

Summary of Solvency Report (Excerpts)

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

2022

Company overview and contact information

Company name (Chinese):	中国太平洋保险（集团）股份有限公司
Company name (English):	CHINA PACIFIC INSURANCE (GROUP) CO., LTD.
Legal representative:	KONG Qingwei
Registered address:	1 Zhongshan Road (South), Huangpu District, Shanghai, PRC.
Registered capital:	RMB9.62 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
KONG Qingwei	✓		
FU Fan	✓		
HUANG Dinan	✓		
WANG Tayu	✓		
WU Junhao	✓		
CHEN Ran	✓		
ZHOU Donghui	✓		
LU Qiaoling	✓		
John Robert Dacey	✓		
LIU Xiaodan	✓		
CHEN Jizhong	✓		
LAM Tyng Yih, Elizabeth	✓		
WOO Ka Biu, Jackson	✓		
JIANG Xuping	✓		
Total	14		

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

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

II. Basic Information

(I) Shareholding structure, shareholders and change

1. Shareholding structure (unit: share)

	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%	2,772,530,227	-149,802	-	H Share
Shenergy (Group) Co., Ltd.	14.05%	1,352,129,014	+25,352,232	-	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	+25,817,617	-	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	-	-	A Share
HKSCC	2.06%	198,109,633	+381,092	-	A Share
Shanghai International Group	1.66%	160,000,000	-	-	A Share
Citibank, National Association	1.55%	149,020,055	-1,020,850	-	A Share
China Structural Reform Fund Corporation Limited	1.19%	114,881,140	-300,000	-	A Share
Description of related relations or concerted actions among the aforesaid shareholder	<p>HKSCC Nominees Limited and HKSCC are connected, as the former is a wholly-owned subsidiary of the latter.</p> <p>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.</p>				

Notes:

- As at the end of the reporting period, the Company did not issue any preferred shares.
- 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.
- 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.
- HKSCC is the nominal holder of shares traded through Shanghai-Hong Kong Connect Programme.
- Citibank, National Association is the depository of the Company's GDRs, and the underlying A shares of the Company represented by the GDRs have been registered under it; according to Citibank, National Association, as of the end of the reporting period, the remaining number of the GDRs is 29,804,011, which is 26.69% of the number of GDRs issued under approval by the China Securities Regulatory Commission.
- Shanghai International Group obtained 207,938,200 H shares of the Company through Shanghai-Hong Kong Stock Connect which were registered under the name of HKSCC Nominees Limited. During the reporting period, Shanghai State-Owned Assets Operation Co., Ltd. increased its shares of the Company. For details, please refer to Announcement on Increase of Shares of the Company by Shareholders with over 5% of the Shares of the Company Reaching 1%, and Voluntary Announcement on Increase of Shares of the Company by Shareholders with over 5% of the Shares of the

Company published by the Company on May 23, 2022 and Oct. 17, 2022 respectively.

III. Business Operation of Major Member Companies

(I) CPIC P/C

In 2022, the subsidiary reported GWPs of 170.377bn yuan, a year-on-year growth of 11.6%, and net profits of 8.285bn yuan, up 30.4% year-on-year.

As of the end of 2022, net assets of CPIC P/C stood at 50.344bn yuan, up by 2.9% from the beginning of the year. Comprehensive solvency margin ratio was 202%, down by 86pt from the year beginning, mainly due to impact of adoption of C-ROSS II, capital market volatility, distribution of dividend to shareholders and business development. Of this,

- (1) Available capital 55.154bn yuan, down by 2.654bn yuan from the year beginning, or 4.6%;
- (2) Minimum capital 27.246bn yuan, up by 7.174bn yuan, or 35.7% from the year beginning.

(II) CPIC Life

In 2022, the subsidiary recorded GWPs of 225.343bn yuan, a year-on-year growth of 6.5%, and net profits of 16.479bn yuan, down by 12.8% year-on-year.

As of the end of 2022, net assets of CPIC Life stood at 103.332bn yuan, up by 2.2% from the beginning of the year. Comprehensive solvency margin ratio was 218%, the same as the year beginning, mainly due to impact of adoption of C-ROSS II, capital market volatility, and business development. Of this,

- (1) Available capital 344.222bn yuan, down by 6.6%, or 24.348bn yuan from the year beginning;
- (2) Minimum capital 157.802bn yuan, down by 6.6%, or 11.11bn yuan from the year beginning.

(III) CPIC Health

During the reporting period, the subsidiary realised GWPs of 5.285bn yuan, and net profits of 66mn yuan.

As of the end of 2022, net assets of CPIC Health stood at 3.305bn yuan, with comprehensive solvency margin ratio of 265%, up by 127pt from the year beginning, mainly due to impact of adoption of C-ROSS II and capital increase. Of this,

- (1) Available capital 3.225bn yuan, up by 150.8%, or 1.939bn yuan from the year beginning;
- (2) Minimum capital 1.216bn yuan, up by 30.2%, or 280mn yuan from the year beginning.

(IV) CPIC AMC

During the reporting period, the company posted 1.319bn yuan in asset management fee income, a growth of 20.4% compared with 2021, with net profits of 699mn yuan, up by 28.1% year-on-year.

As of the end of 2022, total assets of CPIC AMC amounted to 5.076bn yuan, rising 8.9% from the year beginning, with net assets of 4.279bn yuan, up by 9.3% from the year beginning.

(V) Changjiang Pension

During the reporting period, the subsidiary reported net profits of 350mn yuan. As of the end of 2022, total assets of the company amounted to 6.340bn yuan, up by 0.4% from the year beginning, with net assets of 4.025bn yuan, down by 3.6% from the year beginning.

(VI) Other member companies

In 2022, CPIC Property recorded net profits of 17mn yuan. As of the end of 2022, total assets of the company reached 192mn yuan, up by 50.9% from the year beginning, with net assets of 136mn yuan, up by 14.7% from the year beginning.

In 2022, CPIC Technology recorded net profits of 2mn yuan. As of the end of 2022, total assets of the company reached 1.112bn yuan, with net assets of 702mn yuan.

