisor of the Company (approval document: CBIRC [2020] No.

849). Ms. ZHANG also serves as Legal Responsible Person, Director of the Discipline Inspection Office, and General Manager of Legal Compliance Department/Risk Management Department of the Company. Previously, she served as Assistant General Manager, Deputy General Manager of Legal and Compliance Department of Anxin Agricultural Insurance Co., Ltd., Deputy General Manager (in charge) of Legal and Compliance Department of the Company, Deputy Director of the Discipline Inspection Office of the Company, Compliance Responsible Person of Shanghai Branch of the Company, and General Manager of Legal and Compliance Department of Shanghai Branch of the Company.

Mr. MIAO Huan, born in August 1983, holds a bachelor's degree. He became Supervisor of the Company in December 2021 (approval document: CBIRC Approval [2019] No. 973). Mr. MIAO currently serves as Deputy General Manager of Shanghai Huijia Venture Capital Co., Ltd. and Executive Director of Shanghai Jiading Guangwo Assets Management Co., Ltd. Mr. MIAO previously served as Business Assistant, and Business Manager of the Investment Management Department of Shanghai Jiading District State-owned Assets Management (Group) Co., Ltd., and Business Manager of Shanghai Jiading Venture Capital Management Co., Ltd.

Mr. GUO Zongjie, born in December 1968, holds a bachelor's degree. He became Employee Representative Supervisor of the Company in December 2020 (approval document: CBIRC [2020] No. 860). Mr. GUO is currently Head of the Office of the Board of Directors/Office of the Board of Supervisors, Head of the Party Building Department, and Director of the Party Committee Office of the Company. Previously, he served as Director of the General Office and Party Committee Office of CPIC P/C Shandong Branch, General Manager of the Intermediary Business Department of CPIC P/C Shandong Branch, and Director of the Administrative Office and General Manager of the Development Planning Department of the Company.

Mr. CHENG Song, born in November 1979, holds a master's degree. He became Employee Representative Supervisor of the Company in February 2022 (approval document: CBIRC [2022] No. 32). Mr. CHENG currently serves as General Manager of Finance Department and Asset Management Department of the Company. Previously, he served as Senior Manager of Accounting Center of Financial Management Department of CPIC Group, and Deputy General Manager of Financial Department of CPIC P/C.

Ms. ZHANG Wen, born in November 1984, holds a bachelor's degree. She has been serving as Supervisor of the Company since July 2022 (approval document: CBIRC Approval [2022] No. 403). Ms. ZHOU currently serves as Manager of Asset Management Department of Shanghai Kailun Investment Co. Ltd. She previously served as Executive Director, General Manager of Shanghai Xingbo Supplies Co., Ltd., General Manager of Business Development Management Department, Employee Representative Supervisor, and Director of General Office of Shanghai Fengxian SPD Rural Bank, Assistant President, Deputy President of Shanghai Fengxian Branch of Ningbo Bank.

1.3 Senior management

As of the end of June 2023, the Company has 7 members of senior management:

Mr. SHI Jian, born in November 1973, holds a bachelor's degree, and has been serving as General Manager of the Company since July 2021 (approval document: CBIRC [2021] No. 609). Mr. SHI also serves as Executive Director of the Company. Previously he served as Deputy General Manager (in charge) of Shanghai West Operation Management Office of Shanghai Branch of China Life Insurance Company, General Manager of Business Management Department, General Manager of Market Development Department, and General Manager of Product Development and Reinsurance Department of Shanghai Anxin Agricultural Insurance Co., Ltd. He also

served as Assistant President, Vice President, Board Secretary, Executive Director, President (General Manager) of Anxin Agricultural Insurance Co., Ltd., as well as Deputy Head of Marketing and General Manager of Strategic Account Department of CPIC Group.

Mr. ZHENG Kai, born in August 1972, holds a master's degree. He has been serving as Deputy General Manager and Board Secretary of the Company since May 2016 (approval documents: CIRC Approval [2016] No. 391, and CIRC Approval [2016] No. 383 respectively). Mr. ZHENG is also Member of the Jing'an District Committee of CPPCC. Mr. ZHENG previously served as Deputy Head of Youth Work Department of Communist Youth League Shanghai Municipal Committee, Secretary-General of Shanghai Young Entrepreneurs Association, Deputy Director of Economy Division of Taiwan Affairs Office of Shanghai Municipal Government, Head of Exchange and Communication Division of Taiwan Affairs Office of Shanghai Municipal Government, Head of Coordination Division of Taiwan Affairs Office of Shanghai Municipal Government, and General Manager of Shanghai Sales Outlet of Anxin Agricultural Insurance Co., Ltd.

