

Summary of Solvency Report (Excerpts)

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

2023

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:	FU Fan
Registered address:	1 Zhongshan Road (South), Huangpu District, Shanghai, PRC.
Registered capital:	RMB9.62 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

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
WANG Tayu	✓		
LIU Xiaodan	✓		
CHEN Ran	✓		
LAM Tyng Yih, Elizabeth	✓		
LO Yuen Man, Elainen	✓		
CHIN Hung I David	✓		
ZHOU Donghui	✓		
JIANG Xuping	✓		
HUANG Dinan	✓		
FU Fan	✓		
LU Qiaoling	✓		
John Robert Dacey	✓		
Total	12		

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)

	As at the beginning of the reporting period		Increase or decrease (+ or -) of shareholding during the reporting period				As at the end of the reporting period		
	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	-	-	-	-	-	9,620,341,455	100

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%	2,772,583,107	+52,880	-	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
China Securities Finance Co., Ltd.	2.82%	271,089,843	+38,416,359	-	A Share
HKSCC	2.46%	236,525,992	-	-	A Share
Shanghai International Group	1.66%	160,000,000	-	-	A Share
Yunnan Hehe (Group) Company Limited	0.95%	91,868,387	-	-	A Share
Shanghai Jiushi Company Limited	0.93%	89,737,760	-1,141,900	-	A Share

HKSCC Nominees Limited and HKSCC are connected, as the former is a wholly-owned subsidiary of the latter.

Description of related relations or concerted actions among the aforesaid shareholder

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

Notes:

1. 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. The nature of A shareholders is the same as the nature of their accounts registered with China Securities Depository and Clearing Corporation Limited Shanghai Branch.
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.

III. Business Operation of Major Member Companies

(I) CPIC Life

CPIC Life adhered to high-quality development, and achieved solid momentum in business development. In 2023, the subsidiary recorded written premiums of 252.817bn yuan, a year-on-year growth of 3.2%; net profits of 19.532bn yuan; NBV of 10.962bn yuan, up by 19.1% from 2022.

As of the end of 2023, its comprehensive solvency margin ratio was 210%, a decline of 8pt from the year beginning, mainly due to impact of changes in interest rate, capital market fluctuations, business development, changes to asset allocation, bond issuance, and implementation of new regulation (Jingui [2023] No.5). Of this,

- (1) Actual capital 312.005bn yuan, down by 9.4%, or 32.217bn yuan from the year beginning;
- (2) Minimum capital 148.723bn yuan, down by 5.8%, or 9.079bn yuan from the year beginning.

(II) CPIC P/C

In 2023, the subsidiary reported rapid premium growth with solid underwriting profitability. It delivered 188.342bn yuan in primary premium income, a year-on-year growth of 11.4%, and net profits of 6.575bn yuan.

As of the end of 2023, its comprehensive solvency margin ratio stood at 214%, up by 12pt from the year beginning, mainly due to impact of capital market fluctuations, changes to asset allocation, business development, issuance of bond, and implementation of new regulation. Of this,

- (1) Actual capital 61.775bn yuan, up by 6.621bn yuan from the year beginning, or a growth of 12.0%;
- (2) Minimum capital 28.898bn yuan, up by 1.652bn yuan, or 6.1% from the year beginning.

(III) CPIC Health

The company saw sustained improvement in business metrics, with enhanced professional capability for sustainable development. During the reporting period, the subsidiary realised 2.079bn yuan in GWP and health management fee income, and net profits of 31mn yuan.

As of the end of 2023, its comprehensive solvency margin ratio stood at 258%, down by 7pt from the year beginning, mainly due to impact of changes of interest rate and capital market, business development, and changes to asset allocation and implementation of new regulation. Of this,

- (1) Actual capital 3.488bn yuan, up by 8.1%, or 263mn yuan from the year beginning;
- (2) Minimum capital 1.352bn yuan, up by 11.2%, or 136mn yuan from the year beginning.

(IV) CPIC AMC

During the reporting period, the company followed high-quality development, pro-actively optimised its investment strategies, vigourously managed various risks and pushed for steady development of third-party business. It posted 225.154bn yuan in third-party AuM.

(V) Changjiang Pension

Changjiang Pension stayed committed to serving China's national retirement strategies, pro-actively optimise investment strategies, actively control all kinds of risks, and guarantee the stable operation of third-party asset management business. As at 31 December 2023, its third-party assets under trustee management amounted to RMB410.993 billion; third-party assets under investment management reached RMB352.032 billion.

(VI) Other member companies

As of the end of 2023, total assets of CPIC Property reached 225mn yuan, with net assets of 191mn yuan; total assets of CPIC Technology reached 1.625bn yuan, with net assets of 714mn yuan.

IV. Solvency Statements

Solvency Statements of Insurance Holding Groups

Name: China Pacific Insurance (Group) Co., Ltd.
(31 December, 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
Actual capital	(1) = (2) + (3) + (4) + (5)	45,693,824	47,907,342
Tier 1 core capital	(2)	29,176,067	31,950,386
Tier 2 core capital	(3)	1,214,761	1,291,004
Tier 1 supplement capital	(4)	15,298,572	14,658,632
Tier 2 supplement capital	(5)	4,424	7,320
Minimum capital	(6) = (7) + (21) + (22)	17,801,725	18,733,329
Minimum capital for quantitative risks	(7) = (8) + (9) + (10) + (11) + (12) + (13) - (20)	18,012,787	18,733,329
Minimum capital for parent company	(8)		-
Minimum capital for insurance member companies	(9)	18,012,787	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	(18)	-	-

concentration risk - customers			
Risk diversification effect	(19)	-	-
Decrease in required capital for risk diversification effect	(20)	-	-
Minimum capital for control risk	(21)	(211,061)	-
Supplement capital	(22)	-	-
Core solvency margin	$(23) = (2) + (3) - (6) \times 50\%$	21,489,965	23,874,725
Core solvency margin ratio	$(24) = [(2) + (3)] / (6) \times 100\%$	171%	177%
Comprehensive solvency margin	$(25) = (1) - (6)$	27,892,098	29,174,012
Comprehensive solvency margin ratio	$(26) = (1) / (6) \times 100\%$	257%	256%

Note: Decrease in required capital for risk diversification effect and supplement capital at the group level are yet to be defined by the regulator.

V. Management Analysis and Discussions

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

As of the end of 2023, Group comprehensive solvency margin ratio stood at 257%, up by 1pt from the year beginning; core solvency margin ratio was 171%, down by 6pt from the year beginning, mainly due to changes to interest rate and capital market, business development, and bond issuance of its subsidiaries. Of this,

- 1) Actual capital amounted to 456.9bn yuan, down by 22.2bn yuan from the year beginning; core capital 303.9bn yuan, down by 28.5bn yuan from the year beginning.
- 2) Minimum capital 178.0bn yuan, down by 9.3bn yuan from the year beginning.

In short, Group solvency margin ratios stayed solid, all above regulatory minimum levels.

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

The regulator is yet to carry out Integrated Risk Rating for insurance groups.

In 2023, the Group enjoyed sound and stable operation overall with effective implementation of its risk appetite. All the risk indicators remained stable, with the overall risk under control. No risk events with significant impact occurred in the year. However, the Group still faces some risks caused by uncertainty in the environment, including:

First, macro-environmental risks. World political landscape remains complex and difficult, with flare-ups in geo-political conflicts, polarisation of economic development and

technological advancement, and rising uncertainty; China's economy faces multiple challenges, such as weak effective demand, faltering growth and uncertainty around market expectations, which presented challenges to business management, business development and investment performance of the Company. In response, the Company would closely follow changes to macro-economic environment, as well as developments in government policies, strengthen the study and analysis of trends and dynamics of risks, seize opportunities as well as meet challenges of high-quality development while ensuring prudent operation, and constantly improve its ability to support national strategies and handle risks.

Second, credit risks of investment. Amid comparatively weak economic growth, volatility of the financial market increased, risks of the property market and sectors upstream and downstream continued to unfold and run their course, which increased pressure on existing investment portfolios of the Company. We attached great importance to credit risk management, continuously upgraded credit risk management systems and professional expertise compatible with our investment business, optimised the unified credit-rating system, tightened counter-party access, and enhanced credit risk upper limits and concentration management. We continued to strengthen the monitoring, early warning and handling of credit risk in investment, put in place a "closed-loop" management system, so as to manage credit risk in a more pro-active, forward-looking manner.

Third, risk of insurance business. Momentum of high-quality development of the insurance industry needs to be further boosted. In particular, for life insurance, value management has become even more important in the context of secular interest rate decline and constraint from capital; on the side of P/C insurance, business quality control will be under pressure, given the impact of extreme weather events and development of emerging business. In the face of such risks, we will stay prudent in our risk appetite, capture opportunities arising from serving China's national strategies, the real economy and people's pursuit of a better life. We'll ensure effective control of major risks, optimise risk management mechanisms via upgrading of the risk management system, strengthen early warning and response to key risks, and consolidate the three lines of defense in risk management. Thus, we can improve the soundness and effectiveness of our risk management system, which would facilitate sustainable development of the Company.

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 roles: the Board of Directors bears the ultimate responsibility, management provides direct leadership, risk management departments focus on coordination, and the 3 lines of defense closely work together. The boards of directors of the Group and its subsidiaries are the supreme authority in risk management of the organisation, 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 vested by the board. In 2023, the committee convened 5 meetings to review relevant risk management matters and reports.

The Company's Management Committee is mandated to organise and execute the Company's risk management activities. It sets up the position of Chief Risk Officer, who 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 programmes and policies, execution and oversight, and general co-ordination.

The Group has set up the Risk Management Centre at its headquarters, 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 organise, direct and supervise other departments in execution of daily risk management tasks determined by management. All the other functional departments of the 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 their scope of responsibility and communication with the risk management department.

The Group Internal Audit Centre audits, on an annual basis, the status and results of operation of the Group solvency-aligned risk management system, as well as the status of implementation of risk management policies, and reports to the board.

(II) Risk management strategies and implementation

1. Risk management strategies

The overall risk management strategy of the Company is: in view of its development objectives, organisational structure and business characteristics, support and promote fulfillment of business objectives and strategic planning of the Company via a sound risk management system, stringent risk management processes, and scientific risk management mechanisms and tools.

Risk management is a core element of the Company's operation and management. The Company takes a centralised approach to risk management - setting up one overarching risk management framework covering the whole Group, with centralised design 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, 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 sustained value growth while maintaining appropriate liquidity, maintain a sound risk management status and market image. It continuously upgrades the risk control system that is compatible with its status as a listed company in SSE, SEHK, and LSE, integrates ESG requirements into its ERM system, with leadership in promoting healthy and stable development of the industry.

The Company's risk tolerance includes five core dimensions: maintaining adequate capital, pursuing stable profitability, achieving sustained value growth, ensuring appropriate liquidity, and maintaining a sound risk management status and 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, comprehensive 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 set up a risk management information system to monitor key risk indicators and gradually achieve the transmission of financial statements and data between business departments and branches. Second, it adopted comprehensive budgeting management, put in place relevant rules and policies, and formulated scientific business plans to help it achieve the medium- and long-term development objectives based on its overarching strategic plans, risk appetite, goals of sustainable value growth, and by means of budget preparation, implementation, analysis, adjustment and evaluation. The member companies effectively promote the implementation of comprehensive budgeting 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, in terms of capital planning, the Company established a sound capital management system. In compliance with regulatory requirements, it assesses various risks and their capital requirements, putting in place a diversified capital replenishment mechanism to ensure that it is adequately capitalised to withstand risks and meet business development needs. The capital planning of each member company aligns with that of the Group. Fifth, the Company adopted a coordinated stress testing model that is both unified and differentiated, 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 advice 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 transactions management, as per relevant regulatory requirements, the Company established long-term mechanisms for related party transactions management, improved internal control and risk management to curb intra-Group risk contagion, vigorously promoted IT system building so as to enhance the accuracy and data-processing capacity, and digitalisation of the entire RPT management process. The Company formulated Regulations on Related Party Transactions and its Implementation Rules, established the board Risk Management and Related Party Transactions Control Committee, set up the cross-departmental Office of Related Party Transactions, and defined its management roles and responsibilities. During the reporting period, the Company revised indicators for limits on major RPTs as per regulatory requirements, further improved norms for filing of standardised RPT data, defined the route of data filing so as to enhance the management of RPT data management.

As for risk quarantine, in strict conformity with regulatory requirements, the Company formulated risk quarantine rules, set up risk firewalls in areas such as corporate management, financial management, capital management, business operation, information management, personnel management, as well as brand publicity, information disclosure, related party transactions and guarantee management; identified risk contagion routes, established and implemented prudent risk quarantine management mechanisms and measures. During the reporting period, the Company reviewed relevant business regulations and operational

processes, upgraded rules on financial management and guarantee management, and continued to optimise the risk quarantine management system; clarified policies on outsourcing management, established dedicated rules of IT outsourcing, formulated outsourcing strategies and conducted key decision-making, carried out technology outsourcing activities in accordance with laws and regulations.

2. Risk due to opaque organisational structure

It refers to the risk that an insurance group's shareholding structure, management structure, operational process, business types, etc. are excessively complex and opaque, which may cause losses to the group. In strict compliance with regulatory requirements, the Company drafted rules on risk management of opaque organisational structure, further defined relevant management mechanisms and regular assessment system. The status of the risk of opaque organisational structure in 2023 is as follows:

CPIC is a listed insurance holding group and maintains a clear shareholding structure, without any cross-shareholding or illegal subscription of capital instruments between its members and its associated companies, or between its member companies.

Based on their strategic planning and business development needs, each member company has established a compatible organisational structures with clear boundaries, well-defined responsibilities and powers. This helped to avoid either overlapping or gaps of functions, or over-centralisation of responsibilities and powers, and put in place a working mechanism with clear definition of roles and responsibilities, good coordination and checks and balances.