IV. Solvency Statements

Solvency Statements of Insurance Holding Groups

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

(31 December, 2022)

unit: 10 thousand RMB yuan

Items	No. of lines	As at the end of the reporting period 1	As at the beginning of the reporting period 2
Available capital	(1) = (2) + (3) + (4) + (5)	47,907,342	50,662,014
Tier 1 core capital	(2)	31,950,386	49,662,014
Tier 2 core capital	(3)	1,291,004	-
Tier 1 supplement capital	(4)	14,658,632	1,000,000
Tier 2 supplement capital	(5)	7,320	-
Minimum capital	(6) = (7) + (22) + (23)	18,733,329	19,079,389
Minimum capital for quantitative risks	(7) = (8) + (9) + (10) + (11) + (12) + (13) + (14) - (21)	18,733,329	19,079,389
Minimum capital for parent company	(8)	-	-
Minimum capital for insurance member companies	(9)	18,733,329	19,079,389
Minimum capital for banking member companies	(11)	-	-
Minimum capital for securities member companies	(12)	-	-
Minimum capital for trust member companies	(13)	-	-
Minimum capital for quantifiable Group-specific risks	(14) = (15) + (16)	-	-
Minimum capital for risk contagion	(15)	-	-
Minimum capital for concentration risk	(16) = (17) + (18) + (19) - (20)	-	-
Minimum capital for concentration risk - counter parties	(17)	-	-
Minimum capital for concentration risk - industry	(18)	-	-
Minimum capital for concentration risk - customers	(19)	-	-
Risk diversification	(20)	-	-

Decrease in required capital for risk diversification effect	(21)	-	-
Minimum capital for control risk	(22)		
Supplement capital	(23)		
Core solvency margin	(24) = (2) + (3) - (6) ×50%	23,874,725	40,122,319
Core solvency margin ratio	(25) = [(2) + (3)] / (6) ×100%	177%	260%
Comprehensive solvency margin	(26) = (1) - (6)	29,174,012	31,582,625
Comprehensive solvency margin ratio	(27) = (1) / (6) ×100%	256%	266%

Notes:

1. As per regulatory requirements, insurance groups began to implement Solvency Regulatory Standards (II) of Insurance Companies in the first half of 2022. Figures as at the end of the reporting period were based on new rules and figures as at the beginning of the reporting period were still based on previous solvency regime.
2. Decrease in required capital for risk diversification effect and supplement capital are yet to be defined by CBIRC.

V. Management Analysis and Discussions

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

As of the end of 2022, Group core solvency margin ratio stood at 256%, down by 10pt from the year beginning; core solvency margin ratio was 177%, down by 83pt from the year beginning, mainly due to impact of adoption of C-ROSS II, shareholder profit distribution, capital market volatility and business development. Of this,

- 1) Available capital amounted to 479.1bn yuan, down by 27.5bn yuan from the year beginning; core capital 332.4bn yuan, down by 164.2bn yuan from the year beginning.
- 2) Minimum capital 187.3bn yuan, down by 3.5bn yuan from the year beginning.

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

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

CBIRC is yet to issue rules on Integrated Risk Rating for insurance groups, and so there is no IRR results during the reporting period.

In 2022, 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 faced some uncertainties caused by internal and external environment factors during the reporting period, including:

First, macro-environmental risks. In the face of momentous changes, the Russian-Ukrainian conflict and industry transformation, the domestic business environment became increasingly complicated, with formidable challenges and greater uncertainty, which might impact the Group's operation and management, business development, and investment returns. In response, the Company carefully studied global macroeconomic environment and the internal and external economic situation, and seized development opportunities on the basis of prudent operation, constantly improving its ability to support national strategies and cope with risks.

Second, credit risks of investment. Affected by economic downturn, market credit-worthiness further diverged, with rising default risk. The Company attached great importance to credit risk management, continuously upgraded credit risk management on the investment side, optimized the unified credit-rating system, and enhanced counter-party access. It also strictly implemented credit risk limits and concentration management, continued to strengthen the monitoring, early warning and handling of credit risk of investment, and carried out risk prevention and control in a more active manner, constantly improving its ability to manage and control credit risk relating to investment business.

Third, risk of insurance business. In P/C business, due to the increase in SA and the regional distribution, the minimum capital requirement for catastrophe risk was raised. For life/health insurance, agents recruitment and sales promotion became more difficult. In the face of external uncertainties, the Company focused on its own capacity-building, recorded steady growth of embedded value and core business by grasping business opportunities in supporting national strategies, the real economy and people's pursuit of a better life. Maintaining a high level of risk awareness and following relevant C-ROSS II requirements, the Company upgraded its risk management system and optimized the Group's risk management and control mechanism, strengthened early warning and response to key risks, and consolidated its three lines of defence in risk management to improve the soundness and effectiveness of its risk management system, which greatly helped with the Company's sustainable development strategy and high-quality development.

VI.Risk Management Capabilities

(I) Group solvency risk governance

The Company has established a broad-based risk management framework in which all parties involved play their due role: the Board of Directors bears the ultimate responsibility, management provides direct leadership, risk management departments provide coordination, and the 3 lines of defense closely work together. The boards of directors of the Group and its subsidiaries are the supreme authority for the risk management of the organization, and bear the ultimate responsibility for their respective risk management systems and status of operation. The board Risk Management and Related Party Transactions Control Committee performs duties in risk management as is mandated by the board. In 2022, the committee convened 6 meetings to review relevant risk management matters and reports.

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

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

(II) Risk management strategies and implementation

1. Risk management strategies

The overall risk management strategy of the Group is: set reasonable risk management objectives based on development strategies, organisational structure and business features of the Company, and under the guidance of the objectives, support and promote fulfillment of business objectives and strategic planning of the Company via a sound risk management system, stringent risk management processes, advanced risk management

mechanisms and tools, and enhanced transmission of risk targets and look-through management of the Group and its member companies.

Risk management is a core element of the Company's operation and management. The Company takes a centralized 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 sustainable value growth while maintaining appropriate liquidity, maintain a sound risk management status and market image, and continuously upgrade its risk control system so that it is more compatible with the Company's status as a listed firm in SSE, SEHK, and LSE, thus becoming a leader in healthy and stable development of the industry.