Ms. LI Shuhui, born in July 1972, holds a master's degree and the title of Senior Auditor, CPA, CIA and CCSA. She has been serving as Finance Responsible Person and Deputy General Manager of the Company since December 2019 (approval documents: CBIRC Shanghai Approval [2019] No. 984, and CBIRC Shanghai Approval [2019] No. 983 respectively). She previously served as Deputy General Manager of Internal Audit Center/Second Division, General Manager of Audit Technology Division of CPIC Group, Supervisor of CPIC Allianz Health, Internal Auditing Responsible Person of Changjiang Pension, Supervisor of CPIC Online Services, Supervisor of Anxin Agricultural Insurance Co., Ltd, and General Manager of Finance Department and Assets Management Department of CPIC P/C, Supervisor of CPIC P/C.

Mr. HUANG Xiaofeng, born in March 1971, holds a master's degree. He has been serving as Assistant General Manager of the Company (approval document: CBIRC [2022] No. 409) since June 2022. Previously, Mr. HUANG served as Deputy Head of Gaodong Township, Head of Heqing Township, Pudong New Area, Shanghai, Deputy Director of the Rural Affairs Office, Deputy Director of the District Agricultural Committee of the CPC Committee of Pudong New Area, Member of the CPC Committee of Anxin Agricultural Insurance Co., Ltd. and General Manager of its Shanghai Nanhui Sub-branch, Deputy Secretary of CPC Committee and Deputy General Manager of Shanghai Branch of Anxin Agricultural Insurance Co., Ltd., Member of CPC Committee, General Manager of Agricultural Insurance Market Development Department and General Manager of Agricultural Insurance Business Management Department of Pacific Anxin Agricultural Insurance Co., Ltd.

Mr. WU Kaibing, born in July 1968, holds a doctoral degree and the title of Senior Auditor. He has been serving as Internal Auditing Responsible Person since October 2017 (approval document: CIRC Approval [2017] No. 1191). Mr. WU currently serves as General Manager of the Internal Audit Department (South China) of CPIC Group. He previously served as Securities Research Head of the Shanghai Securities Department of SDIC Hainan, Assistant President of Shanghai Kaiquan Pump (Group) Co., Ltd., Deputy Director of the Financial Audit Division of CNAO's Shanghai Resident Office, Senior Auditor of the Second Division of the Internal Audit Headquarters of CPIC Group, Senior Auditor, and Deputy General Manager of the Internal Audit Business Department of the Internal Audit Center of CPIC Group.

Mr. WU Gang, born in August 1970, holds a bachelor's degree. He has been serving as Compliance Responsible Person, and Chief Risk Officer of the Company (approval document: CBIRC [2022] No. 403) since June 2022. Previously, Mr. WU served as Assistant General Manager, Deputy General Manager (in charge) and General Manager of CPIC P/C Ningxia Branch, General Manager of CPIC P/C Gansu Branch, and General Manager of the Legal Affairs and Compliance Department of CPIC P/C.

Ms. YANG Guotao, born in January 1981, holds a master's degree and membership of China Association of Actuaries and FRM qualification. She has been serving as Chief Actuary of the Company since January 2020 (approval document: CBIRC Shanghai Approval [2019] No. 1096). Ms. YANG currently serves as General Manager of Actuarial Department of the Company. She previously worked in the capacity of actuarial service with China Continent Insurance Co. Ltd., served as Actuarial Responsible Person and Deputy General Manager (in charge) of the Actuarial Department of Anxin Agricultural Insurance Co., Ltd.

2. Changes to directors, supervisors and senior management of head-office

None.

(III) Subsidiaries, joint ventures or associate ventures

None during the reporting period.

(IV) Breaches and administrative penalties during the reporting period

1. Administrative penalties against insurance companies and their directors, supervisors, and senior management at head-office

None.

2. Misconduct which triggered judicial proceedings by directors, supervisors, management at department-head level or above at headquarters or senior management of provincial branch offices

None.

3. CBIRC regulatory measures against the Company

None during the reporting period.