3. Concentration risk

Concentration risk refers to the risk of unexpected losses for an insurance group when individual risks or risk portfolios of its member companies are concentrated at the group level. In accordance with relevant regulatory requirements, CPIC formulated regulations on concentration risk management, regularly identifies, evaluates, monitors and reports on different types of concentration risks of the Group and its member companies along 4 dimensions, i.e., transaction counter-parties, investment assets, customers and business, and their sub-dimensions, to prevent or mitigate material adverse effects of concentration risk on the solvency or liquidity of the Group.

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, the overall concentration risk status was in

the comfort zone, and there was no breach of limits nor occurrence of concentration risk which posed a material threat to the solvency or liquidity of the Company.

Based on realities of its business operation and its risk profiles, the Company focuses on the concentration risk relating to its 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 Company's major investment counter-parties maintained stable ratings, with related concentration risk under control.

4. Non-insurance risk

The Company's non-insurance business and investments are aligned with the Group's strategic positioning as "a pure insurance player", which helps to contain the magnitude and impact of non-insurance risks. The Company strictly complies with relevant regulations, prudently manages investment activities in non-insurance fields, and constantly monitors, prevents the adverse effects of operating activities of non-insurance member companies on the solvency of the Group and its 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. It has set up an investment decision-making panel under its Assets and Liabilities Management Committee to organise 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 regulations, and evaluates the risk exposure of non-insurance investments regularly, with results reported to the board. It also enhances equity management and risk monitoring of its member companies, as well as 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 2023, the Company focused on enhancing management of its non-insurance member companies, particularly management based on consolidation of financial statements,

differentiated management of member companies, non-insurance equity management, and non-insurance capital management. It proceeded with SARMRA rectification via strengthened mechanisms, policies & processes, division of responsibilities, and supportive tools.

(IV). Results of SARMRA assessment

In 2022, the regulator conducted an on-site SARMRA assessment of the Company, and the result was 81.77 points. It consisted of 12.28 points for solvency risk governance, 12.76 for risk management strategies and implementation, 9.88 for risk contagion management, 9.6 for risk 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.

4th 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	√		
ZHANG Yuanhan	√		
YU Bin	√		
GU Yue	√		
ZENG Yi	√		
Total	5		

2. Are there directors who cannot warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, or who have raised issues 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 shareholding	As at the end of the preceding period			Change			As at the end of the reporting period	
	Shares	Percentage (%)	Shareholder injection	Transfer from capital reserve and share dividends distribution	Share transfer	Subtotal	Shares	Percentage (%)
State	29,895	1.5	-	-	-	-	29,895	1.5

Private legal persons	-	-	-	-	-	-	-	-
Foreign	-	-	-	-	-	-	-	-
Natural persons	-	-	-	-	-	-	-	-
Others								
(listed companies)	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 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.				

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 the 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 Centre and Deputy Director of Transformation of CPIC Group.

Mr.WU Junhao¹ , 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,

¹ In Feb. 2024, Mr. WU Junhao tendered a resignation in writing, and resigned as Director of the Company due to work reasons.

Supervisor of Everbright Banking Co., Ltd., a company listed on both SSE and SEHK, Chairman of the Board of Supervisors of Shanghai ICY Capital Co. Ltd., and Chairman of the 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 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 Centre 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). He also serves as Chairman of CPIC Hong Kong and Director of CPIC AMC. 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 the Board of Supervisors and Director of CPIC Life, Chairman of the 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: NAFR [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, Deputy Manager of General Administration for P/C Insurance & Jiangbei Sub-branch, Manager of P/C Insurance Business Development Department, Manager of P/C Insurance Business Centre of Chongqing Branch, China Pacific Insurance Co. Ltd., 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 Peijian², 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 the Board of Supervisors of the Company in October 2019. Mr. SUN currently serves as Chairman of the 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, Vice President and Chief Risk Officer 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 the Internal Audit Department (East China) of the Internal Audit Centre 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 Internal Audit Centre of CPIC Group, Deputy General Manager (in charge), General Manager of Audit Department (North China) of Audit Centre of CPIC Group, Deputy Chief of Party Discipline Inspection Team of CPIC Group, and Internal Audit Responsible Person of CPIC AMC.

² In Dec. 2023, Mr. SUN Peijian tendered a resignation in writing to the Board of Supervisors of the Company and resigned as Supervisor and Chairman of the Board of Supervisors due to retirement. Due to the fact that Mr. SUN's resignation will cause the members of the Board of Supervisors to fall below the minimum level required by laws and regulations, he will continue to perform duties until his successor obtains regulatory approval for his/her appointment qualification. In March 2024, Mr. ZHANG Weidong was elected as Chairman of the Board of Supervisors of the company, and Mr. SUN ceased to serve as Supervisor and Chairman of the Board of Supervisors.

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 of headquarters

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). He also serves as Chairman of CPIC Hong Kong and Director of CPIC AMC. 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: CIRC [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, Deputy Manager of General Administration for P/C Insurance & Jiangbei Sub-branch, Manager of P/C Insurance Business Development Department, Manager of P/C Insurance Business Centre of Chongqing Branch, China Pacific Insurance Co. Ltd., 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 Business Section of Overseas Business Department, Deputy Manager and Manager of Overseas Business Department, and Assistant General Manager of CPIC Hai'nan Branch, Deputy General Manager, General Manager of Hai'nan Branch of the Company, General Manager of the Property and Liability Insurance Department, General Manager of 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 Dong³, 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 Lianyungang 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, Sales Director of CPIC Life, Secretary of Discipline Inspection Commission, Employees' Representative Supervisor, and Chairman of Trade Union of CPIC AMC, and Deputy General Manager (general administration) of the Company. Prior to that, Mr. ZHANG worked at the General Supply and Marketing Cooperative of Ganyu 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

³ In Jan. 2024, as approved by the 40th session (extraordinary) of 7th Board of Directors of the Company, Mr. ZHANG Dong ceased to serve as Deputy General Manager, Compliance Responsible Person, Chief Risk Officer, and in other positions of the Company. Mr. CHEN Hui was designated as Interim Compliance Responsible Person and Interim Chief Risk Officer of the Company.

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 of China Pacific Insurance Company Limited, 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). Previously, Mr. SU served as Assistant General Manager, Deputy General Manager, and General Manager of CPIC P/C Henan Branch, head of General Administration/Board Office/Office of the Board of Supervisors of the Company, General Manager of Corporate Customer Department/Bancassurance Department, and Assistant General Manager of the Company.

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 Tianjin Branch, Deputy General Manager (in charge) and General Manager of Small and Medium-sized Customer Business Department, General Manager of Corporate Customer Department/Bancassurance Department, and General Manager of Heilongjiang Branch of CPIC P/C.

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 the Development and Planning Department, head of the Board Office, and the Office of the Board of Supervisors 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-centre of Tele-marketing Centre of CPIC P/C, and Deputy General Manager of Tele-marketing Centre 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 head of 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 Henan Branch, and General Manager Gansu Branch and Hubei Branch of CPIC P/C respectively.

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 Liaoning Branch, Party Secretary and General Manager of Heilongjiang Branch, and Party Secretary and General Manager of Sichuan Branch of CPIC P/C .

2. Changes to directors, supervisors and senior management of headquarters

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

Position	Predecessor	Incumbent
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Director

ZHANG Weidong⁴

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(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 the preceding quarter	End of the reporting quarter	Change	End of the preceding quarter	End of the reporting quarter	Change (pt)
Subsidiaries						
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)

⁴ In Dec. 2023, Mr. ZHANG Weidong tendered a resignation in writing to the Board of Directors of the Company and resigned as Director due to work reasons.

Between October 1 and December 31, 2023, branch offices of the Company received 21 administrative penalties from the insurance regulator, with 4.632mn yuan in fines for branches and 0.918mn yuan in fines for individuals, totalling 5.55mn yuan. Misconduct mainly concerned falsification of brokerage business for expense-booking, falsification of financial documentation for expense-booking, granting extra benefits to the insured other than those specified in insurance contracts.

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 NAFR (previously CBIRC) during the reporting period?

(Yes No)

III. Key Indicators

(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	24,512,861	25,351,624	26,131,700
Admitted liabilities	18,335,324	19,281,446	19,834,163
Actual capital	6,177,537	6,070,178	6,297,536
Tier 1 core capital	4,741,482	4,587,524	4,861,517
Tier 2 core capital	-	-	-
Tier 1 supplement capital	1,436,055	1,482,654	1,436,019
Tier 2 supplement capital	-	-	-
Minimum capital	2,889,813	2,965,981	3,004,167
Minimum capital for quantifiable risks	2,934,664	3,015,342	3,054,163
Minimum capital for control risk	-44,851	-49,361	-49,996
Supplement capital	-	-	-
Core solvency margin	1,851,669	1,621,543	1,857,350
Core solvency margin ratio (%)	164.1%	154.7%	161.8%

Comprehensive solvency margin	3,287,724	3,104,198	3,293,369
Comprehensive solvency margin ratio (%)	213.8%	204.7%	209.6%

(II) Liquidity risk indicators

1. Regulatory indicators for liquidity risk

Items		As at the end of/ during this quarter	As at the end of/ during the previous quarter	
Net cash flows (RMB 10,000)	YTD	346,474	273,685	
	Year 2022	-326,022	-326,022	
	Year 2021	288,396	288,396	
LCR (%)	LCR1	Next 3 months	112.2%	104.2%
		Next 12 months	103.6%	103.9%
	LCR2	Next 3 months	219.5%	190.3%
		Next 12 months	119.3%	115.2%
	LCR3	Next 3 months	71.9%	58.3%
		Next 12 months	80.0%	79.1%
Retrospective adverse deviation ratio of net cash flows from business activities (%)	Over the previous 2 quarters	88.9%	-36.2%	
	Over the previous quarter	243.0%	88.9%	

2. Other indicators of liquidity risk

	Items	As at the end of this quarter /YTD	As at the end of the preceding quarter /YTD
Liabilities	Net cash flow from operating activities (RMB 10,000)	353,712	-15,567
	Net cash flow from operating activities per 100 yuan in premiums (RMB yuan)	1.9	-0.1
	Ratio of cash outflow from business of special types (%)	3.4%	3.3%
	Gross premium growth year-on-year (%)	11.6%	11.9%
Assets	Ratio of cash and liquidity management instruments (%)	2.6%	2.4%
	Quarterly average financing gear (%)	2.6%	3.4%

	Share of domestic fixed income assets with external rating of AA and below (%)	0.6%	0.4%
	Proportion of shares representing over 5% of the stake of listed companies (%)	0.0%	0.0%
	Ratio of fund receivables (%)	14.4%	17.3%
	Ratio of assets of related parties held (%)	3.9%	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, and the latter refers to non-auto insurance business that incurs, due to catastrophes or major claims, estimated or actual claim expenses after reinsurance exceeding 5% of total non-auto claim expenses of the previous year.

Gross premium 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/YDT
Gross written premiums	4,165,992	18,987,464
Net profits	206,370	657,495
Total assets	21,336,032	21,336,032
Net assets	5,490,920	5,490,920

Insurance contract liabilities	12,301,901	12,301,901
Basic earnings per share (RMB yuan)	0.1	0.3
ROE (%)	3.8	12.3
ROA (%)	1.0	3.2
Investment yield (%)	0.5	2.6
Comprehensive investment yield (%)	0.7	3.6
Combined ratio (%)	96.7	98.1
Expense ratio (%)	26.8	27.6
Loss ratio (%)	69.9	70.4
Proportion of commissions and brokerage expenses (%)	9.1%	8.7%
Proportion of operating and administrative expenses (%)	22.6%	18.5%
Written premiums	4,433,988	19,601,859
Written premiums of auto insurance	2,951,711	10,972,400
Written premiums of top 5 non-auto insurance business lines	1,072,296	6,950,026
Liability insurance	432,291	2,018,700
Agricultural insurance	181,817	1,793,558
Health insurance	162,005	1,749,075
Commercial property insurance	146,807	704,922
Guarantee insurance	149,375	683,770
Average premium of auto insurance per vehicle(RMB yuan)	2,725	2,791
Written premiums by channels	4,433,988	19,601,859
Agency	2,989,037	11,704,237
Direct	828,053	5,323,201
Brokerage	616,898	2,574,420
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) (Comprehensive) Investment yields in the past 3 years

Indicators	YTD
Average investment yield in the past 3 years (%)	4.98
Average comprehensive investment yield in the past 3 years (%)	4.89

Note: As per Notice on Optimising Standards for Solvency Regulation of Insurance Companies by National Financial Regulation Administration (Jingui [2023] No. 5), insurance companies shall disclose the average investment yield and average comprehensive investment yield in the past 3 years, based on the formula of: $[(1+(\text{comprehensive}) \text{ investment yield in the past year}) * (1+(\text{comprehensive}) \text{ investment yield in the past 2 years}) * (1+(\text{comprehensive}) \text{ investment yield in the past 3 years})^{(1/3)}]-1$

IV. Risk management capabilities

(I) Classification of insurance companies

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

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

In this quarter, the Company pushed forward risk management so as to better support high-quality, sustainable development.

First, we adopted pro-active risk management and increased the use of innovative technologies to promote risk reduction management in an all-around way. Our risk survey team offered safety management and risk reduction services for the

6th China International Import Expo. Our IoT Smart Insurance Platform won the 2023 Gartner Eye on Innovation Award for Financial Services (Asia-Pacific region). Through the integration of IoT, AI, big data and other new technologies, the platform is capable of whole-process online intelligent risk management. We provided, through the combination of the platform and liability products, a range of risk prevention and reduction services to a large number of business enterprises.

Second, improved quality management and continued to optimise risk management of major risk categories. We further strengthened the development and management of agricultural insurance products, optimised processes, and promoted innovation to improve risk prevention and control; revised Measures for Development and Management of Agricultural Insurance Products and Measures for Management of "Insurance + Futures" Innovative Business of Agricultural Products.