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

3. Risk management tools

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

To be specific, first, the Company set up a risk management information system to monitor key risk indicators to gradually achieve the transmission of statements and data between business departments and branches. Second, it adopted comprehensive budgeting management and formulated scientific business plans to facilitate its medium and long-term development in light of overarching strategic plans, risk appetite, the goal of sustainable value growth and by means of budget preparation, implementation, analysis, adjustment and evaluation. The member companies effectively promote the implementation of the overall budget under the guidance of the Group. Third, based on internal asset liability management rules, the Company implements prudent asset-liability risk management as per risk appetite and other constraints; it continuously develops, implements, monitors, and refines its asset liability management framework and strategies. Fourth, the Company established a sound capital management system. In compliance with regulatory requirements, it assesses various risks and their capital requirements, putting in place a diversified capital replenishment mechanism to ensure that it is adequately capitalized to withstand risks and meet business development needs. The capital planning of each member company aligns with that of the Group. Fifth, the Company adopted a coordinated stress testing model with both unification and differentiation, whereby the Group Management Committee takes direct leadership, with clear division of responsibilities and close cooperation between relevant departments and member companies, ensuring highly-efficient implementation. The Group sets out unified objectives, methods and standards of stress testing, carries out stress testing for headquarters and the Group as a whole; while member companies are responsible for their respective stress testing work, as well as providing the required data and professional 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 transaction management, as per relevant regulatory requirements, the Company established long-term mechanism for related party transaction management, improved internal control and risk management to curb intra-Group risk contagion, vigorously promoted IT system of RPT management so as to enhance the digitalisation, accuracy and data-processing capacity of the entire management chain. The Group's Risk Management and Related Party Transactions Control Committee is responsible for the identification of related parties, and the management, review, approval and risk control of related party transactions. During the reporting period, the Company revised relevant regulations and rules for RPT management, such as Provisions on Related Party Transactions Management, Rules on Implementation of Related Party Transactions Management, which clarified roles and responsibilities in related party transactions management, standardized the pricing and identification, internal review, reporting and disclosure of related party transactions, and strictly enforced them.

In risk quarantine, the Company formulated Rules on Management of Risk Quarantine, which seeks to establish a firewall in areas such as legal entity management, financial management, fund management, business operation, information system management, personnel management, branding & publicity, information disclosure, RPTs, and guarantee management, identify paths of contagion and put in place prudent risk quarantine measures. During the reporting period, the Company reviewed and amended relevant business rules, incorporating risk quarantine requirements into business management processes and effectively preventing risk contagions across member companies; drafted Provisions on Outsourcing of Information Technology, setting out policies and requirements in access, management, monitoring and reporting of IT outsourcing, with strict implementation.

2. Risk due to opaque organizational structure

This refers to the risk that an insurance group's shareholding structure, management structure, operational process, scope of business, etc. are excessively complex and opaque, which may cause losses to the group. The Company strictly abides by regulatory rules, and has drafted Provisional Measures on Management of Risk of Opaque Organisational Structure, which defines relevant management mechanisms and the regular evaluation system. In 2022, the status of the risk is as follows:

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

Based on their strategic planning and business development, each member company has established suitable organizational structure with clear organizational boundaries and well-defined responsibilities and authority to avoid function overlapping or omission, or over-centralization of authority and responsibility, and formed a working mechanism whereby each of them performs its duties, assumes its responsibilities, and coordinates with each other.

3. Concentration risk

It refers to the risk that the aggregation of individual risks or risk portfolios of member companies at the group level may directly or indirectly threaten the solvency of the Group. In accordance with relevant regulatory requirements, CPIC regularly identifies, evaluates, monitors and reports on different types of concentration risks of the Group and its member companies along 4 dimensions (namely, counter-parties, industry distribution of investment assets, customers and business) and their sub-dimensions, to prevent major adverse effects of concentration risk on 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, there were no breaches of limits on these dimensions, nor events which may trigger early warning. The Company's overall concentration risk was under control.

Based on realities of its business operation, 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, thus the related concentration risk was under control. During the reporting period, there was no concentration risk that posed a material threat to the Company's solvency or liquidity.

4. Non-insurance risk

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

In terms of investment by non-insurance member companies, CPIC has established an equity investment management system for non-insurance areas based on equity shareholding and corporate governance system, while in full compliance with relevant CBIRC regulations. The Company has set up an investment decision-making committee under its Assets and Liabilities Management Committee to organize and coordinate major equity investments of its member companies, which helps to ensure that the Company's shareholding structure remains clear and that those investments are aligned with CPIC's risk appetite and limits. Non-insurance investments shall follow equity investment approval process and seek approval from relevant authorities as per corporate governance structures.

In management of its non-insurance business, CPIC strictly complies with relevant CBIRC regulations, and designates lead departments for the management. The risk exposure of non-insurance investments is evaluated regularly, with results reported to the board. It also conducts effective 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 2022, in accordance with new regulations, the Company conducted a full review of existing

management rules of its non-insurance member companies, with plans for optimisation, in a bid to improve mechanisms for capital constraints, post-investment management, and digital capability building, and further upgrade the differentiated management system for non-insurance areas.

(IV). Results of SARMRA assessment

In August 2022, CBIRC conducted SARMRA assessment of the Company, and the result is yet to be released.

VII. Integrated Risk Rating

(I) Results of the last 2 rounds of IRR

Not applicable. CBIRC 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 2022

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:	19.47bn 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 the senior management of the Company warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, and that there is no false representation, misleading statement or material omissions; and they severally and jointly accept responsibility for the contents of this report.