III. Main indicators

(I) Solvency margin ratios

unit: yuan

Item	Q2 2023	Q1 2023	Next quarter estimates
Admitted assets	6,721,161,849	6,996,560,651	6,605,771,042
Admitted liabilities	3,643,640,882	3,911,201,838	3,572,399,373
Available capital	3,077,520,967	3,085,358,814	3,033,371,670
Tier-1 core capital	2,780,865,205	2,804,393,375	2,736,715,908
Tier-2 core capital	-	-	-
Tier-1 supplement capital	296,655,761	280,965,438	296,655,761
Tier-2 supplement capital	-	-	-
Minimum capital	837,155,853	826,375,340	894,534,270
Minimum capital for quantifiable risks	821,069,053	810,495,699	877,338,437
Minimum capital for life insurance risk	-	-	-
Minimum capital for non-life insurance risk	599,429,490	583,935,814	673,601,980
Minimum capital for market risk	332,048,718	345,260,995	326,662,680
Minimum capital for credit risk	264,300,512	254,031,196	259,177,947
Diversification effect for quantifiable risks	374,709,667	372,732,306	382,104,170
Loss absorption for special-type insurance contracts	-	-	-
Minimum capital for control risk	16,086,800	15,879,641	17,195,833
Supplement capital	-	-	-
Core solvency margin	1,943,709,353	1,978,018,035	1,842,181,638
Core solvency margin ratio	332.18%	339.36%	305.94%
Comprehensive solvency margin	2,240,365,114	2,258,983,473	2,138,837,400
Comprehensive solvency margin ratio	367.62%	373.36%	339.10%

(II) Regulatory indicators for liquidity risk

LCR	Q2 2023		Q1 2023	
	Next 3 months	Next 12 months	Next 3 months	Next 12 months
LCR1 (under base scenario)	109.10%	103.47%	125.69%	103.08%

LCR2 (under stress scenario)–mandatory	100.05%	115.44%	124.72%	110.65%
LCR2 (under stress scenario)-self-testing	150.61%	116.02%	180.65%	117.78%
LCR3 (under stress scenario before asset disposal)-mandatory	61.11%	101.40%	72.44%	90.76%
LCR3 (under stress scenario before asset disposal)-self-testing	97.51%	103.87%	124.58%	98.42%
Retrospective adverse deviation ratio of net cash flows from operating activities	-3.05%		-4.89%	
Net cash flows YTD (unit: 10,000 yuan)	-622.80		5770.82	
Net cash flows in 2022(unit: 10,000 yuan)	-1987.50		-1987.50	
Net cash flows in 2021 (unit: 10,000 yuan)	3041.26		3041.26	

(III) Monitoring indicators for liquidity risk

unit: yuan

Indicators	Item	Q2 2023	Q1 2023
1. Net cash flows from operating activities	Amount	532,899,072	-181,928,808
	Cash inflow from operating activities YTD	1,503,571,039	264,642,569
	Cash outflow from operating activities YTD	970,671,967	446,571,377
2. Net cash flows from operating activities per 100 yuan in premiums	Amount	42.78	-41.45
	Net cash flows from operating activities YTD	532,899,072	-181,928,808
	Premiums YTD	1,245,615,820	438,914,428
3. Share of cash outflow for special types of business	Percentage	8.32%	0.12%
	Claims for business of special types	84,960,195	26,310

	Incurred and reported claim reserves for business of special types	-31,477,033	247,728
	Total claims pay-out	584,279,028	227,881,000
	Total incurred and reported claim reserves	58,265,045	2,203,471
4. Total premiums growth year-on-year	Percentage	9.91%	14.68%
	Total premiums YTD	1,245,615,820	438,914,428
	Total premiums YTD for the same period of previous year	1,133,339,733	382,738,829
5. Share of cash and liquidity management instruments	Percentage	3.90%	1.81%
	Book value of cash and liquidity management instruments at the end of the period	257,147,198	117,044,774
	Ending balance of total assets	6,600,296,678	6,463,995,390
6. Quarterly average financial leverage ratio	Percentage	2.82%	6.66%
	Arithmetic mean of the ending balance of inter-bank lending, bond repurchase and other cash inflow from financing at the end of each month during the quarter	190,666,667	468,000,000
	Ending balance of total assets	6,750,296,678	7,026,995,390
7. Share of domestic fixed income assets rated AA and below	Percentage	0.00%	0.00%
	Book value of domestic fixed income assets rated AA and below at the end of the period	0	0
	Ending balance of total assets	6,600,296,678	6,463,995,390
8. Share of investments in listed stocks with a stake of 5% or above	Percentage	0.00%	0.00%