Third, conducted risk screening to prevent and mitigate risks. In response to the requirements for risk review and rectification by Shanghai SASAC, the Company reviewed its own self-inspection, including results and findings, and the development of daily work mechanisms. In accordance with the requirements of the People's Bank of China, it conducted monthly risk monitoring, submitted reports on significant matters whenever necessary, and carried out semi-annual self-inspection on significant matters to prevent potential risks.

Fourth, strengthened emergency response capabilities and carried out various training and emergency drills. The Company held annual reputational risk training for all business lines to ensure a pro-active, forward-looking and effective reputational risk management. To enhance emergency management and response, it organised emergency drills on major reputational incidents, major cases, information systems and business continuity.

(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

In Q4 2023, the Company carried out a SARMRA self-assessment as per Solvency Regulatory Standards of Insurance Companies No.12: Solvency-aligned Risk Management Requirement and Assessment and Solvency Regulatory Standards of Insurance Companies No.18: Solvency Reports issued by the former CBIRC.

In the self-assessment, the Company assessed its risk management status item by item as per Solvency Regulatory Standards of Insurance Companies No.12: Solvency-aligned Risk Management Requirement and Assessment. The self-assessment was led by the Risk Management Department of the Company. It assigned responsibilities of the assessment to relevant departments, organised assessment training, and clarified assessment methods and requirements; relevant departments conducted self-assessment and reported the status of adherence item by item; the Risk Management Department collected and reviewed the results, then proposed a final score. The final results were submitted to the Risk and Compliance Management Working Commission of the Company for review and approval.

The Company scored 95.70 points in this SARMRA self-assessment, higher than that of 2022. In 2023, it persisted in the principle of “proactive, precise, sustainable and addressing the root causes” in risk management. It strived to build systematic risk management capacity through the "proactive and integrated risk control and compliance" project; focused on two closed-loop management cycles, i.e., response to regulatory requirements and early-stage intervention of internal control, strengthened the mechanisms of "risk early-warning, risk forecast and risk prevention" to consolidate the foundation of risk management and enhance capabilities; reviewed and revised risk management regulations; optimised the risk appetite, improved risk management information systems and strengthened the use of new tools for risk control; improved management of major risk categories and rectified weaknesses; strengthened pro-active risk management, conducted a full risk screening, enhanced emergency management, and conducted contingency plans drills. The Company will continue to improve its risk management systems and processes and promote their implementation, and further strengthen its systematic capacity-building for risk management.

V. Information on IRR (differentiated supervision)

(I) Results of IRR in the previous 2 quarters

The Company was rated AA at the IRR for both Q2 and Q3 of 2023.

As per regulatory requirements, it briefed the board on regulatory communications of IRR, with follow-up tracking and analysis of the status of rectification.

(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 risk and money-laundering risk, with related risks staying under control. The following was done in operational risk management:

First, we made vigorous efforts to embed risk prevention and control into our business operation. Leveraging integrated risk control under Transformation 2.0, and based on newly discovered issues in external and internal audits, we analysed risk data in key areas, current status of system control and existing gaps, formulated system control optimisation plans for business lines, and promoted the incorporation of important control rules into relevant business management systems. In Q4, seven new control rules were added in the areas of licensing, branch offices and management of executives.

Second, further strengthened the management of criminal cases. We implemented the Administrative Measures for Risk Prevention and Control of Criminal Cases in Banking and Insurance Institutions (NAFR regulations [2023] No. 10) by NAFR, and formulated and issued Measures for Risk Prevention and Control of Criminal Cases of China Pacific Property Insurance Company Limited.

Third, pushed forward rectification based on regulatory opinions. We broke down regulatory findings item by item, established a ledger, and held a special implementation meeting, and urged relevant departments to conduct rectification in an orderly manner. We submitted the rectification plan and rectification status report in the fourth quarter.

Fourth, in respect of anti-money laundering (AML), in Q4, we completed the trial filing of statements related to the regulatory AML assessment for 2022, and in accordance with arrangements of the Group, initiated the backward migration of the AML management system.

Fifth, in terms of management of risks relating to IT outsourcing, we conduct monthly evaluation of service providers. Evaluation in Q4 indicated an overall healthy status of IT outsourcing, with related risks overall under control.

2. Strategic risk

There was no occurrence of risk events 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 initiated the formulation of the 2024-2026 Development Plan. It will set its strategic objectives and draft the strategic planning based on the business environment, its own risk appetite, capital position and capabilities, so as to ensure that such objectives and planning are aligned with China's national economic policies, financial regulatory requirements, and the risk management culture and capabilities of the Company;

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

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

Next, 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 Regulations on Reputational Risk Management by Banking and Insurance Institutions, Regulations on Reputational Risk Management of China Pacific Insurance (Group) Co. Ltd. and Implementation Rules on Reputational Risk Management of China Pacific Property Insurance Co. Ltd., 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 continued to conduct the 2023 annual series of emergency response drills for reputation risks by relevant business lines and stepped up training. Going forward, it will continue to leverage drills, reviews and training to improve whole process management and mechanisms, and strengthen at-source management, emergency response and review of reputational risk management.

4. Liquidity risk

To mitigate the liquidity risk, the Company coordinates cash flows from operating, investment and financing activities, pays special attention to large cash outflows arising from major claims, reinsurance bills, taxes, expenses and fixed assets, makes funds available in a timely manner to ensure sufficient liquidity to meet needs of various payment obligations. In Q4, in anticipation of large pay-outs like prepayment of contribution into the Mandatory Insurance Security Fund, reinsurance outgo and purchase & construction of fixed assets, the Company made appropriate arrangement of funds, giving priority to claims payment for natural catastrophes while handling needs for liquidity or applications for

payment of branch offices in a timely manner. The Company 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 amid stability. It maintained a normal status in strategic risk, reputational risk and operational risk. There was no occurrence of major risk events.

2. Analysis of solvency margin ratio movement

By the end of Q4 2023, the comprehensive and core solvency margin ratios of the Company stood at 213.8% and 164.1% respectively, up by 9.1pt and 9.4pt respectively from the end of the previous quarter. Of this, actual capital rose by 1.07bn yuan from the previous quarter, mainly due to the impact of net profits and other comprehensive income.

Minimum capital fell by 0.76bn yuan from the previous quarter. Of this, minimum capital for insurance risk decreased by 0.51bn yuan, mainly because the combined ratio of auto insurance in the past 6 months dropped versus that of the preceding 6 months, the rolling 12-month combined ratios of agricultural insurance and short-term health insurance fell from the preceding quarter, which led to decrease in applied special factors in the calculation of minimum capital of premium risk from the previous quarter. Minimum capital for reserve risk dropped, due to decline of claims reserve for both agricultural insurance and short-term health insurance. Minimum capital for catastrophe risk dropped, mainly as a result of lower SA for typhoons and flooding in commercial property insurance.

Minimum capital for market risk increased by 250mn 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 fell by 870mn from the preceding quarter, largely due to reduced risk exposure of premium receivables and other receivables, and funds paid in advance, which decreased minimum capital requirement for default risk by transaction counter-parties.

The Company sets its solvency risk upper limits and monitoring indicators in line with its risk profile and appetite, and tracks them on a regular basis. In the

meantime, it continued to ensure stable and solid 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 3.46bn yuan. Of this, net cash inflow from operating activities was 3.54bn yuan; net cash inflow from investment activities 2.38bn yuan; net cash outflow from financing activities 2.46bn 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. Besides, the Company allocates in its SAA a certain proportion of highly liquid assets 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.

4th 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:	71 Shouning Road, 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, Ningbao, Xiamen, Shenzhen, where the insurance regulator also has 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 senior 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). Information on review of the report by the board

1. Voting results by directors

Name of directors	For	Against	Abstain
MA Xin	√		
SU Shaojun	√		
ZHANG Yuanhan	√		
CAI Qiang (John)	√		
PAN Yanhong	√		
Total	5		

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

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

Types of shareholders	As at the beginning of the reporting period			Change			As at the end of the 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. De facto controller

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 information and related party relations as at the end of the reporting period

Information on shareholders (by descending order of shareholding percentage as of the end of the reporting period, unit: 10,000 shares or RMB 10,000)

Names of shareholders	Types of shareholders	Change to shareholding or contribution during the reporting period	Shares held as at the end of the reporting period	Shareholding percentage as at the end of the reporting period (%)	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 Limited	State-owned Company	-	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.				

4. Shareholding by directors, supervisors and senior management

None during the reporting period.

5. Share transfer during the reporting period

None during the reporting period.

(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 December 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, and Chairman of CPIC Health. He previously served General Manager of Shaanxi Branch of CPIC Life, General Manager of Strategic Planning Department, Director of Strategic Transformation Office, Transformation Director, and Board Secretary of CPIC Group, Director of CPIC P/C, and Director of Changjiang Pension.

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 of CPIC Group 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 Office of the Board of Supervisor, General Manager of Telemarketing Department of CPIC P/C, head of the Strategic Research Center and Deputy Transformation Director of CPIC Group.

Mr. WU Junhao ^{note 1}, 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, Director of Shanghai ICY New Energy Venture Capital Co., Ltd., 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 Assets Management Department, Deputy 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 ^{note 2}, 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 Compliance Responsible Person and General Counsel of CPIC Group, Director of 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 Director, Board Secretary of CPIC P/C, and Board Secretary of CPIC Life and CPIC AMC, respectively.

Note: 1.The Board of Directors of the Company received the resignation in writing of Mr. WU Junhao on March 1, 2024, and from the day on, Mr. WU no longer served as Director of the Company.

2. The Board of Directors of the Company received the resignation in writing of Mr. ZHANG Weidong on Jan. 19, 2024, and from the day on, Mr. ZHANG no longer served as Director of the Company.

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 and Chief Actuary 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 consecutively, 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, Director of CPIC Capital 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, Finance Responsible Person, Vice President, and Executive Vice President of CPIC Group, as well as Director of CPIC Health and Changjiang Pension respectively.

(2) Supervisors

As of the end of December 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 Transformation Director of the Company. Previously, he served as Director of Individual Business Department of CPIC Life Shandong Branch, member of the Party Committee and Deputy General Manager of CPIC Life Shandong Branch, General Manager of Individual Business Marketing Department and Individual Business Management Department of the Company, Party Secretary/ General Manager of CPIC Life Henan Branch, concurrently Party Secretary/ General Manager of CPIC Life Yudong Branch, General Manager of Individual Business Planning Department/ Career Agent Management Department of the Company.

Mr. SUN Peijian ^{note 3}, 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 Chairman of the Board of Supervisors of CPIC P/C. Previously, he served as Assistant General Manager, Deputy General Manager, General Manager of Reinsurance Department of CPIC, Assistant General Manager, Deputy General Manager, Compliance Responsible Person, Compliance Director, Vice President and Chief Risk Officer 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 head of Office of the 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,

Note 3: The Board of Supervisors of the Company received the resignation of Mr. SUN Peijian on Jan. 19, 2024. Mr. SUN proposed to resign as Chairman of the Board of Supervisors and Supervisor of the Company due to retirement. Because of his resignation, the number of supervisors of the Company will fall below the minimum required level as per laws and regulations. Therefore, the Company agreed that Mr. SUN should continue to perform his duties until his successor obtained regulatory approval for appointment qualification and thus formally assumed the role of a supervisor.

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 Digitalised 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 of company headquarters

As of the end of December 2023, the Company has 13 members of senior management in total:

Mr. CAI Qiang (John) 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 Life Shanxi Branch, General Manager of CPIC Life Shandong Branch, Assistant to Chairman of the Management Committee of CPIC Life, Deputy General Manager/ 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. 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), Finance Responsible Person (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 General Manager, CFO, Board Secretary, and Deputy General Manager 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). 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 Marketing Director of CPIC Group and General Manager of the Strategic Customer Department of CPIC Group. He took up his current position as Deputy General Manager 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). Ms. Chen previously served as deputy head of Actuarial Section of the Actuarial Department of CPIC Life, senior specialist, Assistant General Manager (in charge), Deputy General Manager (in charge), and General Manager of the Actuarial Department of CPIC Life. Ms. CHEN has professional qualifications of an actuary, and is an executive director of the Chinese

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 General Manager of CPIC Life Baoding Central Sub-Branch, General Manager of CPIC Life Qinhuangdao Central Sub-Branch, Assistant General Manager and Deputy General Manager of CPIC Life Hebei Branch, General Manager of CPIC Life Gansu Branch, General Manager of CPIC Life Heilongjiang Branch, and Assistant General Manager of CPIC Life. Prior to that, he was General Manager 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 General Manager 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 General Manager, Deputy General Manager of CPIC Life Guizhou Branch, and Senior Deputy General Manager, General Manager 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) of the Company. 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 the Office of All-around Transformation of 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, head 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 Individual 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 Administration 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 of headquarters

None during the reporting period.

(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 Q4	As at the end of Q4	Change	As at the beginning of Q4	As at the end of Q4	Change
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	100,600	600	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	34,856	12,856	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.	34,850	36,850	2,000	100.00	100.00	-
CPIC Elderly Care (Beijing) Co. Ltd.	69,200	75,700	6,500	100.00	100.00	-

CPIC Elderly Care (Wuhan) Co. Ltd.	89,308	98,000	8,692	100.00	100.00	-
CPIC Health Management (Sanya) Co. Ltd.	28,888	31,388	2,500	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	-	19.15	13.21	-5.94
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 percentages of Shanghai Shantai Health Care Technology Co. Ltd. and Lianren Health Care Big Data Technology Co. Ltd. were based on subscribed capital contribution. As at 31 December 2023, the change of registered capital was not fully paid-in, and based on paid-in capital, the shareholding of the Company was 14.93% and 24.37% respectively.