1. Voting results by directors

Name of directors	For	Against	Abstain
SU Shaojun	√		
WU Junhao	√		
ZHANG Weidong	√		
ZHANG Yuanhan	√		
ZHANG Yuhua	√		
YU Bin	√		
GU Yue	√		
Total	7		

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

II. Basic information

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

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

Types of shareholders	Beginning of reporting period	Change	End of reporting period
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	Shares	Percentage (%)	Shareholder injection	Transfer from capital reserve and share dividends distribution	Share transfer	Subtotal	Shares	Percentage (%)
State	29,179	1.5	-	-	-	-	29,179	1.5
Private legal person	-	-	-	-	-	-	-	-
Foreign	-	-	-	-	-	-	-	-
Natural person	-	-	-	-	-	-	-	-
Others								
(listed company)	1,917,821	98.5	-	-	-	-	1,917,821	98.5
Total	1,947,000	100	-	-	-	-	1,947,000	100

2. De facto controller

China Pacific Insurance (Group) Co., Ltd. is the majority 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)	-	19,178,214,743	98.50	None
Shenergy Group Co., Ltd.	State-owned	-	90,874,742	0.47	None
Shanghai Haiyan Investment Management Company Limited	State-owned	-	90,620,982	0.46	None
Yunnan Hehe (Group) Co., Ltd.	State-owned	-	59,586,361	0.31	None
Shanghai State-owned Assets Operation Co., Ltd.	State-owned	-	50,703,172	0.26	None
Total	—	-	19,470,000,000	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.
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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, 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, Director of Board Office of CPIC P/C, Director of Supervisory Board Office of CPIC P/C, General Manager of Tele-marketing Center of CPIC P/C, Head of Strategy Research Center of CPIC Group and Deputy Director of Transformation of CPIC Group.

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

WU previously served as Supervisor of Shanghai Pharmaceuticals Holding Co., Ltd., a company listed on SSE and on SEHK, Director of Shanghai Jiulian Group Co., Ltd., and Director of Chengdu Xinshen Venture Capital Co., Ltd.

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

Mr. ZHANG Yuanhan, born in November 1967, holds a master's degree. 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 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. ZHANG Yuhua, born in November 1967, holds a master's degree. He has been serving as Director of the Company since May 2021 (approval document: CBIRC [2021] No. 378). Mr. ZHANG currently serves as Deputy General Manager of CPIC P/C. Previously, he served as Deputy General Manager of CPIC P/C Shenzhen Branch, General Manager of CPIC P/C Sichuan Branch, and Secretary of Discipline Inspection Commission of CPIC P/C. Prior to that, Mr. ZHANG served as Deputy Director of the Secretary and Administration Department of the Hong Kong and Macao Affairs Office of the State Council, Member of the Standing Committee of the Heze Municipal Party Committee, Deputy Mayor of Heze Municipal Government, Deputy Secretary of Party

Leadership Group of Heze, and Party Secretary of the State-owned Assets Supervision and Administration Commission of Heze.

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 Center of the Company, General Manager of Marketing Department of the Company, Chief Marketing Officer, Deputy General Manager of the Company, and Assistant President of CPIC Group.

Mr. GU Yue, born in June 1965, holds a master's degree. He has been serving as Chairman and Executive Director of the Company since March 2015 (approval document: CIRC [2015] No. 228). Mr. GU also serves as Chairman of CPIC HK and Director of CPIC AMC. Previously, Mr. GU served as Director and General Manager of the Company, Chairman of Board of Supervisors and Director of CPIC Life, Chairman of Board of Supervisors of CPIC AMC, Director of CPIC Health, and Board Secretary, Chief Auditing Officer, Internal Auditing Responsible Person, Vice President and Finance Responsible Person, and Executive Vice President of CPIC Group.

(2). Supervisors

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

CPIC Group, Director of CPIC P/C, CPIC Life and CPIC AMC respectively, and Chairman and General Manager of CPIC Health.

Ms. LI Shuhui, born in July 1972, holds a master's degree, and has been serving as Supervisor of the Company since April 2018 (approval document: CBIRC [2018] No. 125). Ms. LI currently serves as Deputy General Manager and Finance Responsible Person of CPIC Anxin Agricultural. Previously, she served as General Manager of Finance Department/Asset Management Department of the Company, General Manager of Audit Center/Audit Technology Division of CPIC Group, Supervisor of CPIC Health, Internal Auditing Responsible Person of Changjiang Pension, Supervisor of Pacific Insurance Elderly Care Investment Management Co., Ltd., Supervisor of CPIC Anxin Agricultural, and Supervisor of CPIC Online.

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

(3) Senior management

Mr. GU Yue, born in June 1965, holds a master's degree. He has been serving as Chairman and Executive Director of the Company since March 2015 (approval document: CIRC [2015] No. 228). Mr. GU also serves as Chairman of CPIC HK and Director of CPIC AMC. Previously, Mr. GU served as Director and General Manager of the Company, Chairman of Board of Supervisors and Director of CPIC Life, Chairman of Board of Supervisors of CPIC AMC, Director of CPIC Health, and Board Secretary, Chief Auditing Officer, Internal Auditing Responsible Person, Vice President and Finance Responsible Person, and Executive Vice President of CPIC Group.

Mr. ZENG Yi, born in June 1965, holds a bachelor's degree, and has been serving as General Manager of the Company since June 2022 (approval document: CBIRC [2022] No. 379). Previously, Mr. ZENG served as Deputy General Manager, Chief Operating Officer, Director of Auto Insurance Business of CPIC P/C, and General Manager of CPIC P/C Chongqing Branch.

Mr. ZHANG Yuhua, born in November 1967, holds a master's degree. He has been serving as Deputy General Manager of the Company since April 2021 (approval document: CBIRC [2021] No. 226). Mr. ZHANG currently also serves as Director of the Company. Previously, he served as Deputy General Manager of CPIC P/C Shenzhen Branch, General Manager of CPIC P/C Sichuan Branch, Secretary of Discipline Inspection Commission of CPIC P/C, and Deputy Party Secretary of CPIC P/C. Prior to that, Mr. ZHANG served as the Deputy Director of the Secretary and Administration Department of the Hong Kong and Macao Affairs Office of the State Council, Member of the Standing Committee of the Heze Municipal Party Committee, Deputy Mayor of Heze Municipal Government, Deputy Secretary of Party Leadership Group of Heze, and Party Secretary of the State-owned Assets Supervision and Administration Commission of Heze.

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). Mr. SONG also serves as Chairman of CPIC Anxin Agricultural. Previously he served as General Manager of CPIC P/C Hainan Branch, General Manager of Property and Liability Insurance Department of CPIC P/C, General Manager of CPIC P/C Shandong Branch, and Head of Sales of CPIC P/C.

Mr. ZHANG Dong, born in October 1963, holds a master's degree. He has been serving as Deputy General Manager and Compliance Responsible Person (approval documents: CIRC [2014] No. 750 and CIRC [2014] No. 753 respectively), and Chief Risk Officer of the Company since September 2014. Previously, Mr. ZHANG served as Head

of Sales and General Manager of Group Business Department of CPIC Life, General Manager of CPIC Life Hunan Branch, General Manager of CPIC Life Jiangsu Branch, Secretary of Discipline Inspection Commission, Supervisor of CPIC AMC, and Chairman of Trade Union of CPIC AMC.