	Book value of investments in listed stocks with a stake of 5% or above at the end of the period	0	0
	Ending balance of total assets	6,750,296,678	7,026,995,390
9. Proportion of receivables	Percentage	12.87%	22.29%
	Premium receivables	650,256,347	565,247,341
	Reinsurance receivables	218,563,586	1,001,326,058
	Ending balance of total assets	6,750,296,678	7,026,995,390
10. Proportion of related party assets held by the Company	Percentage	0.00%	0.00%
	Total investment assets of related parties held by the Company	-	-
	Ending balance of total assets	6,750,296,678	7,026,995,390

(IV) Key business metrics

unit: yuan

Indicators	As at the end of this quarter/during this quarter	As at the end of this quarter/YTD
Gross written premiums	847,708,594	1,293,752,176
Net profits	63,848,103	101,032,310
Total assets	6,750,296,678	6,750,296,678
Net assets	2,887,812,799	2,887,812,799
Insurance contract liabilities	2,756,869,153	2,756,869,153
Basic earnings per share	0.059	0.094
ROE	2.20%	3.52%
ROA	0.93%	1.51%
Investment yield	1.19%	1.98%
Comprehensive investment yield	0.84%	2.02%
Profitability indicators	--	--
Combined ratio	--	97.80%
Expense ratio	--	16.82%
Loss ratio	--	80.98%

Proportion of commission and brokerage expenses	--	1.58%
Proportion of operating and administrative expenses	--	13.80%
Scale indicators	--	--
Written premiums	806,701,392	1,245,615,820
Written premiums of auto insurance	-	-
Written premiums of top 5 non-auto insurance business lines	790,564,518	1,198,149,333
Largest non-auto business line	596,256,429	859,593,710
Second largest non-auto business line	126,901,428	198,601,984
Third largest non-auto business line	42,147,700	89,321,355
Fourth largest non-auto business line	14,342,350	33,508,441
Fifth largest non-auto business line	10,916,612	17,123,843
Average vehicle premium of auto insurance	-	-
Written premiums by channels	806,701,392	1,245,615,820
Agency	34,348,725	76,829,335
Direct	760,577,955	1,143,195,299
Brokerage	11,774,713	25,591,186
Others	-	-

IV. Risk management capabilities

(I) Company category

The Company was incorporated in Shanghai in September 2004 as per approval of the former CIRC. In 2022, its written premiums amounted to 1.751bn yuan, and as of the end of 2022, total assets stood at 6.674bn yuan, with 3 provincial-level branch offices. According to Article 6 of Solvency Regulatory Standards of Insurance Companies No. 12: Solvency-aligned Risk Management Requirement and Assessment, the Company is in Category II.

(II) The latest result of Solvency Aligned Risk Management Requirements and Assessment (SARMRA) of the Company

The Company scored 76.69 points in the last on-site SARMRA assessment. As per Solvency Regulatory Standards of Insurance Companies No. 12: Solvency-aligned Risk

Management Requirement and Assessment of Solvency Regulatory Standards of Insurance Companies (II) (CBIRC Document [2021] No. 51), the final score of the Company was 76.08 points.

(III) Measures taken to improve solvency risk management and the latest status

The Company scored 76.69 points in the last on-site SARMRA assessment. As per Solvency Regulatory Standards of Insurance Companies No. 12: Solvency-aligned Risk Management Requirement and Assessment of Solvency Regulatory Standards of Insurance Companies (II) (CBIRC Document [2021] No. 51), the final score of the Company was 76.08 points. During the reporting period, the Company took further steps to enhance risk management. To be specific:

In terms of insurance risk, we further improved our insurance risk management system by revising and strictly implementing rules such as Measures on Claims Management of Non-auto Commercial Insurance, Rules on Intermediary Business Management and so on; completed the assessment of and report on major products and strengthened risk monitoring of major products; continued with retrospective management of reserves, completed retrospective assessment and analysis of the Company's reserves in the previous two years, and ensured the adequacy and reasonableness of the Company's reserves; and further strengthened the risk management and control of our insurance business, carried out on-site inspection of disaster and loss prevention, and investigated the potential risks of the insured and made recommendations for rectification.