(IV) Breaches and penalties during the reporting period

1. Administrative penalties the Company and its directors, supervisors and senior management of headquarters received from financial regulators or other government departments.

None during the reporting period.

2. Misconduct by directors, supervisors, management at department level and above of headquarters and senior management of provincial-level branches which triggered judicial proceedings

None during the reporting period.

3. Regulatory measures taken by NAFR (former CBIRC) against the Company during the reporting period

During the reporting period, there was no regulatory measures against the Company by the NAFR (formerly CBIRC). However, certain branches of the regulator took regulatory measures against the Company: Xinzhen Sales Service Outlet of Wen'an County of Langfang Key Sub-branch of Hebei, Yibin Key Sub-branch of Sichuan, Henan Branch, Nanyang Branch of Henan, Xinxiang Branch of Henan, Jiaozuo Key Sub-branch of Henan, Kaifeng Key Sub-branch of Henan, Shantou Key Sub-branch of Guangdong, Foshan Key Sub-branch of Guangdong, Yanbian Sub-branch of Jilin,

Changji Key Sub-branch of Xinjiang, Kuytun Key Sub-branch of Xinjiang, and Daxing'anling Gagdachi Sub-branch of Heilongjiang each received an administrative penalty; besides, Guangxi Branch received 2 Regulatory Notices, Hezhou Key Sub-branch of Guangxi and Guilin Key Sub-branch of Guangxi each received a Regulatory Notice; Siping Key Sub-branch of Jilin, Guangdong Branch, Huizhou Key Sub-branch of Guangdong, Meizhou Key Sub-branch of Guangdong and Zhongshan Key Sub-branch of Guangdong 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 the preceding quarter	Next quarter estimates
Admitted assets	201,062,189	195,744,716	207,372,938
Admitted liabilities	169,861,725	164,928,671	177,642,230
Actual capital	31,200,464	30,816,045	29,730,709
Tier 1 core capital	16,198,217	17,112,783	14,642,334
Tier 2 core capital	1,199,838	-	1,199,838
Tier 1 supplement capital	13,797,986	13,697,370	13,886,086
Tier 2 supplement capital	4,423	5,892	2,450
Minimum capital	14,872,302	14,785,579	15,175,969
Minimum capital for quantifiable risks	15,078,416	15,000,107	15,386,291
Minimum capital for control risk	-206,114	-214,528	-210,322
Supplement capital	-	-	-
Core solvency margin	2,525,753	2,327,204	666,203
Core solvency margin ratio (%)	117%	116%	104%
Comprehensive solvency margin	16,328,162	16,030,466	14,554,740
Comprehensive solvency margin ratio (%)	210%	208%	196%

(II) Regulatory indicators for liquidity risk

Items	As at the end of /during this quarter	As at the end of /during the preceding quarter

Items	As at the end of /during this quarter	As at the end of /during the preceding quarter
Liquidity coverage ratio (LCR) (%)		
LCR under base scenario (LCR1)		
Next 3 months	107%	116%
Next 12 months	103%	104%
LCR under stress scenario (LCR2)		
Next 3 months	577%	716%
Next 12 months	228%	229%
LCR under stress scenario before asset disposal (LCR3)		
Next 3 months	133%	88%
Next 12 months	88%	93%
Retrospective adverse deviation ratio of net cash flows from operating activities (%)	45%	32%
Net cash flow YTD (RMB yuan 10,000)	-2,213,845	-1,620,178

(III) Other indicators for liquidity risk

unit: 10,000 RMB yuan

Indicators	As at the end of /during this quarter	As at the end of /during the preceding quarter
1. Net cash flow from operating activities	13,256,061	10,973,404
2. Comprehensive surrender ratio (%)	1.81%	1.46%
3-1. Net cash flow from participating accounts	1,669,823	1,546,113
3-2. Net cash flow from universal accounts	1,000,123	982,300
4.Total premiums growth year-on-year	3.24%	6.23%
5.Ratio of cash and liquidity instruments (%)	0.84%	1.17%
6.Quarterly average financial leverage ratio (%)	4.90%	2.90%
7.Share of domestic fixed income assets rated AA(inclusive) and below (%)	3.22%	2.49%
8.Share of investments in listed stocks with a stake of 5% or above (%)	0.29%	0.30%
9.Share of receivables (%)	0.47%	0.71%
10.Share of related party assets held by the Company (%)	3.93%	3.95%

(IV) Key business metrics

unit: 10,000 RMB yuan

Indicators	As at the end of this quarter/during this quarter	YTD
Gross written premiums	2,839,468	23,314,244
Net profits	111,978	1,953,170
Total assets	201,482,449	201,482,449
Net assets	12,944,723	12,944,723
Insurance contract liabilities	174,616,200	174,616,200
Basic earnings per share (RMB yuan)	0.13	2.26
ROE (%)	0.93%	16.75%
ROA (%)	0.06%	1.03%
Investment yield (%)	0.37%	2.23%
Comprehensive investment yield (%)	0.18%	2.67%

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, comprehensive investment yields, average investment yields in the past 3 years and average comprehensive investment yields in the past 3 years 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. Basic 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.

(V) (Comprehensive) Investment yield in the past 3 years

Indicators	Results
Average investment yield in the past 3 years	4.70%
Average comprehensive investment yield in the past 3 years	4.52%

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 Q4, 2023, its written premiums amounted to 252.8bn yuan, with total assets of 2,014.8bn yuan, and 35 provincial-level branches.

(II) Results of the last SARMRA 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 identifies gaps in solvency risk management systems and takes 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 Q4 2023.

First, pushed forward in an all-around way optimisation of risk management systems of the Company, and completed the annual review and revision of overall risk management policies and policies for major risk categories.

Second, initiated review and revision of annual risk appetite, risk tolerance and key risk indicators, continued to improve its Risk Appetite Framework and Risk Upper Limits in light of regulatory policies, requirements of the Group and its own business management realities.

In Q1 of 2024, the Company intends to focus on the following areas for its solvency risk management.

First, continue with optimisation of the risk management system, and conduct

review and revision of specific rules and policies.

Second, promote amendments to risk tolerance and key risk indicators for 2024, formulate annual revision plan.

(IV). Information on SARMRA self-assessment

Not applicable during the reporting period.

V. Information on IRR (differentiated supervision)

(I) Results of the last two IRR

The feed-back from the regulator concerning the results of the IRR (differentiated supervision) indicated an AA rating of the Company for both Q2 and Q3 of 2023.

(II) Measures taken or to be taken for rectification

The Company continued to enhance the IRR testing and evaluation system, keeping tabs on risk metrics and seeking to improve the timeliness and accuracy of 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 a number of management policies on IRR, followed by amendments 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 risks in business operation, focusing on root-causes and the front-line business, and use IRR to motivate branch offices in compliance and basic management.

(III) Self-assessment of operational risk, strategic risk, reputational risk and liquidity risk

As per requirements for IRR under C-ROSS II, the Company continued to strengthen its in-house testing and evaluation system for IRR, 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 so as 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 material flaws or triggers of risks were detected.

2. Status of unquantifiable risks

In operational risk, the Company issued Provisions on Operational Risk Management, Provisions on Data Loss Recovery of Operational Risk, Measures on Operational Risk and Internal Control (2022), in a bid to clearly define the responsibility of operational risk management and establish day-to-day risk mitigation mechanisms. The Company continuously monitored and analysed its operational risk status using management tools such as operational risk and control self-assessment, operational risk data loss recovery and key risk indicators. The Company strived for a matrix-based compliance risk management system, with branches focusing on coordination, business lines bearing primary responsibilities, and all departments and positions getting involved. This matrix approach ensures best possible ownership of the objectives and sharing of resources and responsibilities relating to compliance and risk control. The Company continued to increase the use of IT in operational risk control so that operational execution in key areas can be controllable and traceable. The Company takes risk screening seriously: all head-office departments and branches carry out various risk assessments from time to

time as per regulatory and corporate rules. In Q4 2023, in view of the monitoring of key risk indicators and data loss recovery, the Company's overall operational risk was manageable.

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 media 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 2023, the Company monitored and detected 152 reports (original) of adverse publicity on the media, higher than in 2022. Of this, there were 54 Level III reports, accounting for 35.5%, 98 Level IV reports, representing 64.5%, and there were no Level I or II incidents, indicating manageable reputational risk. Self-media and social media remained a high-risk area. In terms of content, the share of mis-selling and claims disputes, as well as regulatory administrative penalties 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 its strategic objectives, pressure is mounting on life insurance business amid economic slow-down; the number of agents of the industry continued to decline. The Company persisted in high-quality development, pressed ahead with Changhang Transformation, deepened organisational restructuring in a steady manner so as to put in place a new model of “company headquarters focusing on empowerment and branch offices better equipped for independent business operation”. With this, it strives to build a customer-oriented, value-creating, and dynamic organisation with agile evolution. At the same time, the Company accelerated Career Agent Project centering on “3 Directions and 5 Mosts”, diversified channel mix, enhanced integration products and services, in a bid to achieve steady business and value growth. Going forward, the Company will deepen the 2nd phase of Changhang Transformation to accelerate the customer-driven

transformation.

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 of 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 sets tolerance 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 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 showed 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 117%, with a margin of 25.25753bn yuan, up by 1pt from the previous quarter; comprehensive solvency margin ratio of the Company was 210%, with a margin of 163.28162bn yuan, up by 2pt from the previous quarter. Reasons for change are as follows:

1. As of the end of the quarter, actual capital amounted to 312.00464bn yuan, versus 308.16045bn of the previous quarter, up by 1.2%, mainly due to:

(1) Issuance of perpetual capital bond, capital market volatility and changes of insurance contract liabilities under solvency reporting, and therefore core capital increased by 2.85272bn yuan in the quarter. Of this, issuance of perpetual capital bond alone raised the solvency margin ratio by about 15pt.

(2) Supplement capital increased by 991.47mn yuan.

2. As of the end of this quarter, minimum capital amounted to 148.72302bn yuan, versus 147.85579bn as of the end of the previous quarter, up by 0.6%, mainly due to:

(1) During the quarter, minimum capital for insurance risk decreased by 884.00mn yuan, and of this, that for life insurance fell by 599.74mn yuan, and that for non-life insurance fell by 284.26mn yuan;

(2) During the quarter, minimum capital for market risk decreased by 289.54mn yuan, and of this, that for interest rate risk fell by 3.36302bn yuan, that for equity prices risk rose by 2.26740bn yuan, and that for overseas asset prices risk decreased by 164.89mn yuan;

(3) During the quarter, minimum capital for credit risk increased by 1.04748bn yuan, and of this, that for credit spread rose by 1.93718bn yuan, and that for defaults of counter-parties fell by 150.99mn yuan;

(4) Risk diversification effect and loss absorption decreased by 909.15mn yuan, which increased minimum capital requirements;

(5) Subtraction from minimum capital by control risk decreased by 84.14mn yuan from the preceding quarter.

(II) Changes to regulatory liquidity risk indicators

LCR for the next 3 months was 107%, and that for the next 12 months 103%, which can satisfy the minimum requirement of 100%. The LCR in the next 12 months under the stress scenario after and before disposal of assets was 228% and 88%, respectively, staying solid.

(III) Analysis of changes to IRR

As per notice of the regulator, the Company was rated AA at the IRR for Q3 2023, maintaining an A-class rating. In recent years, it continued to implement new rules on IRR under C-ROSS II, put in place long-term work mechanisms, enhanced rectification and early-warning of indicators; at the same time, it pressed ahead with Changhang Transformation and strived to address 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.

4th 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 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	√		
MA Boyong	√		
WANG Yong	√		
ZHANG Weidong	√		
ZHANG Yuanhan	√		
CHEN Xiujuan	√		
Total	6		

Note: Mark "√" 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 who have raised issues in this regard? (yes no)

II. Basic information

(I) Ownership structure and shareholders

1. Ownership structure

Types of shareholding	Shares or contribution as at the end of the reporting period (unit: 10,000 shares)	Percentage (%)	Shares or contribution as at the beginning of the reporting period (unit: 10,000 shares)	Percentage (%)
Domestic legal	360,000.00	100.00	360,000.00	100.00

persons				
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 as 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,

General Manager of the Strategic Planning Department, Head of Strategic Transformation Office, Transformation Director, and Board Secretary of CPIC Group, Director of CPIC P/C, and Acting Responsible Person of the Company.

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, Head of the 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, respectively.

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, Acting Chief Actuary, Chief Risk Officer of the Company, Director of CPIC AMC, 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.

Mr. MA Boyong, born in October 1967, holds a master's degree and the title of engineer. Mr. MA began to serve as Director of the Company in October 2023 (approval document: NAFR Approval [2023] No. 362). Mr. MA currently serves as General Manager of Technology Management Department of CPIC Group and Director of CPIC Technology. Previously, he served as Section Head and Assistant General Manager of Information Technology Department of CPIC Group, Assistant General Manager of CPIC P/C Shanghai Branch, General Manager of IT Application Management Department of CPIC Group, General Manager of Information Security and Internal Control Management Department of CPIC Group, Deputy Head of Digitalisation Office of CPIC Group, Head of the Preparatory Team of Chengdu R & D Centre of CPIC Group and General Manager of IT Design Department of CPIC Group.

Ms. CHEN Xiujuan, born in June 1971, holds a master's degree and has professional qualifications of a Chinese actuary. She has been serving as Director of the Company since October 2023 (approval document: NAFR [2023] No.362). Ms. Chen currently is the Chief Actuary of CPIC Life. She previously served as deputy head of Actuarial Section of the Actuarial Department of CPIC Life, senior specialist, Assistant General Manager (in charge), Deputy General Manager (in charge), and General Manager of the Actuarial Department of CPIC Life. During her employment with CPIC Life, Ms. CHEN also worked at the Actuarial Department of AIA Singapore as a visiting actuary.