Mr. XI Yulin, born in November 1962, received university education, and has been serving as Deputy General Manager of the Company since May 2021 (approval document: CIRC [2015] No. 543 (qualification for Assistant General Manager)). He has also been serving as Executive Director and General Manager of CPIC Online since August 2017. Previously, Mr. XI served as General Manager of CPIC P/C Suzhou Branch, and Assistant General Manager (auto insurance) of CPIC P/C.

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

Mr. ZHANG Yu, born in April 1965, received university education. He has been serving as Deputy General Manager of the Company since May 2021 (approval document: CBIRC Shanghai [2019] No. 826 (qualification for Assistant General Manager)). Previously, he served as Deputy General Manager of CPIC Suzhou Branch, Deputy General Manager, and General Manager of CPIC P/C Suzhou Central Sub-branch, Deputy General Manager of CPIC P/C Shanghai Branch, General Manager of CPIC P/C Ningbo Branch, General Manager of CPIC P/C Shanghai Branch, and Assistant General Manager (non-auto insurance) of CPIC P/C.

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

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

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

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

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

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

Mr. ZHOU Xiaonan, born in April 1966, holds a master's degree. He has been serving as Internal Audit Responsible Person(temporary) of the Company since December 2022. Mr. ZHOU also serves as Chief Auditor, and Internal Audit Responsible Person of CPIC Group. Previously, Mr. ZHOU served as Assistant General Manager, Deputy General Manager, Deputy General Manager (in charge), and General Manager of CPIC Life Henan Branch, General Manager of CPIC Life Guangdong Branch, and Deputy General Manager, Chief Digital Officer, Compliance Responsible Person, and Chief Risk Officer of CPIC Life.

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
Internal audit responsible person	XU Zhichun	ZHOU Xiaonan (temporary)

3. Information on compensation of directors, supervisors and senior management of headquarters

(1) Distribution of directors, supervisors and senior management of headquarters across different compensation levels

Compensation range	Number of	Number of	Number of senior
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	directors	supervisors	executives
Above 10mn yuan	-	-	-
5mn yuan-10mn yuan	1	-	1
1mn yuan-5mn yuan	1	1	12
0.5mn yuan-1mn yuan	-	-	-
Below 0.5mn yuan	-	-	-
Total	2	1	13

Notes: Some of directors, supervisors and internal audit responsible person do not receive compensation from the Company. Directors include 2 directors who concurrently serves as senior management. Based on information of directors, supervisors and senior management on the payroll of CPIC P/C in 2022.

(2) Highest compensation : 5.14mn yuan

(3) Status of share option: No.

(4) Incentives linked to profits, and total amounts paid in the year: No.

(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 last quarter	End of this quarter	Change	End of last quarter	End of this quarter	Change (pt)
Subsidiaries						
CPIC 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%	-

Note: During the reporting quarter, Zhongdao Automobile Assistance Industrial Co., Ltd. completed share restructuring and was renamed Zhongdao Automobile Assistance Co., Ltd.

(IV) Breaches

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

Between October 1 and December 31, CBIRC and its branches issued 12 administrative penalties to branch offices of the Company, with 2.226mn yuan in fines for branches and 475,000 yuan in fine for individuals, totalling 2.701mn yuan. Breaches mainly concerned booking of false expenses, falsification of brokerage business for expense-booking, failure to strictly implement insurance terms & clauses or rates filed with the regulator, insurance sales agency by unlicensed entities, granting extra benefits to the insured other than those specified in insurance contracts, refusal to provide compulsory third-party liability insurance, and loss of business permits.

2. Did the directors, senior management receive administrative penalties from financial regulators during the reporting period?

(Yes No)

3. Did misconduct or breaches of directors and senior management trigger judicial proceedings during the reporting period?

(Yes No)

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

(Yes No)

III. Key solvency and business metrics

(I) Key solvency metrics

Unit: RMB 10,000 yuan

Items	As at the end of the reporting period	As at the end of the previous period	Estimates for next quarter under base scenario
Admitted assets	23,138,803	23,430,718	24,310,463
Admitted liabilities	17,623,434	17,633,913	18,265,000
Available capital	5,515,369	5,796,805	6,045,463
Tier 1 core capital	4,526,611	4,388,334	4,655,768
Tier 2 core capital	-	-	-
Tier 1 supplement capital	988,758	1,408,471	1,389,695
Tier 2 supplement capital	-	-	-
Minimum capital	2,724,575	2,612,495	2,758,706
Minimum capital for quantifiable risks	2,771,929	2,657,901	2,806,700
Minimum capital for control risk	-47,355	-45,407	-47,995
Supplement capital	-	-	-
Core solvency margin surplus	1,802,036	1,775,840	1,897,062
Core solvency margin ratio	166.1%	168.0%	168.8%
Comprehensive solvency margin surplus	2,790,795	3,184,310	3,286,757
Comprehensive solvency margin ratio	202.4%	221.9%	219.1%

(II) Liquidity risk indicators

1. Regulatory indicators for liquidity risk

Items		As at the end of the reporting period	As at the end of the previous period	
Net cash flows (RMB 10,000)	YTD	-326,022	90,367	
	Year 2021	288,396	288,396	
	Year 2020	-287,992	-287,992	
LCR (%)	LCR1	Next 3 months	105.0%	111.8%
		Next 12 months	101.2%	103.5%
	LCR2	Next 3 months	152.0%	220.1%

		Next 12 months	100.5%	125.6%
	LCR3	Next 3 months	51.1%	96.3%
		Next 12 months	71.0%	90.7%
Retrospective adverse deviation ratio of net cash flows from business activities (%)	Over the last 2 quarters		365.3%	927.3%
	Over the last quarter		31.0%	365.3%