For market risk, we maintained communication with our investment manager on market risk management to prevent adverse impact on the Company's net profit and net assets as a result of concentrated exposure; carried out quantitative assessment of asset-liability management and quarterly analyses, in which we measured and analysed the impact on the return of the assets held due to market fluctuations, monitored the Company's cost-benefit ratio, and made forecasts on key indicators to achieve the goal of asset-liability management.

As for credit risk, we worked with asset managers to calculate our portfolio's credit risk exposure to local government financing platforms, and identified no significant credit risk; compiled a list of premiums receivables and devised settlement plans to deal with difficulties in receivables collection; formulated specific rules on assessing receivables collection performance in the second quarter to help collect receivables for the whole year; analysed and evaluated credit ratings of first-time reinsurance partners; and set out credit risk limits for guarantors and improved the risk limits on reinsurance ceding.

On operational risk, we revised and updated Measures on Operational Risk Management, Guidelines for Business Quality Retrospection, Rules on Money Laundering Risk Management and Measures on Anti-fraud Management; carried out the third "Risk Compliance Month" publicity campaign, and continued to improve our risk compliance management capability by organizing learning sessions on relevant regulations and cases, and risk and compliance knowledge contests; revised our internal control manual and developed the annual internal control self-assessment plan; issued a notice on the key work for 2023 relating to anti-money laundering to strengthen the Company's money laundering risk prevention and control; carried out the "Anti-illegal Fund Raising Month" publicity campaign to improve employees' anti-fraud awareness and self-protection; carried out anti-money laundering classification and rating and quarterly inspections; and conducted quarterly anti-fraud review and drafted the quarterly fraud risk analysis report.

As for liquidity risk, the Company continued to optimise cash flow projection modelling, enhanced retrospective review of net cash flows from operating activities, conducted review of cash flow budgets and analysed causes for adverse variance, evaluated the impact of future claims pay-out on cash flows in a timely manner, so as to ensure sufficient liquidity and stable cash flows; continued to communicate with CPIC AMC to ensure an asset allocation compatible with needs for cash flows; reviewed and optimised the risk matrix of investment liquidity, continuously monitored and assessed market liquidity and interest rate movements and their impact on liquidation of its investment assets; reviewed and improved IT systems for management of fiscal

subsidiaries so as to optimise the management process; sifted through long-standing arrears followed by collection.

In respect of reputational risk, we continued to improve the risk management mechanism, assisted our branches in formulating reputational risk management rules, and promoted the construction of a closed-loop whole process system for reputation management.

For strategic risk, each quarter we would evaluate how the quarterly development plan was executed to promote the implementation of the Company's strategies and the realisation of our development goals.

(IV) Status of SARMRA self-assessment

None during the quarter.

V. Integrated risk rating (differentiated supervision)

(I) The last two IRR results

The Company was rated AAA at the IRR (differentiated supervision) by CBIRC for both Q4 of 2022 and Q1 of 2023.

As per Solvency Regulatory Standards No.11: Integrated Risk Rating (differentiated supervision) of Solvency Regulatory Standards of Insurance Companies (II) (CBIRC [2021] No. 51), the IRR(differentiated supervision) results will be in 4 categories, i.e., A, B, C, D, which can be further classified into AAA, AA, A, BBB, BB, and B, both by ascending order of risks.

(II) Measures taken or to be taken for improvement

The Company's integrated risk rating (IRR) for the last quarter was AAA.

In the second quarter, first, we communicated the results of IRR for Q1 within the Company. The Company performed well in reputational risk, liquidity risk, operational risk and strategic risk. But certain metrics of the insurance business need enhancing. The senior management took this seriously, convened meetings to communicate the results, made plans for remedial actions, and enhanced

frequency of monitoring of metrics so as to be more pro-active in risk management; second, revised and issued Rules on Non-auto Commercial Insurance Claims Management, Policies on Consumer Rights Protection, and Regulations on Intermediary Business Management, etc., with strict enforcement on the ground; third, set more specific KPIs for claims management of branch offices, drafted plans for monthly claims management evaluation, sorted out outstanding claims cases and enhanced claims process control; fourth, conducted training of compliance and risk management, enhanced both study and publicity of rules and implementation.