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 Internal Control, 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 the Trade Union, and Senior Director of Key Account Business Center of the Company. Previously, she served as General Manager of Shanghai Branch, General Manager of Sales Management Department and 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 at head-office level (6 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 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 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. He previously served as secretary of the Secretariat of the General Administration 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, 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). 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. 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, General Manager of Remote Internal Audit Department and General Manager of Digital 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: On 31 Oct. 2023, Mr. MA Boyong and Ms. CHEN Xiujuan began to serve as director of the Company, and Ms. PAN Yanhong and Mr. WANG Mingchao ceased to serve as director of the Company.

2. Changes to directors, supervisors and senior management of headquarters

None during the reporting period.

(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 the reporting quarter	As at the end of the previous quarter	Next quarter estimates
Admitted assets	1,093,368.89	1,027,867.56	1,120,614.85
Admitted liabilities	744,616.39	686,553.73	767,573.61
Actual capital	348,752.50	341,313.83	353,041.24
Tier-1 core capital	298,459.82	299,449.23	277,728.30
Tier-2 core capital	14,923.71	10,646.44	19,410.80
Tier-1 supplement capital	35,368.96	31,218.15	55,902.13
Tier-2 supplement capital	0.00	0.00	0.01
Minimum capital	135,169.05	126,967.78	143,775.40
Minimum capital for quantifiable risks	134,146.05	126,081.91	142,687.27
Minimum capital for control risk	1,022.99	885.87	1,088.13
Minimum capital for supplement capital	-	-	-
Solvency margin			
Core solvency margin	178,214.48	183,127.89	153,363.70
Comprehensive solvency margin	213,583.45	214,346.05	209,265.84
Core solvency margin ratio (%)	232	244	207
Comprehensive solvency margin ratio (%)	258	269	246

(II) Regulatory indicators for liquidity risk

Indicators	During the reporting quarter	During the previous quarter
Actual cash flow (unit:10,000 yuan)	-10,770.30	87.82
Retrospective adverse deviation ratio of net cash flows from business activities (%)	54	245
Overall liquidity coverage ratio under base scenario (3 months)(%)	118	121
Overall liquidity coverage ratio under base scenario (12 months)(%)	104	105
Overall liquidity coverage ratio under mandatory stress scenario (3 months)(%)	716	645
Overall liquidity coverage ratio under mandatory stress scenario (12 months)(%)	222	176
Overall liquidity coverage ratio under self-assessment stress scenario (3 months)(%)	512	540
Overall liquidity coverage ratio under self-assessment stress scenario (12 months)(%)	213	212
Overall liquidity coverage ratio before asset disposal under mandatory stress scenario (3 months)(%)	119	168
Overall liquidity coverage ratio before asset disposal under	55	64

mandatory stress scenario (12 months)(%)		
Overall liquidity coverage ratio before asset disposal under self-assessment stress scenario (3 months)(%)	160	201
Overall liquidity coverage ratio before asset disposal under self-assessment stress scenario (12 months)(%)	129	148

(III) Other indicators for liquidity risk

Indicators	As at the end of /during the reporting quarter	As at the end of/during the previous quarter
Net cash flows from operating activities (unit: 10,000 yuan)	-15,594.46	-21,773.06
Comprehensive surrender ratio(%)	0.19	0.17
Net cash flows from participating/universal accounts	-	-
Written premiums year-on-year growth (%)	75.85	61.22
Share of cash flow and liquidity management tools (%)	2.48	3.73
Quarterly average financial leverage ratio (%)	4.89	4.16
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 (%)	18.56	16.05
Share of related party assets held by the Company (%)	3.65	3.88

(IV) Key business metrics

Indicators	As at the end of the reporting quarter/during the reporting quarter	unit: 10,000 yuan As at the end of the reporting quarter/YTD
Gross written premiums	174,102.24	615,608.65
Net profits	-866.78	3,050.84
Total assets	912,366.80	912,366.80
Net assets	332,865.61	332,865.61
Insurance contract liabilities	416,261.40	416,261.40
Basic earnings per share (yuan)	0.00	0.01
ROE (%)	-0.26	0.92
ROA (%)	-0.10	0.34
Investment yield (%)	0.28	2.41
Comprehensive investment yield (%)	0.23	3.30

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.

(V) (Comprehensive) Investment yield in the past 3 years

Indicators	Results
Average investment yield in the past 3 years	4.70%
Average comprehensive investment yield in the past 3 years	4.68%

The company's average investment yield and average comprehensive investment yield in recent three years were 4.26% and 3.18%, respectively.

IV. Risk management capabilities

(I) Company category

The Company was incorporated in December 2014. As of the end of December 2023, its total assets reached 11,099.9912 million yuan, with written premiums amounting to 1,529.8450 million yuan for 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 Q4 2023, as per Solvency Regulatory Standards of Insurance Companies No. 11: Solvency-aligned Risk Management Requirement and Assessment, based on regulatory feedback on the results of SARMRA assessment, and taking into account of its own risk profiles and risk level, the Company effectively implemented its solvency risk management work and the remedial actions for inadequacies highlighted in the regulatory feedback, continuously improving its solvency risk management mechanisms. Measures taken to improve risk management in Q4 are as follows:

Continued to develop C-ROSS II risk management system as per rectification plans made in light of feed-backs from the regulator, completing all the 15 plans for 2023. Work completed for SARMRA rectification in Q4 included: in respect of related-party transactions, we updated the database of related parties, deleted or amended certain related-party

relationships; in terms of risk appetite, we set risk limits for online and offline combined ratios as well as those of business units, and formulated 13 recommendations for risk management and handling of risk limit breaches in Q3; as for drafting of rules and policies, we organised branches to formulate implementation rules for their operational risk management and contingency plans for emergencies; in risk control mechanisms, we developed the risk assessment framework and methodology for reserve adequacy, and increased the frequency of encrypted investment manager communications from quarterly meetings to monthly meetings.

Carried out emergency drills for reputational risk events. In particular, we designed response strategies and allocated resources for handling of reputational risk events in self-media; formulated concrete measures in verification, response, clarification, accountability and mending to respond to self-media events under 3 types of circumstances, namely, true reports, false reports, and unable to tell; specified available media resources so as to provide strategies and tools for the Company to respond to material adverse publicity in self-media in an orderly and effective manner.

Conducted the 2023 annual risk management self-assessment, reviewing progress made in developing risk management system, and made rectification plans for 2024.

In Q4 2023, the Company's risk management work proceeded smoothly in accordance with relevant regulations and processes. With the implementation of risk management and risk appetite systems, no major risk events occurred in the quarter.

(III) Results of Solvency Aligned Risk Management Requirements and Assessment (SARMRA) of the Company in 2023

The Company scored 80.15 points at 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.

(IV) 2023 annual SARMRA self-assessment

As per Article 30 of Solvency Regulatory Standards of Insurance Companies No.18: Solvency Reports, an insurance company shall carry out a self-assessment of its risk management at

least once a year in accordance with the requirements set out in Solvency Regulatory Standards of Insurance Companies No.12: Solvency-aligned Risk Management Requirement and Assessment to objectively evaluate its risk management capabilities and to identify issues and areas for improvement in risk management. In the fourth quarter of 2023, the Risk and Compliance Department of the Company formulated the 2023 work plan for risk management self-assessment, organised relevant lead departments for major risk categories to collect materials and carry out the self-assessment, and systematically and objectively evaluated the self-assessment of the Company's solvency risk management system and capabilities. The assessment was performed with rigour and by high standards, with relevant departments conducting the initial assessment and the Risk and Compliance Department reviewing the results. Through the assessment, the Risk and Compliance Department reviewed the Company's solvency risk management work in 2023, identified weaknesses, and promptly formulated a rectification plan for risk management system and processes. The specifics of the above-mentioned self-assessment are as follows:

A. SARMRA self-assessment

The self-assessment focused on two dimensions: soundness of rules and effectiveness of adherence. The result was 87.88 points out of a full mark of 100, with details as follows:

Infrastructure and environment: 18.37 out of 20.

Objectives and tools: 8.15 out of 10.

Insurance risk management: 8.68 out of 10.

Market risk management: 8.89 out of 10.

Credit risk management: 8.76 out of 10.

Operational risk management: 8.66 out of 10.

Strategic risk management: 8.36 out of 10.

Reputational risk management: 8.94 out of 10.

Liquidity risk management: 9.06 out of 10.

Based on the feedback from the last SARMRA regulatory assessment in 2022, the results of SARMRA internal audit in 2022, and its own risk level and risk management status, the Company conducted a gap analysis of the solvency risk management system in 2023, and formulated a work plan for rectification of the 2022 annual regulatory assessment. The plan set overall annual objectives of the solvency aligned risk management system and priorities of rectification. During the year, under the leadership of the Board of Directors and the Management Committee, and in line with the Group's integrated risk control framework, the Company focused on rectification of its solvency risk management system under C-ROSS II in response to regulatory feed-back.

B. Status of solvency aligned risk management

In compliance with SARMRA requirements, under the guidance of C-ROSS II and based on its own risk profile and management needs, the Company took the opportunity of the assessment and set up a steering committee and work team for solvency risk management capacity-building, further improved the organisational structure and relevant regulations of its risk management system, optimised risk management performance evaluation rules, and strengthened the execution of risk management process. Under regulatory guidance and supervision, the Company further improved its risk management awareness and capability. The details of the SARMRA self-assessment for 2023 are as follows.

1. Infrastructure and environment

Soundness of rules:

In 2023, the Company revised and improved Solvency Aligned Risk Management Policy. The organisational structure of the Company's risk management includes the Board of Directors, the Risk Management Committee under the Board of Directors, the Board of Supervisors, the Management Committee, the Risk Management Working Commission under the Management Committee, the Assets and Liabilities Working Group, and the Risk and Compliance Department of the Company and its branches.

In the year, the Company continued to improve the matrix-based organisational structure of its risk management system, thus refining the vertical management structure (from decision-making level to execution level) and the horizontal management structure (from pre-emptive intervention to risk handling).

The vertical management structure is the risk governance structure of the Company. It is the ultimate responsibility of the Board of Directors and falls under direct leadership of the Management Committee, with the Assets and Liabilities Working Group responsible for quantitative risk management, the Risk Management Working Commission for non-quantitative risk management, the Risk and Compliance Department as the lead department, and all headquarters departments and branches cooperating in risk control according to risk management requirements, covering all business units.

The horizontal management structure refers to the Company's three lines of defense.

The first line of defense consists of functional departments of headquarters and branches, and all business units, responsible for identifying, assessing, controlling and reporting risks in earlier business stages.

The second line consists of the board special committee responsible for risk management, the Risk Management Working Commission and the Assets and Liabilities Working Group under the Management Committee, and the Risk Management Department at headquarters. They are responsible for effective and objective supervision of various risks managed by the Company and assisting the Management Committee in controlling each risk so that it is in line with the Company's risk appetite.

The third line refers to the Internal Audit Center of CPIC Group entrusted by the Company to monitor the effectiveness of the Company's risk management process and risk control procedures and activities.

In 2023, all rules and policies related to infrastructure and environment complied with SARMRA standards, and the self-assessment indicated that the status in soundness of rules was in full compliance with standards of the assessment.

Effectiveness of adherence

The self-assessment of the effectiveness of adherence of risk management by the Company's Board of Directors, Board of Supervisors, senior management and Risk Management Department in 2023 is as follows.

(1) Board of Directors

During 2023, the Company's Board of Directors approved the updated version of its annual risk appetite, risk management policies and risk management regulations for 7 categories of risks; kept tabs on the Company's solvency risk status by reviewing monthly information updates for directors and supervisors, quarterly solvency reports, interim and annual risk management reports; urged senior management to enhance the effectiveness of risk management and supervised the implementation, and approved the quarterly solvency reports for Q4 2022 and Q2 2023 in accordance with the Rules of Procedure. The board diligently assumed its responsibility for risk management and actively performed its decision-making duties relating to risk management.

(2) Risk Management Committee of the Board of Directors

The special committee under the Board of Directors in charge of risk management, i.e., the Audit, Risk Management and Related Party Transactions Control Committee is chaired by a director with rich experience in risk management. In 2023, the committee reviewed the Company's risk appetite, risk tolerance, 2022 annual risk management report, 2023 interim risk management report; evaluated risks relating to the Company's major operation and management matters; paid continued attention to various types of risks faced by the Company and their management status; reviewed the audit and assessment report on solvency risk management system; and assessed the implementation effectiveness of the

solvency risk management system. The committee diligently performed all its duties.

(3) Board of Supervisors

During 2023, the Board of Supervisors reviewed reports approved by the Board of Directors on the Company's risk appetite, risk tolerance, 2022 annual risk management report and 2023 interim risk management report, etc. The Board of Supervisors effectively supervised the risk management performance of the Company's Board of Directors and senior management.

(4) Senior management

In 2023, the Company's Management Committee, following the management and approval process set forth in the Solvency Aligned Risk Management Policy, led and organised the implementation of the risk management work. The committee reviewed the risk appetite statement and approved the risk limit system of 2023, evaluated the solvency risk status based on quarterly solvency reports and quarterly risk management reports; organised the implementation of measures for breaches of risk limits; organised special meetings on a regular basis to formulate solutions to solvency risk events; and invested resources to develop tools for risk management, including the risk rating system, risk management big data visualization platform, risk monitoring platform, risk management information system and media monitoring system. The Company's senior management fully performed its risk management duties.

(5) Risk management departments and their responsibilities

In 2023, the Company's Risk and Compliance Department was staffed with two risk management personnel. The risk management departments of provincial branches in Shanghai, Beijing, Guangdong and Sichuan have at least one full-time risk management personnel at all times. The Company's risk management departments and team are stable and operating effectively.