2. Other indicators of liquidity risk

	Items	This quarter (YTD)	Last quarter (YTD)
Liabilities	Net cash flow from business activities (RMB 10,000)	1,329,686	721,968
	Net cash flow from business activities per 100 yuan in premiums (RMB yuan)	7.9	5.5
	Ratio of cash outflow from business of special types (%)	2.7%	2.5%
	Gross premium growth year-on-year (%)	11.3%	12.1%
Assets	Ratio of cash and liquidity management instruments (%)	1.3%	3.2%
	Quarterly average financing gear (%)	1.2%	2.4%
	Share of domestic fixed income assets with external rating of AA and below (%)	0.4%	0.7%
	Proportion of shares representing over 5% of the stake of listed companies (%)	0.00%	0.00%
	Ratio of fund receivables (%)	13.8%	16.7%
	Ratio of assets of related parties held (%)	3.0%	3.1%

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

Gross premium growth(yoy): year-on-year growth of written premium

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 10,000 yuan

Indicators	As at the end of this quarter/during this quarter	As at the end of this quarter/YTD
Gross written premiums	3,791,858	17,037,669
Net profits	210,860	828,489
Total assets	23,266,714	23,266,714
Net assets	5,034,410	5,034,410
Insurance contract liabilities	13,541,022	13,541,022
Basic earnings per share	0.1	0.4
ROE (%)	4.3	16.7
ROA (%)	0.9	3.8
Investment yield (%)	1.1	5.0
Comprehensive investment yield (%)	0.9	2.9
Combined ratio (%)	96.2	97.0
Expense ratio (%)	32.2	28.5
Loss ratio (%)	63.9	68.5
Proportion of commission and brokerage expenses (%)	8.3	8.6
Proportion of operating and administrative expenses (%)	17.2	19.2
Written premiums	4,009,401	17,567,679
Written premiums of auto insurance	2,785,993	10,386,924
Written premiums of top 5 non-auto	892,394	5,812,545

insurance business lines		
Written premiums of liability insurance	312,051	1,527,313
Written premiums of health insurance	137,960	1,441,553
Written premiums of agricultural insurance	148,310	1,391,935
Written premiums of guarantee insurance	184,762	812,740
Written premiums of commercial property insurance	109,312	639,003
Average vehicle premium of auto insurance (RMB yuan)	2,721	2,795
Written premiums by channels	4,009,401	17,567,679
Agency	2,840,822	11,026,001
Direct	713,999	4,586,450
Brokerage	454,580	1,955,228
Others	-	-

Note: All calculation of reserves was based on financial statements; ROE and ROA were calculated based on $(\text{net assets as at the beginning of the reporting period} + \text{net assets as at the end of the reporting period}) / 2$, and $(\text{total assets at the beginning of the reporting period} + \text{total assets at the end of the reporting period}) / 2$, respectively; 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.

IV. Risk management capabilities

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

As per CBIRC 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 157.775bn yuan; total assets stood at 207.598bn yuan; there are 37 provincial-level branch offices.

(II) Results of last solvency risk management valuation

In the last (Year 2021) solvency risk management valuation, the Company 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

81.68points, 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.

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

During the quarter, the Company mainly took the following measures to improve risk management, especially in infrastructure and culture.

First, it continued its efforts in developing a prevention-oriented integrated risk control and compliance system. By incorporating risk control and compliance standards into the systematic building of its management capabilities, the Company connected the risk control and compliance system with the business capacity-building system, and completed the development of a prevention-oriented integrated risk control and compliance system;

Second, it revised and improved multiple regulations. It issued Provisions on External Credit Rating Management to further standardise the external credit rating standards and procedures, and support the Company's sustainable development strategy; improved the Implementation Rules for Capital Management and established and perfected the capital management mechanisms to improve its capital management; revised the Administrative Measures for Solvency Stress Testing to better identify and give early warnings on risk factors leading to solvency inadequacy, and take appropriate management measures in a timely manner to prevent solvency inadequacy;

Third, it carried out thorough risk screening. To cooperate with Shanghai SASAC's review of its risk inspection, the Company reviewed its self-inspection results and the construction of relevant daily work mechanism; to prevent potential risks, it reviewed its investments in and business cooperation with local financial asset exchanges; it started a Company-wide investigation into potential reputational risks, and based on its actual situation and market environment, studied

reputational risk points, and developed response plans and measures. It tackled the root causes that trigger reputational risks to improve the foresight and effectiveness of its reputational risk management.

Fourth, it greatly strengthened risk management capabilities. The Company established the “Risk Control Guard” certification system, carrying out basic qualification certification for risk control positions of the Company and its branches.

(IV) Status of SARMRA self-assessment

In the fourth quarter of 2022, the Company carried out a self-assessment of its solvency risk management capabilities according to Solvency Regulatory Standards of Insurance Companies No.18: Solvency Report.

In the self-assessment, the Company assessed its risk management situation item by item according to Solvency Regulatory Standards of Insurance Companies No.12: Solvency-aligned Risk Management Requirement and Assessment. Leading the self-assessment, the Company’s risk management department assigned assessment points to relevant departments, organized assessment training, and clarified assessment methods and requirements. As instructed, the departments conducted self-assessment and reported the results item by item to the risk management department, who summarized and reviewed them and gave a final score. The final results were submitted to the Company’s risk and compliance management committee for review and approval.

The Company scored 93.91 points in this SARMRA self-assessment, a score higher than that from 2021. In 2022, it reviewed and revised its risk management system and contingency plans for emergencies following C-ROSS II requirements; further improved the organizational structure of risk management, set up the Internal Audit, Risk Management and Related Party Transaction Control Committee, and the Strategy, Assets and Liabilities Management and Consumer Rights Protection Committee under its board of directors, giving full play to the role of its risk

control system; and strengthened risk prevention in its risk management, carried out investigation into major potential risks, optimized its risk appetite, stepped up risk management system construction, and improved data quality. The Company will continue to improve the risk management system process and promote its implementation, and further strengthen its risk management capabilities in a systematic manner.

V. Information on IRR (differentiated supervision)

(I) Information on IRR (differentiated supervision)

The last two IRR results

Rated AA at the IRR for both Q3 and Q4 of 2022.

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

(II) Status of various risks of the Company

1. Operational risk

This quarter, the Company strengthened compliance management according to relevant regulatory requirements, and made solid progress in management of operational risks and money-laundering related risks, with them under control in general. The following work was done in operational risks management.