(III) Findings of self-assessment of operational, strategic, reputation and liquidity risks

1. Operational risk

1.1 Operational risk status

In this quarter, the Company formulated rectification plans for various defects newly discovered in audits, carried out rectification with regular progress follow-up, urged relevant parties to complete rectification on time according to the rectification plan. Second, continuously conducted management of regulations, updated List of Internal Control Regulations for 2023 and followed up on Annual Plan of Regulations Management. Third, revised and issued rules on operational risk management, specifically on management of operational risk in loss of data, on anti-money laundering (AML) and insurance frauds management so as to cement the foundation of operational risk management. Fourth, IRR results of Q1 2023 indicated a stable overall status. The Company will continue to improve on certain metrics of the insurance business and brief the management regularly on the progress of rectification.

1.2 Methods of operational risk assessment

Conducted self-review by business lines and reporting of emergencies of major operational risk as per Solvency Regulatory Standards of Insurance Companies No.11.

1.3 Process of operational risk assessment

In this quarter, first, the Company conducted an assessment of IRR operational risk status, organised the screening by relevant departments of operational risk in misleading sales, frauds in claims, mis-handling in investment, erroneous financial information disclosure, money laundering, information security and system failures, with follow-up cross-departmental communications on mitigation measures, if necessary. Second, it monitored key indicators of operational risk in tandem with risk upper limits, management reports on operational risk and rectification of gaps, with clear ownership by departments or branch offices, and may conduct self-review if circumstances require.

1.4 Results of operational risk assessment

The review indicated no serious flaws in operational risk.

2.Strategic risk

2.1 Status of strategic risk

The strategic risk facing the Company mainly includes the following:

First is potential risks arising from concentration of business in Shanghai. Second is the potential strategic risk arising from differentiated business strategies for agricultural insurance of CPIC P/C .

2.2 Methods of strategic risk assessment

Evaluation of market environment of industry strategic risk, the risk in strategic planning of the Company and the risk in implementation of its strategic planning, as per Solvency Regulatory Standards of Insurance Companies No.11.

2.3 Process of strategic risk assessment

Collected and analysed information on a regular basis, enhanced oversight of implementation status of plans made at the year beginning, and communicated the gaps to company middle and senior management.

2.4 Results of strategic risk assessment

Detected no serious mismatch between company strategies and market environment or its own capabilities.

3.Reputational risk

3.1 Status of reputational risk

In the reporting quarter, the Company conducted screening of reputational risk, which showed that the risk was under control, and there was no occurrence of major risk incidents.

3.2 Methods of reputation risk assessment

As per Solvency Regulatory Standards of Insurance Companies No.11, firstly, we monitored online public opinions through the Group's monitoring platform; secondly, our spokesperson and brand specialists joined the Group's brand management so that they can share and handle publicity information in a timely manner; thirdly, the Company issued the "Risk Early Warning" weekly reports to part-time reputational risk management staff to promptly identify and prevent potential risks and further enhance reputational risk management capability. We also conducted a company-wide screening of potential reputational risks, and continued to optimise and promote the establishment of a closed-loop entire-process reputational management system, so as to create a good reputational environment for the Company's sustainable, healthy and stable development.

3.3 Process of reputational risk assessment

Filed sensitive words with the Group. Used Group platform for collection and statistical analysis of media reports containing such sensitive words, which would enable early responses or mitigation measures.

3.4 Results of reputational risk assessment

During the reporting period, reputational risk of the Company was under control, and there were no incidents which were related to or might trigger reputational risk.

4. Liquidity risk

4.1 Status of liquidity risk

The Company derives liquidity mainly from cash received from premiums, net investment income, sales or maturity of investment assets and financing activities. Demand for liquidity mainly stems from cash needed for payment of claims, daily

expenditures and dividends distributed to shareholders.

As a specialised agricultural insurance firm, it mainly faces two types of liquidity risk.

First is the time lag in settlement of agricultural insurance premium receivables by governments. The Company's main business is agricultural insurance, which accounted for 69% of total premiums, and of this, fiscal subsidies represented about 32% of agricultural insurance premiums. As per Provisions on Fiscal Subsidies of Agricultural Insurance Premiums of Shanghai Municipal Government, the subsidy would be accrued in advance and settled in the next year. Thus, the time lag may impact the Company's cash flows. To address this, it vigorously conducted communications with government agencies in charge of agriculture and finance at various levels, seeking to optimise the process of fiscal subsidy transfers so that it could receive the fund at an early date.