As per relevant assessment requirements and its own risk profile, the Company formulated 14 documents in major risk management regulations: 3 in risk governance-related regulations, 7 in level-1 risk management regulations, and 4 in basic management rules. Assessment confirmed that the organisational structure of risk management, risk level and the corresponding solvency risk management system were compatible with SARMRA rules under C-ROSS II.

The Company's risk management system currently consists of three levels.

Level 1: General framework. The Company has formulated Solvency Aligned Risk Management Policy and the Measures for Risk Appetite Management, clarifying requirements on risk management organisational structure, risk appetite system, risk

classification, risk management standards and processes, emergency response, assessment and accountability, etc.

Level 2: differentiated management. The Company has formulated risk management regulations for major risk categories including insurance, market, credit, operational, liquidity, strategic, and reputational risks, as well as regulations on insurance fraud risk and money laundering risk, measures for risk management performance appraisal, work procedures for risk management and reporting, measures for integrated risk rating, etc; put in place risk management regulations specific to risk classification and work flows, covering assignment of responsibilities, identification, analysis, evaluation, control, monitoring and reporting of different risks.

Level 3: supportive regulations. In 2023, business centres and functional departments of the Company revised their risk management rules within their scope of responsibilities in accordance with SARMRA requirements.

As of the end of 2023, all regulatory requirements relating to risk management systems and relevant implementation were met; corresponding departments were designated for different solvency risk management processes; and all the departments implemented their risk management processes as per relevant regulations.

(6) Appraisal

In 2023, the Company conducted a quarterly appraisal of all centres and departments at headquarters and branch offices on their risk management performance according to regulations such as the Solvency Aligned Risk Management Policy, the Measures for Risk Management Performance Appraisal and the 2023 Plan for Risk Control and Compliance Performance Appraisal. According to the plan, the appraisal is based on solvency margin ratios (comprehensive/core), IRR/SARMRA results, LCR, Group Risk Upper Limits, major risk events, risk losses, risk mitigation status, progress in C-ROSS II, quality of regulatory data, and ESG assessment. Of this, SARMRA is based on results of regulatory assessment for solvency risk management in soundness of rules and effectiveness of adherence. The performance appraisal of the Company's senior management was conducted by CPIC Group, and the appraisal indicators included results for solvency risk management system in soundness of rules and effectiveness of adherence.

(7) Training

In 2023, the Company implemented various forms of training on risk management. During the year, it organised risk management training for new employees, training on C-ROSS II, risk appetite system, and reputational risk management for heads of headquarters

departments and units, etc., with participation of regulatory training on risk management. The Company's Chief Risk Officer and head of the risk management department attended at least one such training recognised by the regulator. In 2023, the Company conducted a self-assessment of its training on risk management which indicated full adherence with relevant regulatory requirements.

2. Objectives and tools

Soundness of rules: The Company has formulated the Solvency Aligned Risk Management Policy and the Management Measures of Risk Appetite System, defining processes relating to objectives and tools, covering all regulatory requirements. In the self-assessment, the Company found that further process refinement and clarification of responsibilities are needed for regulations to incorporate solvency risk management objectives into assets and liabilities management process, and for rules on capital management.

Effectiveness of adherence:

(1) Risk appetite system

In 2023, the Company further strengthened the application of its risk appetite system through the Solvency Aligned Risk Management Policy and the Measures for Risk Appetite System Management. Its regulations and major decisions were all assessed in terms of risk appetite before being approved to ensure that risk appetite has a substantial restraining effect on the Company's business decisions, and risk control measures were taken without delay for matters that may have a negative impact on risk appetite. In 2023, the Company reviewed the Risk Appetite Statement for 2022 and the implementation of its risk appetite in 2022, assessed the effectiveness of the risk tolerance and risk limit indicators in 2022, and formulated the Risk Appetite Statement for 2023 based on the assessment results and its strategic objectives in 2023, with certain adjustment of the risk appetite statement and risk tolerance. The risk tolerance covers overall risks, quantitative risks and non-quantitative risks. With approval of the Board of Directors, the Risk Limit System for 2023 covering all the Company's business lines was approved by the senior management. The Risk and Compliance Department tracks the implementation of the risk appetite on a quarterly basis, formulates response plans for risk limit breaches, and submits foreseeable breaches to senior management for approval in advance following relevant procedures. In 2023, the management of the Company's risk appetite system was led by the Risk and Compliance Department, with step-by-step implementation by all departments, and no breach of risk appetite occurred. The overall risk level of the Company was under control and within expected range. The self-assessment found that more work is needed to ensure the

integration of the risk appetite system into the Company's business decision-making.

(2) Risk management tools

1) Business planning and comprehensive budgeting

In 2023, amid business transformation, the Company made meticulous planning, and formulated a comprehensive budget. During the formulation process, testing procedures such as profit testing models and multiple-scenario stress testing were fully evaluated and applied, and all relevant working papers were filed for future reference. The Company's Risk and Compliance Department conducted an independent risk assessment of the comprehensive budget based on risk appetite requirements and prepared a risk assessment report for submission to the Chief Risk Officer, who approved this report and the business planning and budget report before the comprehensive budget was submitted to the Board of Directors.

2) Assets and liabilities management

In 2023, the Company conducted both qualitative and quantitative assessments on adherence in accordance with regulatory requirements, monitored matching in duration, cash flows and risk and reward on a quarterly basis, and prepared quarterly and annual assets and liabilities management reports. Decisions relating to major assets and liabilities management matters were all made following procedures stipulated in relevant regulations. The Risk and Compliance Department is responsible for identifying risks in assets and liabilities matching, as well as early warning and risk control recommendations. The self-assessment found that the Company should further improve assets and liabilities matching to prove the effectiveness of ALM.

3) Capital planning and allocation

The Company has formulated a three-year rolling capital plan for 2023-2025 in accordance with its three-year business plan and development strategy, and submitted it to regulators in a timely manner. The self-assessment found that the uncertainty of the Company's capital planning is still relatively high, and capital planning and performance appraisal need to be further strengthened.

4) Stress testing

In 2023, the Company completed various solvency stress testing processes in accordance with the Management Measures for Solvency Stress Testing and proposed control measures to senior management based on the testing results. The self-assessment found that the Company should further improve the application of the results and take more effective management measures.

(3) Credit rating and emergency management

External credit rating requirements are set out in the Company's risk management policies. In 2023, the Company formulated and implemented the Measures for External Credit Rating Management. In emergency management, in 2023, the Company amended the master plan for emergency response and its component plans, organised drills on solvency deterioration, liquidity contingency plan and reputation risk events, and drafted reports and updated response measures. The Company's solvency emergency response was further improved. The self-assessment found that the Company's emergency response capability still needs strengthening.

3. Insurance risk management

Soundness of rules.

The Company has formulated Measures on Insurance Risk Management, which specifies the lead department, responsible departments and coordinating departments of insurance risk management, and stipulates the procedures for setting limits, measurement, monitoring and reporting of insurance risks. The Measures covered all the relevant regulatory requirements and the Company's actual needs for insurance risk management.

Effectiveness of adherence:

The Company improved regulations and optimised their implementation in areas including underwriting, post-sales service, claims and reinsurance. The Risk and Compliance Department conducted quarterly measurement, monitoring, evaluation and reporting of insurance risks. The self-assessment found that the Company needs further improvement in responsible persons and approval process of the above-mentioned areas, implementation of regulations in those areas, formulation of risk upper limits and handling of breaches, management of outstanding claims, sales policy and adjustment of underwriting policy in light of retrospective reviews, etc.

4. Market risk management

Soundness of rules.

The Company has developed Measures on Market Risk Management to ensure the matching of its market risk management policies and its business nature, scale and risk profiles in light of its investment management model and size of investment assets. It defined the lead department, responsible departments and coordinating departments of market risk management, refined and standardized processes and operational norms in risk limits management, internal control, risk measurement and monitoring, assets and liabilities management, risk management work flow, interest rate risk management, equity

price risk management, real estate price risk management, and overseas asset price management, etc. In terms of soundness of rules, the Measures covered all relevant regulatory requirements and the Company's actual management needs. Given the model of outsourced investment, the Company needs to further refine the implementation rules for equity price risk management to enhance their enforceability.

Effectiveness of adherence:

In terms of effectiveness of adherence, the Company has set risk limits for each asset class within the constraints of risk appetite, and broken them down into level-1 limits and level-2 limits. It also developed and implemented methods for setting limits and procedures for adjustment and breach approval, etc. The Company engages external parties to manage its investments, and conducts internal control of market risks in accordance with the Measures on Investment Management. External investment managers strictly followed the risk management process relating to interest rate and equity, and the Company, shouldering the primary responsibility, measured, monitored, evaluated and reported on market risks on a quarterly basis. The self-assessment indicated that the Company studied macroeconomic conditions and monetary policies, analyzed the characteristics and patterns of interest rate risk using methods such as duration, convexity, residual maturity, scenario analysis, and VAR, etc. The investment manager plays an important role in market risk management, and it is difficult for the Company to fully control the effectiveness of market risk management on its own.

5. Credit risk management

Soundness of rules:

The Company has formulated Measures on Credit Risk Management, and specified the lead department, responsible departments and coordinating departments of credit risk management. It set out stipulations on various aspects of credit risk management such as the internal credit-rating system, credit risk limits management, investment counter-party management, reinsurance counter-party management, management of premiums receivables and other receivables, as well as identification, measurement, monitoring and reporting of credit risks. The Measures covered all the relevant regulatory requirements as well as the Company's actual needs for credit risk management.

Effectiveness of adherence:

The Company has set the overall credit risk limits under the risk appetite and broken them down into level-1 limits and level-2 limits. It also has developed methods for setting limits

and procedures for adjustment and breach approval, etc. It has formulated and implemented regulations relating to credit risk management including Interim Measures for Management of Investment-related Credit Risks, Measures for Reinsurance Counter-party Credit Management, and Measures for Management of Receivables. The Investment Management Department measures, monitors, evaluates and reports on credit risks on a quarterly basis. The Financial Management Department continued to improve the premium receivables management platform and strengthen the IT systems for risk management. The self-assessment found that in terms of adherence, the Company has difficulty in establishing its own database of counter-parties due to the model of fully-entrusted investment, and that it needs to further strengthen break-down of risk limits, early warning of credit risk and enhance performance appraisal of premium receivables collection.

6. Operational risk management

Soundness of rules:

The Company has formulated Measures on Operational Risk Management, which specified the lead department and supportive departments for operational risk management and set out stipulations in management methods and processes, identification, analysis, monitoring and reporting mechanisms, management norms, and differentiated management standards, etc. It also has formulated the Internal Control Management Measures for Public Disclosure of Solvency Information covering all aspects of solvency information disclosure. The above regulations fully cover all relevant regulatory requirements and the Company's actual needs for operational risk management.

Effectiveness of adherence:

The Company organises its departments to identify and analyse operational risks through risk limits (key risk indicators) and collection of operational risk-related loss events on a quarterly basis. The Risk and Compliance Department conducts risk reviews on operational risk matters, organises annual internal control and risk control self-assessment, identifies high-risk areas and significant business matters and works out key control measures. Each department of the Company has developed work management regulations and processes for their respective business lines in accordance with the basic guidelines for internal control. The Company has established the information system required for its operations, the HO and branch delegation system, and training and job-rotation rules. It measures, monitors, evaluates and reports on operational risks on a quarterly basis, and completes quarterly solvency reports and annual solvency reports in a timely, comprehensive and accurate manner. It also collects operational risk-related loss events on a quarterly basis

and includes them in a database after approval. In terms of adherence, the self-assessment found that the Company, being aware that it can't possibly identify all the existing operational risks, focuses on identifying and analyzing factors that may lead to operational risks such as business processes, personnel, systems and external events. The Company made continuous improvements in collection and analysis of loss events and operational risk control. More comprehensive operational risk identification tools are needed to better control operational risks in high-risk areas, thus further enhancing operational risk management effectiveness.

7. Strategic risk management

Soundness of rules:

The Company has formulated Measures on Strategic Risk Management, which specified the management structure and division of responsibilities in strategic risk management, the management process for strategy formulation and implementation, and work flows. In June 2022, the Company formulated Management Measures for Development Planning, which specified the processes for formulation, implementation, evaluation and control of strategic planning, and set out the "eight elements" of development planning. In terms of soundness of rules, the Measures fully covered all the relevant regulatory requirements and the Company's actual management needs. In 2023, the Company improved the systems of performance evaluation, business and investment, further enhanced talent development and strategic management of business and investment.

Effectiveness of adherence:

The Company has established a risk management governance structure for major risk categories that is compatible with the characteristics of strategic risk, and strictly enforced performance appraisal rules in accordance with the guidelines of C-ROSS II and the assessment feedback. It further enhanced business and investment strategy management through measures such as clarifying responsibilities in business strategies, increasing the frequency of communication with investment managers, etc. The Company's strategic planning has always been in line with CPIC Group's strategic objectives. Under the guidance of the Group's health business strategy, the Company proceeded with strategic risk management in an orderly manner, based on a complete system of risk identification, assessment, monitoring and reporting. In 2023, the Company's business indicators continued to improve, with enhanced capability for sustainable development. The Company's overall strategic risk was under control, with no occurrence of risk events.

8. Reputational risk management

Soundness of rules:

The Company has formulated Measures on Reputational Risk Management and the Implementation Rules, which specified the responsibilities of the Board of Directors, Board of Supervisors, senior management, lead/supportive departments, and branch offices in reputational risk management. The Company has set up a full-process closed-loop management system for reputational risk management that covers areas including pre-emptive assessment, risk monitoring, risk classification, response and handling, information reporting, appraisal and accountability, and constantly improves the system. The Measures on Reputational Risk Management covered all the relevant regulatory requirements and the Company's actual needs for reputational risk management.