First, the Company conducted innovative Company-wide training on compliance for all its employees. It launched the “Risk Control Guard” qualification certification system, and initiated the “Risk Control Guard” Training Camp to carry out training and evaluation for certification of lower-level positions. The training

was done live on-line, including 11 courses on topics such as insurance fraud risks, insurance law practice, C-ROSS II, etc., and covering all the compliance risk positions of the Company and its branches and sub-branches.

Second, the Company strengthened fraud risk prevention and control. It further optimized the monitoring indicators, updating 28 of them this quarter; launched multiple new functions such as the “Tianyan Platform Activeness Index”, “Data Check List”, and “Anti-Fraud Gang Model”, etc.; and tracked the use of the “Tianyan Platform” by its branches using RPA, and the usage efficiency was included in their assessment.

Third, the Company further strengthened the management of criminal cases. It strengthened supervision and guidance for the reporting of cases not related to insurance, tracked the handling of cases involving itself, reiterated the management requirements for case reporting, and tracked the progress of cases reported in the first 3 quarters of 2022.

Fourth, the Company actively carried out special rectification work in overseas business fields. In accordance with CPIC Group’s deployment, it organized special rectification work in overseas business fields. It formulated and issued a rectification plan to conduct in-depth investigation of overseas enterprises, overseas projects and overseas operations for the period from 1st January 2017 to 31 August 2022.

Fifth, the Company made great efforts in preventing illegal fund-raising-related risks. It organized its units at all levels to comprehensively review and evaluate their work in this regard, requiring them to review in light of their actual operation situation their business operation, find the weak links in managing such risks, propose correctional measures, and ensure their implementation through means like interviews, business spot checks, visits to customers, etc.

Sixth, the Company carried out a series of publicity campaigns on anti-money laundering. It made a series of short videos with the theme of “Enhance

anti-money laundering awareness and guard against relevant risks”, which were both educational and interesting and loop-played in workplace elevators.

Seventh, the Company carried out a continuum of anti-money laundering activities with positive results. As of the end of the fourth quarter, it completed a total of 24 research projects covering areas such as day-to-day anti-money laundering work, audit and rectification, self-inspection, preparation for external inspection, etc.

2. Strategic risk

There was no occurrence of risk incidents which may impact the execution of the strategic planning of the Company in this quarter.

In 2022, under the strong leadership of the CPC, China stood up to severe challenges including global changes unseen in a century, the downturn of domestic economy, etc. All regions and departments of the country effectively coordinated economic and social development, and implemented various macro policies and measures to stabilize the economy to maintain the recovery momentum of national economy.

While aligning itself with the country’s “dual circulation” development strategy, the Company paid close attention to the business development opportunities coming from serving national strategies and the real economy and supporting the people’s pursuit of better life. It stepped up efforts for more incremental business, and promoted the development of new energy business models, creating first-mover advantages; pushed forward business innovation and development in areas such as rural revitalization, the Belt and Road Initiative, green and low-carbon development, industrial upgrading, infrastructure, technological innovation, public governance, the Healthy China Initiative, etc., served the “new citizens” in China’s cities, and supported the high-quality development of the manufacturing industry. It also continued to develop its sustainable development

strategy, and promoted systematic capacity-building for high-quality development of the Company.

The Company continues to strengthen the construction of business risk control system, upgrade and build up digital capabilities, promote the systematic management of insurance businesses and customers, and improve the ability to manage the whole life cycle of customer risks. At the same time, it leverages "insurance + technology + service" risk reduction management technology to strengthen professional barriers and promote the optimization and upgrading of the service model through pre-incident real-time monitoring and accident prevention, smart alert and emergency response during the incident, and loss reduction and compensation reduction and efficient service afterwards.

3. Reputational risk

During the quarter, there were no severe reputational risk incidents. As per Interim Provisions on Reputational Risk Management by Banking and Insurance Institutions (CBIRC[2021]No.4), Regulations on Reputational Risk Management of China Pacific Insurance (Group) Co. Ltd. (CPIC[2021]No.57) and Implementation Rules on Reputational Risk Management of China Pacific Property Insurance Co. Ltd. (CPIC P/C [2022] 86), when conducting business and branding activities, the Company will further enhance risk screening and prevention, step up fast response and coordination after the risk emerges and intensify revisit and optimisation after the completion of risk-handling, accumulate the "asset" of reputation and focus on early-stage intervention of reputational risk. In the quarter, the Company conducted simulation of reputational risk scenarios and emergency response drills, with special stress testing. In brief, the risk during the reporting quarter was under control.

4. Liquidity risk

To mitigate liquidity risk, the Company attaches importance to daily cash flow management, coordinates cash flows from business, investment and financing

activities, pays special attention to large cash outflows arising from major claims, 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 contribution into the Mandatory Insurance Security Fund, quarterly pre-payment of income tax, and in the run-up to year-end account closure, the Company made early preparations, designated staff to handle needs for liquidity or applications for payment of branch offices in a timely manner. It will continue to monitor changes to its liquidity status and enhance risk management capabilities.

VI. Management analysis and discussions

(I) Review of key operating results

1. Analysis of changes to IRR ratings

The IRR result for the Company in Q4 2022 was AA, the same as that of the preceding quarter. The overall risk profile of the Company remains stable, with solvency margin ratios stable and strong, business operation and net cash flows from business activities demonstrating signs of improvement amid stability, strategic risk, reputational risk and operational risk all in the normal status, and there was no occurrence of major risk incidents.

2. Analysis of solvency margin ratio movement

As of the end of the reporting quarter, the comprehensive and core solvency margin ratios of the Company stood at 202.4% and 166.1% respectively, down by 19.5pt and 1.8pt respectively from the end of the previous quarter.

Available capital fell by 2.81bn yuan from the previous quarter, mainly due to net profits, other comprehensive income, earlier redemption of capital bonds.

Minimum capital rose by 1.12bn yuan from the previous quarter. Of this, minimum capital for insurance risk increased by 1.15bn yuan, with minimum capital for premium reserve up by 360mn yuan and that for catastrophe risk up by 1.45bn yuan; minimum capital for market risk increased by 200mn yuan, mainly as a result of higher risk exposure of bonds, which led to an increase of

minimum capital by 5.36bn yuan, and an increase of minimum capital by 360mn yuan from interest rate risk; minimum capital for credit risk increased by 150mn yuan, largely because of increased risk exposure on interest spread, which led to an increase in minimum capital by 240mn yuan.