Second is agricultural insurance catastrophe risks. The agricultural insurance business of the Company is concentrated in the Yangtze River Delta, and given this geographical concentration and the characteristics of the business line, the occurrence of natural catastrophes could lead to huge outflows of cash for claims payments within a short period of time. In response, the Company put in place mechanisms to closely monitor likelihood of disasters, issue early warning and prepare for relief and damage-reduction effort; in the event of natural catastrophes, the Company will initiate the contingency plan, conduct claims investigation in a timely manner, coordinate funds planning to ensure normal and stable cash flows.

As at the end of Q2, LCR under the base scenario (LCR1) for the next 12 months was 103.47%, and LCR under the stress scenario (LCR2) for the next 12 months was 115.44%, indicating sound status in liquidity risk.

4.2 Methods of liquidity risk assessment

Conducted calculation of liquidity coverage ratios, retrospective adverse

deviation ratios of net cash flows from operating activities, net cash flows and stress testing of cash flows of the Company as per Solvency Regulatory Standards No. 13.

4.3 Process for liquidity risk assessment

On a quarterly basis, the Finance Department formulates comprehensive budgets for operating and investment activities in light of the strategic and business plans of the Company, projects cash flows on a rolling basis to evaluate the impact on its liquidity.

4.4 Results of liquidity risk assessment

The assessment indicated that all regulatory indicators of liquidity risk and cash flow stress testing pointed to sufficient liquidity to meet needs of the Company.

VI. Management analysis and discussions

(I) Change to solvency and reasons

As of the end of the quarter, the comprehensive and core solvency margin ratios of the Company was 367.62% and 332.18% respectively, maintaining a strong position, down by 5.7pt and 7.2pt respectively from the preceding quarter.

Of this, available capital was 3.078bn yuan, a decrease by 8mn yuan from the previous quarter, mainly due to increase in dividends payable and decrease in other comprehensive income.

Minimum capital was 837mn yuan, increasing by 11mn yuan from the preceding quarter. Of this, minimum capital for insurance risk increased by 15mn yuan, mainly as a result of business growth, which led to increase in minimum capital for premiums and reserve risk; minimum capital for market risk fell by 13mn yuan, mainly as a result of changes of asset allocation, which led to lower capital requirement for interest rate risk, higher capital requirement for equity prices risk and increased diversification effect; minimum capital for credit risk increased by

10mn yuan, mainly due to increased allocation in alternative debt instruments, which led to increased minimum capital for counter-party risk; minimum capital for risk diversification effect increased by 2mn yuan.

(II) Change to liquidity risk indicators and reasons

As of the end of the reporting quarter, cash and cash equivalents was 53.1552mn yuan, down by 63.8896mn yuan from 117.0448mn yuan in the previous quarter. The decrease in cash was mainly due to much higher cash outflows from investment which resulted in reduced net cash flows from investment activities during the quarter.

LCR1s of the next 3 months and next 12 months under base scenarios were 109.10% and 103.47%, respectively.

LCR2s of the next 3 months and next 12 months under stress scenario (mandatory) were 100.05% and 115.44%, respectively.

LCR2s of next 3 months and next 12 months under stress scenarios (self-testing) were 150.61% and 116.02%, respectively.

LCR3s of the next 3 months and next 12 months under stress scenarios before asset disposal (mandatory) were 61.11% and 101.40%, respectively.

LCR3s of the next 3 months and next 12 months under stress scenarios before asset disposal (self-testing) were 97.51% and 103.87%, respectively.

The retrospective adverse deviation ratios of net cash flow from operating activities of the reporting and the previous quarters were -3.05% and -4.89%, respectively. The actual amounts of cash paid as taxes during the reporting quarter were higher than projected.

The net cash flow YTD was -6.2280mn yuan. The net cash flow for the previous fiscal year was -19.8750mn yuan, and that for the year earlier was 30.4126mn yuan.

(III) Change to IRR and reasons

The Company was rated AAA at the IRR (differentiated supervision) by CBIRC for both Q4 of 2022 and Q1 of 2023.

As per Solvency Regulatory Standards No.11: Integrated Risk Rating (differentiated supervision) of Solvency Regulatory Standards of Insurance Companies (II) (CBIRC [2021] No. 51), starting from Q1 2022, the IRR results will be in 4 categories, i.e., A, B, C, D, which can be further classified into AAA, AA, A, BBB, BB, and B, both by ascending order of risks.