Effectiveness of adherence:

The Company carries out real-time media monitoring through third-party service suppliers and CPIC Group and organises risk screening and evaluation on a regular basis to effectively prevent reputation risks. The Company has established a reputational risk monitoring team consisting of part-time reputational risk managers from all functional departments and units, and carries out training and drills to enhance front-line reputational risk awareness and strengthen response and handling capabilities. In 2023, no level-1 or level-2 reputational risk events occurred, and no triggers of major reputational risk was detected in the Company. Media publicity of the Company was of a positive or neutral nature. The self-assessment found that in terms of adherence, the Company failed to set a separate parameter for reputational risk in stress testing, and thus could not accurately measure its impact.

9. Liquidity risk management

Soundness of rules:

The Company has formulated Measures on Liquidity Risk Management, which specified the responsibilities of the Board of Directors and senior management in liquidity risk management, with definition of the lead department, responsible departments and coordinating departments. The document also contains stipulations on risk appetite and limits management, performance appraisal and accountability, daily cash flow management, liquidity assessment for insurance business, financing, investment business, reinsurance business, and various risks, significant matters assessment, cash flow stress testing, liquidity contingency plan, and identification, analysis, monitoring, assessment and reporting of liquidity risks. The Measures covered all the relevant regulatory requirements and the

Company's actual management needs. The Company needs to further improve mechanisms on coordination in liquidity stress testing and clarify methods of analysis and information-sharing, so as to enhance joint effort in risk monitoring and management.

Effectiveness of adherence:

The Company's Board of Directors and senior management approved Measures on Liquidity Risk Management and the liquidity risk appetite, assumed respective responsibilities for liquidity risk management, familiarised themselves with liquidity risk assessment results through various channels such as solvency information, IRR information and financial statements on a quarterly basis, and approved liquidity risk information disclosure. The senior management organised the handling of breaches of liquidity risk limits. The liquidity risk management work was led by the Financial Management Department and was divided among relevant departments, which mainly involved cash flow monitoring, control of liquid assets ratio, reinsurance tools application, quarterly cash flow stress testing, updating of liquidity contingency plan and conducting drills, etc. The Company measures, monitors, evaluates and reports on liquidity risks on a quarterly basis. The self-assessment found that in terms of adherence, the Company needs to refine and strengthen work in areas of building liquidity management information system, daily cash flow needs forecast, pre-emptive liquidity risk assessment for insurance, investment and financing business, liquidity risk correlation assessment between different risks, and liquidity risk assessment for significant matters.

C. Rectification plan for 2024

The self-assessment indicates that the risk management system of the Company is essentially in line with requirements of C-ROSS II. The key is to enhance effectiveness of adherence. Based on gaps identified in the self-assessment, the Company formulated an initial rectification plan for improvement of solvency risk management capabilities in 2024.

1. Infrastructure & environment

The Company will continue to improve its risk management organisational structure and systems, optimise risk management performance appraisal and strengthen mechanisms for training in solvency risk management based on progress of its transformation.

2. Objectives & tools

The Company will further optimise its risk appetite system, continuously push for its integration into business decision-making, leverage the role of ALM in business operation, step up use of stress testing results, and enhance capability for capital planning.

3. Insurance risk management

The Company will further improve and refine its insurance risk limits to achieve effective control of insurance risks, and at the same time, continue to make effective adjustments to its sales and underwriting policies based on an analysis of claims and expenses of products on offer.

4. Market risk management

The Company will seek improvement in internal control process for market risk, interest rate risk management, asset liability risk management and overall market risk management.

5. Credit risk management

The Company will further enhance execution of credit risk management, and the credit risk management system for funds receivables as well.

6. Operational risk management

The Company will further enhance identification of potential operational risks and events of losses, identify the risks of each business line in a more comprehensive and in-depth manner, and strengthen the tracking and supervision of rectification and status of control of high-risk areas.

7. Strategic risk management

The Company will formulate its strategic objectives and implementation measures of the new 3-year development plan considering factors such as market environment, its own risk appetite, capital position and capabilities, and will further enhance strategic risk management in the business and investment areas, as well as mechanisms for identifying, analysing, monitoring and reporting day-to-day risks.

8. Reputational risk management

The Company will further strengthen the assessment of correlation between reputational risk and other risks, and study and design a separate parameter for reputational risk in stress testing.

9. Liquidity risk management

The Company will improve information systems for liquidity risk management. At the same time, business centres will be involved as a key player of liquidity risk management, supervising functional departments, communicate management philosophies, and enhance liquidity risk assessment of insurance business, investment & financing activities and significant matters.

V. Integrated risk rating (differentiated supervision)

(I) The last two IRR results

The Company was rated BB at the IRR (differentiated supervision) by the regulator for both Q2 and Q3 of 2023, which met regulatory requirements in solvency, with a low level of operational risk, reputational risk, strategic risk and liquidity risk.

(II) Measure taken or to be taken for improvement

In Q4 2023, in light of Assessment Criteria for Unquantifiable Risks of Insurance Companies, the Company took control measures focusing on operational risk and strategic risk indicators that the self-assessment found can be improved. In terms of operational risk, it continued to maintain the efficiency and quality of operation, focusing on improving the efficiency of claims payment, insurance fraud response and complaint risk mitigation. With regard to strategic risk, senior management turnover was low, and business development was relatively stable. For reputational risk, there was no media crisis in the quarter.

(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 Q4 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, the 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 Q4 2023. There was zero violation of regulatory rules 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 Q4 2023, the Company did not experience any reputational risk events 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 Q4 of 2023, strategic risk management was proceeding in strict accordance with relevant regulations and rules of the Company. While it helps the board to supervise strategy implementation, strategic risk management was intertwined with strategy implementation, covering the full range of assessment, monitoring and reporting, with no occurrence of risk incidents.

VI. Management analysis and discussions

(I) Solvency Analysis

1. Actual capital

As of 31 December 2023, the actual capital of the Company amounted to 3,487.5250 million yuan, an increase of 74.3866 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 Q4 2023 was 1,351.6905 million yuan, up by 6.5% from the previous quarter, mainly due to fast business growth, which led to increase in minimum capital for insurance risk of life business and non-life business;

increase in minimum capital for market risk due to larger equity investments; rise in assets included in calculation of interest rate risk, which led to increase in minimum capital for interest rate risk. Of this, minimum capital for insurance risk of life business was 893.4409 million yuan, that for non-life business was 713.9225 million yuan, that for market risk 355.9699 million yuan, that for credit risk 301.7444 million yuan, diversification effect for quantifiable risk was 774.5660 million yuan, and that for control risk was 10.2299 million yuan.

3. Solvency margin ratios

As of 31 December 2023, the Company's core solvency margin was 1,782.1448 million yuan, and the core solvency margin ratio was 232%; comprehensive solvency margin was 2,135.8345 million yuan, and the comprehensive solvency margin ratio was 258%. In Q4 2023, the core and comprehensive solvency margin ratios dropped by 12pt and 11pt respectively from the previous quarter, mainly due to impact of business growth which led to increase in minimum required capital.

(II) Liquidity risk

For this quarter, net cash flow was -108 million yuan, mainly because of large cash inflows from investment activities; the difference between actual net cash flow from operating activity and the estimate was 22 million yuan, meaning a retrospective adverse deviation ratio of 54%, in compliance with regulatory requirements. As of the end of Q4, all liquidity coverage ratios under various scenarios and all liquidity indicators for monitoring were within regulatory limits.

The Company will strictly follow 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 arrangements, if necessary, to ensure a reasonable liquidity risk level.

Summary of Quarterly Solvency Report (Excerpts)

Pacific Anxin Agricultural Insurance Co., Ltd.

4th 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):	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@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 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) Voting results by directors

Below is the voting results of 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: Mark “√” in corresponding blanks according to opinions of directors.

There are no directors who cannot guarantee the truthfulness, accuracy, completeness or compliance of the contents of this report, or raised any issues in this regards.

China Pacific Anxin Agricultural Insurance Company Limited

March 2024

II. Basic information

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

1. Ownership structure and change

Types of shareholders	Beginning of the reporting period		Change of shares or stake				End of the 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	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

Notes:

(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. 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	Shareholding percentage at the end of the reporting	Shares pledged or in lock-up
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		period	period (%)	
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 during the reporting period.

(II) Directors, supervisors and senior management at head-office level

1. Directors, supervisors and senior management at head-office level

1.1 Directors

As of the end of December 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 Sales Director of CPIC P/C.

Mr. MAO Xiaojun, born in March 1967, received junior college education and the designation 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.

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 Marketing Director and General Manager of Strategic Account Department of CPIC Group.

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. 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 Finance College Nankai University, 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. 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 Management Committee of Excellent Law Firm, Chairman of Wusong General Branch

of Baoshan Committee of China Democratic National Construction Association, member of the Standing Committee of the 9th Baoshan District Political Consultative Conference, Law Enforcement Supervisor of 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. 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 CIRC Approval [2022] No. 851). Mr. ZHANG currently serves as 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 and Research Fellow of Agricultural Information Institute of the Chinese Academy of Agricultural Sciences, and lecturer of Shanxi University of Finance and Economics.

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 Assistant General Manager of Asset Management Centre 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.

1.2 Supervisors

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

Mr. CHEN Yuanliang, born in June 1971, received post-graduate university education, and has been serving as Supervisor (employee representative) and Chairman of the Board of Supervisors of the Company since September 2023 (approval document: jinfu [2023] No. 260). Mr. CHEN also serves as Vice President of Tai'an Agricultural Insurance Institute. Previously he served as General Manager of CPIC P/C Baotou Central Sub-branch, Deputy General Manager of CPIC P/C Inner Mongolia Branch, General Manager of the Agricultural Insurance Business Unit, General Manager of the Agricultural Insurance Market Development Department, and General Manager of the Agricultural Insurance Management Department of CPIC P/C, General Manager of CPIC P/C Xinjiang Branch, and Deputy General Manager of Anxin Agricultural Insurance Co., Ltd.

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 Administration of Shanghai Fengxian SPD Rural Bank, Assistant President and then Deputy President of Shanghai Fengxian Branch of Ningbo Bank.

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. 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.

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.

1.3 Senior management at head-office level

As of the end of December 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 Marketing Director 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 Economic 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 Urban Areas Business Centre 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 the Second Division/Internal Audit Center, General Manager of Audit Technology Division of CPIC Group, Supervisor of CPIC Allianz Health, Internal Audit Responsible Person of Changjiang Pension, Supervisor of CPIC Online Services, Supervisor of Anxin Agricultural Insurance Co., Ltd, and General Manager of Finance Department and Asset Management Department of CPIC P/C, and 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 Rural Affairs Office, Deputy Director of District Agricultural Committee of CPC Committee of Pudong New Area, member of CPC Committee of Anxin Agricultural Insurance Co., Ltd. and General Manager of its Shanghai Nanhui Sub-branch, Deputy Party Secretary 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 Centre of CPIC Group, Senior Auditor, and Deputy General Manager of the Internal Audit Business Department of 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 at head-office level

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 by financial regulators or other government departments against insurance companies and their directors, supervisors, and senior management at head-office level

None. (Between 1 October 2023 and 31 December 2023, a 4th-level branch office received an administrative penalty from a local branch of the insurance regulator, and was fined 110,000 yuan.)

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. Regulatory measures against the Company by NAFR (former CBIRC)

None during the reporting period.

III. Main indicators

(I) Solvency margin ratios

unit: yuan

Item	As of the end of Q4 2023	As of the end of Q3 2023	Next quarter estimates
Admitted assets	7,376,956,650	6,451,671,668	7,506,644,363
Admitted liabilities	4,249,161,587	3,332,351,191	4,344,312,111
Actual capital	3,127,795,063	3,119,320,477	3,162,332,251
Tier-1 core capital	2,836,176,618	2,825,048,815	2,870,713,806
Tier-2 core capital	-	-	-
Tier-1 supplement capital	291,618,446	294,271,663	291,618,446

Tier-2 supplement capital	-	-	-
Minimum capital	831,242,758	787,943,051	854,985,778
Minimum capital for quantifiable risks	814,476,492	772,801,926	837,728,569
Minimum capital for life insurance risk	-	-	-
Minimum capital for non-life insurance risk	674,525,721	616,613,638	683,354,475
Minimum capital for market risk	368,104,659	330,913,571	365,598,377
Minimum capital for credit risk	267,471,014	307,908,267	305,037,739
Diversification effect for quantifiable risks	405,127,514	396,766,670	423,181,069
Loss absorption for special-type insurance contracts	-	-	-
Minimum capital for control risk	16,766,266	15,141,126	17,257,209
Supplement capital	-	-	-
Core solvency margin	2,004,933,860	2,037,105,763	2,015,728,028
Core solvency margin ratio	341.20%	358.53%	335.76%
Comprehensive solvency margin	2,296,552,305	2,331,377,426	2,307,346,474
Comprehensive solvency margin ratio	376.28%	395.88%	369.87%

(II) Regulatory indicators for liquidity risk

LCR	Q4 2023		Q3 2023	
	Next 3 months	Next 12 months	Next 3 months	Next 12 months
LCR1 (under base scenario)	100.05%	103.16%	107.29%	103.33%
LCR2 (under stress scenario)–mandatory	161.49%	111.21%	112.60%	110.12%
LCR2 (under stress scenario)-self-testing	147.55%	117.05%	187.96%	120.94%

LCR3 (under stress scenario before asset disposal)-mandatory	87.11%	89.89%	57.82%	85.55%
LCR3 (under stress scenario before asset disposal)-self-testing	82.04%	100.18%	102.89%	100.02%
Retrospective adverse deviation ratio of net cash flows from operating activities	65.56%		-54.03%	
Net cash flows YTD (unit: 10,000 yuan)	1,530.31		-2,499.47	
Net cash flows in 2022(unit: 10,000 yuan)	-1,987.50		-1,987.50	
Net cash flows in 2021 (unit: 10,000 yuan)	3,041.26		3,041.26	

(III) Other indicators for liquidity risk

unit: yuan

Indicators	Item	As of the end of/ during Q4 2023	As of the end of/ during Q3 2023
1. Net cash flows from operating activities	Amount	225,580,844	314,945,286
	Cash inflow from operating activities YTD	2,372,726,503	1,889,612,645
	Cash outflow from operating activities YTD	2,147,145,658	1,574,667,360
2. Net cash flows from operating activities per 100 yuan in premiums	Amount	11.36	19.17
	Net cash flows from operating activities YTD	225,580,844	314,945,286
	Premiums YTD	1,984,901,736	1,642,859,246
3. Share of cash outflow for special types of business	Percentage	24.42%	15.93%

	Claims pay-out for business of special types	606,204,304	331,939,145
	Incurred and reported claim reserves for business of special types	-204,882,074	-148,130,417
	Total claims pay-out	1,635,237,658	1,078,446,978
	Total incurred and reported claim reserves	7,907,115	75,744,781
4. Written premiums growth year-on-year	Percentage	13.33%	14.76%
	Written premiums YTD	1,984,901,736	1,642,859,246
	Written premiums YTD for the same period of previous year	1,751,481,988	1,431,585,711
5. Share of cash and liquidity management instruments	Percentage	1.78%	0.94%
	Book value of cash and liquidity management instruments at the end of the period	126,616,058	59,369,542
	Total assets as at the end of the period	7,108,852,924	6,328,745,482
6. Quarterly average financial leverage ratio	Percentage	2.06%	0.77%
	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	152,666,667	50,000,000
	Total assets as at the end of the period	7,411,852,924	6,478,745,482
7. Share of domestic fixed	Percentage	0.00%	0.00%

income assets rated AA and below			
	Book value of domestic fixed income assets rated AA and below at the end of the period	0	0
	Total assets as at the end of the period	7,108,852,924	6,328,745,482
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
	Total assets as at the end of the period	7,411,852,924	6,478,745,482
9. Proportion of receivables	Percentage	24.66%	13.41%
	Premium receivables	408,441,006	562,778,823
	Reinsurance receivables	1,419,058,037	306,257,907
	Ending balance of total assets	7,411,852,924	6,478,745,482
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	-	-
	Total assets as at the end of the period	7,411,852,924	6,478,745,482

(IV) Key business metrics

unit: yuan

Indicators	As at the end of/ during Q4	As at the end of Q4/YTD
Gross written premiums	1,344,886,096	3,071,759,220
Net profits	68,452,021	182,185,105
Total assets	5,631,802,257	5,631,802,257
Net assets	2,986,810,610	2,986,810,610
Insurance contract liabilities	1,747,741,720	1,747,741,720
Basic earnings per share	0.06	0.17
ROE	4.55%	6.19%
ROA	1.22%	3.37%
Investment yield	-0.24%	2.46%
Comprehensive investment yield	0.04%	2.87%
Profitability indicators	--	--
Combined ratio	--	99.20%
Expense ratio	--	26.53%
Loss ratio	--	72.67%
Proportion of commission and brokerage expenses	--	1.25%
Proportion of operating and administrative expenses	--	11.72%
Scale indicators	--	--
Written premiums	342,042,490	1,984,901,736
Written premiums of auto insurance	-	-
Written premiums of top 5 non-auto insurance business lines	330,827,909	1,901,278,179
Largest non-auto business line	252,726,915	1,329,245,917
Second largest non-auto business line	55,036,348	328,337,384
Third largest non-auto business line	11,036,947	164,035,382

Fourth largest non-auto business line	10,829,248	57,245,045
Fifth largest non-auto business line	1,198,450	22,414,452
Average vehicle premium of auto insurance	-	-
Written premiums by channels	342,042,490	1,984,901,736
Agency	15,501,720	125,086,318
Direct	311,266,069	1,801,202,491
Brokerage	15,274,701	58,612,927
Others	-	-

Note: 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.

(V) (Comprehensive) Investment yields in the past 3 years

Average investment yield in the past 3 years	4.70%
Average comprehensive investment yield in the past 3 years	4.68%

IV. Risk management capabilities

(I) Company category

The Company was incorporated in Shanghai in September 2004 as per approval of the former CIRC. In 2023, its written premiums amounted to 1.985bn yuan, and as of the end of 2023, total assets stood at 7.412bn 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,

it is a Category II insurance company.

(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 75.88 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 75.88 points. During the reporting period, the Company took further steps to enhance risk management. To be specific:

In respect of insurance risk, the Company further improved its insurance risk management system, formulated and issued Guidelines on Development, Design and Management of Agricultural Insurance Products, revised Regulations on Insurance Risk Management, Regulations on Management of Major Claims, and Rules on Quality Inspection of Claim Cases, with strict implementation; completed a rates review and analysis report on products in sale in the previous three years, with recommendations on ways to improve the loss-making business; issued its first business quality analysis report on high-claims insurance products and put forward recommendations to optimise their business quality; continued to conduct retrospective management of reserves, and completed retrospective assessment and analysis of the reserves of the Company in the previous two years, to ensure that the

reserves of the Company were adequate and reasonable; carried out claims investigation and handling for sudden frost damage at the end of the year, ensured reporting and acceptance of claims cases in a timely manner for an accurate estimate of related losses; reviewed reinsurance business in 2023, and formulated the plan for reinsurance in 2024.

For market risk, we amended and released Regulations on Market Risk Management, to optimise relevant management mechanisms; carried out drills of emergency response in insurance asset management to enhance relevant abilities; maintained communication with investment managers on market risk management to prevent adverse impact on the Company's net profit and net assets as a result of concentrated market risk 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 goals, both external and internal, of asset-liability management.

As for credit risk, the Company revised Regulations on Credit Risk Management to improve relevant risk control mechanisms; improved response to risk incidents and activated contingency plans; supervised its branches in collecting year-end receivables, especially those important and difficult cases; conducted training on the Receivables Data Dashboard to promote its use; paid continuous attention to credit risk ratings of reinsurers and strengthened the analysis and assessment of the credit risk status of reinsurance brokers and reinsurers.

On the side of operational risk, the Company strengthened the management system, revised rules such as Regulations on Operational Risk, Regulations on Statistical Management, etc., and drafted an annual report on rules and policies for operational risk management; organised its subsidiaries to conduct quarterly analysis and inspection of their anti-fraud work and prepare quarterly fraud risk analysis reports; completed a quarterly anti-money laundering self-examination and implemented

timely rectification for issues identified; updated IT outsourcing contract templates, and strengthened daily management of outsourced personnel to improve IT outsourcing risk control; launched education and publicity programmes of laws and regulations to better prevent and control business risks, and resolve conflicts and disputes.

As for liquidity risk, the Company amended and issued Regulations on Liquidity Risk Management to enhance capabilities in management of the risk; 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; advanced system development for management of fiscal subsidies and initiated the linkage with its counter-part of the finance bureau; pushed for collection of major receivables in inward reinsurance business, and submitted application for recoveries of adjusted variable fee and profit commission on non-marine treaties from previous years.

In terms of reputational risk, we continued to improve the risk control mechanisms, and revised and issued Regulations on Reputational Risk Management; and participated in the annual training held by CPIC Group on reputational risk management, strengthened the foundation of reputational risk management and enhanced collaboration in media crisis management.

For strategic risk, we evaluated execution status of the quarterly development plan to promote the implementation of overall strategies and the realisation of our development goals.

(IV) Status of SARMRA self-assessment

In Q4, the Company completed its 2023 SARMRA self-assessment. The assessment was carried out as per the 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), with scoring in system soundness (50%) and compliance effectiveness (50%). The Risk Management Department of the Company led the assessment and was joined by lead departments for each major risk category. Relevant departments provided required information according to their corresponding responsibilities. Such information was prudently assessed by the lead departments for major risk categories and then reviewed by the Risk Management Department. The Risk and Compliance Management Working Committee reviewed and confirmed the final result.

The Company scored 92.30 points in the SARMRA self-assessment of 2023, slightly higher than that of 2022, pointing to sustained improvement in its risk management capabilities. In 2023, the Company deepened its "integrated risk control". Firstly, we strengthened the risk appetite transmission mechanism, and further integrated risk appetite into business and management processes to ensure multi-dimensional, targeted risk monitoring. Secondly, we revised risk management policies and improved the risk control system; launched the on-line SARMRA system, optimised digital and intelligent tools, strengthened risk monitoring and early warning; built a risk control and compliance culture, and carried out dedicated training. Thirdly, we carried out an in-depth risk assessment of branch offices to accurately delineate their risk status and development momentum. In the future, we will strengthen credit risk monitoring and early warning, enhance credit risk response and mitigation; pay attention to cost control and strengthen business quality management; enhance liquidity risk management and control, and improve net cash flow forecasting and monitoring.

V. Integrated risk rating (differentiated supervision)

(I) The last two IRR results

The Company was rated AAA at the IRR (differentiated supervision) by NAFR (formerly CBIRC) for both Q2 and Q3 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 fourth quarter, according to regulatory feed-back on IRR of Q3 2023, the Company maintained a solid status in quantifiable risks, and a stable status in unquantifiable risks such as reputational risk, operational risk and strategic risk. The senior management took this seriously, convened meetings to communicate the results, made plans for remedial actions, and enhanced monitoring of metrics so as to be more pro-active in risk management.

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

1. Operational risk

1.1 Operational risk status

In this quarter, first, 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 plan; second, conducted a full review of existing rules and polices and made plans for amendments, abolition or drafting of new regulations, and followed up on its

implementation; updated the annual list of regulations on internal control; third, conducted annual training on legal affairs, disseminating knowledge on the protection of personal information and consumer rights, so as to effectively enhance employee awareness on risk control and compliance; fourth, revised rules such as Regulations on Accounting Files Management and Regulations on Recruitment Management, implemented them strictly to maintain effective control of operational risks; fifth, IRR results of Q3 2023 indicated a stable overall status. The Company will follow up on relevant metrics of the operational risk 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 mis-selling, fraudulent claims, mis-handling in investment, erroneous financial information disclosure, money laundering, information security and system failures, with follow-up rectification and ad hoc meetings to boost implementation. 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

Business development of the Company in the past 3 years has been volatile, which calls for intensified effort in market development and product innovation, particularly in areas other than Shanghai. At the same time, we will enhance performance evaluation against KPIs and take multiple measures to ensure healthy, steady premium growth and high-quality development.

3.Reputational risk

3.1 Status of reputational risk

In the reporting quarter, the Company conducted screening of its reputational risk, which showed that the risk was under control, and there was no major risk in media publicity.

3.2 Methods of reputation risk assessment

As per Solvency Regulatory Standards of Insurance Companies No.11, firstly, we monitored online media through the Group's monitoring platform; secondly, our spokesperson and brand specialists joined the Group's brand management team so that they can share and handle media information in a timely manner; thirdly, the Company issued the "Risk Early-warning" weekly reports to senior management and part-time reputational risk management staff to promptly identify and prevent potential risks. We also conducted a company-wide screening of potential reputational risks, further enhanced reputational risk management capabilities, continued to promote the establishment of a closed-loop entire-process reputational management system, so as to create a favourable 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, adverse media publicity of the Company stayed under control, and there were no incidents which may 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 67% of total premiums, and of this, fiscal subsidies represented about 37% 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.

Moreover, the Company continued communication with CPIC AMC to ensure an asset allocation compatible with the needs for matching of cash flows; conducted repurchase via securities market and inter-bank market to satisfy short-term needs for liquidity arising from business development.

As at the end of Q4, LCR under the base scenario (LCR1) for the next 12 months and LCR under the stress scenario (LCR2) for the next 12 months were both above 100%, indicating a 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 376.28% and 341.20% respectively, maintaining a strong position, though down by 19.6pt and 17.3pt respectively from the preceding quarter.

Of this, actual capital was 3.128bn yuan, an increase of 8mn yuan from the previous quarter, mainly due to net profits of the quarter of 23mn yuan, an decrease of 20mn yuan in agricultural insurance reserve for catastrophes, an increase of 13mn yuan in other comprehensive income and an increase of 8mn yuan in non-admitted assets.

Minimum capital was 831mn yuan, increasing by 43mn yuan from the preceding quarter. Of this, minimum capital for insurance risk rose by 58mn yuan, as a result of business growth which increased minimum capital requirement for premium and reserve risk and catastrophe risk; minimum capital for market risk

rose by 37mn yuan, due to increase in minimum capital for interest rate risk; that for credit risk fell by 40mn yuan, mainly due to decrease in premium receivables, which led to lower minimum capital requirement for counter-party default risk; risk diversification effect increased by 8mn yuan.

(II) Change to liquidity risk indicators and reasons

As of the end of the reporting quarter, cash and cash equivalents was 74.6161mn yuan, up by 40.2465mn yuan from 34.3695mn yuan in the previous quarter. The increase was mainly due to increased cash inflow from financial assets sold under repurchase during the quarter.

LCRs of the next 3 months and next 12 months under base scenarios (LCR1) were 100.05% and 103.16%, respectively.

LCR2s, or LCRs of the next 3 months and next 12 months under stress scenario (mandatory) were 161.49% and 111.21%, respectively.

LCR2s of next 3 months and next 12 months under stress scenarios (self-testing) were 147.55% and 117.05%, respectively.

LCR3s, or LCRs of the next 3 months and next 12 months under stress scenarios before asset disposal (mandatory) were 87.11% and 89.89%, respectively.

LCR3s of the next 3 months and next 12 months under stress scenarios before asset disposal (self-testing) were 82.04% and 100.18%, respectively.

The retrospective adverse deviation ratios of net cash flow from operating activities of the reporting and the previous quarters were 65.56% and -54.03%, respectively, mainly due to lower-than-estimated amounts of claims pay-out under primary insurance contracts during the reporting quarter.

Net cash flow YTD was 15.3030mn yuan. That 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 National Financial Regulation Administration (former CBIRC) for both Q2 and Q3 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.