The Company formulated solvency Risk Upper Limits and monitoring indicators compatible with its risk profile and risk appetite, and its own realities, with tracking of the indicators on a regular basis. In the meantime, it continued to ensure stable and sufficient solvency positions via enhanced business quality control, improved capability in risk identification and management, and optimised asset and business mix, etc.

3. Changes to liquidity risk indicators analysis

(1)Liquidity coverage ratios (LCR)

As per C-ROSS II standards on liquidity, the liquidity coverage ratios, i.e., LCR1 and in the next 3 months and 1 year under the base and stress scenarios 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 business activities in the past 2 quarters consistently higher than the regulatory minimum of -30%, meeting regulatory requirements. In the reporting period, net cash outflows of the Company amounted to 3.26bn yuan. Of this, net cash inflow from operating activities was 13.30bn yuan; net cash outflow from investment activities 12.86bn yuan; net cash outflow from financing activities 3.76bn yuan.

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

continue to monitor changes to its liquidity status and enhance risk management capabilities.

Summary of Quarterly Solvency Report (Excerpts)

China Pacific Life Insurance Co., Ltd.

4th Quarter of 2022

Company overview and contact person

Company name (Chinese):	中国太平洋人寿保险股份有限公司
Company name (English):	China Pacific Life Insurance Co., Ltd.
Legal representative:	PAN Yanhong
Registered address:	1 Zhongshan Road (South), Huangpu District, Shanghai, China
Registered capital:	8.6282bn yuan
Business license number:	000015
Date opening for business:	November 2001
Business scope:	Life/health insurance denominated in RMB yuan and foreign currencies including life insurance, health insurance, personal accident insurance, etc.; reinsurance of the above said insurance; statutory life/health insurance; agency and business dealings with domestic and overseas insurers and organizations, loss adjustment, claims and other business entrusted from overseas insurance organizations; insurance funds investment as prescribed by the Insurance Law and relevant laws and regulations; international insurance activities as approved; other international insurance business as approved. 【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 CBIRC also set up branch offices)

Contact person:	HAN Shuwan
Office Tel. number:	021-33965311
Cell phone:	13681726026
Email:	hanshuwan@cpic.com.cn

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I. Board and management statement

(I) Board and management statement

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

(II) Status of review by the board

1. Voting results by directors

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

Note: 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, and change during the reporting period

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

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

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

Names of shareholders	Types of shareholders	Change to shareholding during reporting period 2022	Shares held as at the end of Q4 2022	Shareholding percentage as at the end of Q4 2022 (%)	Shares pledged or in lock-up
China Pacific Insurance (Group) Co., Ltd.	Listed company	-	848,086.31	98.292	-
Shenergy Group Co., Ltd.	State-owned	-	4,711.59	0.546	-
Shanghai State-Owned Assets Operation Co., Ltd.	State-owned	-	4,689.24	0.544	-
Shanghai Haiyan Investment Management Company Limited	State-owned	-	3,218.11	0.373	-
Yunnan Hehe (Group) Co., Ltd.	State-owned	-	2,114.75	0.245	-
Related party relations between shareholders	Of the 5 shareholders of the Company, with the exception of CPIC Group, all are concurrently shareholders of CPIC Group. Other than that, the Company is not aware of any related party relations between its shareholders.				

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

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

4. Share transfer: Was there any share transfer during the reporting period?(Yes No)

(II) Directors, supervisors and senior management

1. Basic information of directors, supervisors and senior management

(1) Directors

As of the end of December 2022, the 7th Board of Directors of the Company has 7 directors in total:

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

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

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

Mr. WU Junhao, born in June 1965, holds a master's degree. He has been serving as Director of the Company since July 2012 (approval document: CIRC Approval [2012] No. 816). Mr. WU currently serves as General Manager of the Financial Management Department of Shenergy (Group) Co., Ltd., Non-executive Director of CPIC Group, and Director of CPIC P/C. Mr. WU also is Supervisor of Orient Securities Company Limited, a company listed on SSE and SEHK, Director of Shanghai Chengyi 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 the Assets Management Department, Deputy Manager of the Financial Management Department of Shenergy (Group) Co., Ltd., Director of Shanghai Jiulian Group Co., Ltd., and Director of Chengdu Xinshen Venture Capital Co., Ltd. Mr. WU also formerly served as Supervisor of Shanghai Pharmaceuticals Holding Co., Ltd., a company listed on SSE and SEHK, and Director of Orient Securities Company Limited.

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

Mr. ZHANG Yuanhan, born in November 1967, holds a master's degree and is a director of China Association of Actuaries, a member of the Society of Actuaries and American Academy of Actuaries. He has served as Director of the Company since March 2018 (approval document: CIRC [2018] No.327). Mr. ZHANG is also Chief Actuary and Finance Responsible Person of CPIC Group, Director of CPIC P/C, and Director of CPIC Health. Mr. ZHANG previously served as Chief Actuary of Citi Group TRV-Citi Insurance headquarters, Chief Actuary, Deputy General Manager and Vice President of MetLife Insurance Company Limited (Shanghai), Chief Actuary of Sino Life Insurance Co., Ltd., Deputy General Manager, CFO and Chief Actuary of Sun Life Everbright Life Insurance Co., Ltd., Chief Risk Officer, Chief Actuary and Chief Risk Officer of CPIC Health, and Director of CPIC AMC.

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

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

(2) Supervisors

As of the end of December 2022, the 7th Board of Supervisors of the Company has 3 supervisors:

Mr. FENG Jintao, born in November 1976, holds a master's degree. He has been serving as Supervisor of the Company (approval document: CBIRC [2021] No. 438) since June 2021. He currently serves as General Manager of Individual Business Planning Department and General Manager of Career-based Marketing Management Department of the Company. Previously, he served as Head of Individual Business Department of CPIC Life Shandong Branch, Deputy General Manager of CPIC Life Shandong Branch, General Manager of Individual Business Marketing Department and Individual Business Management Department of the Company, and General Manager of CPIC Life Henan Branch, concurrently General Manager of CPIC Life Yudong Branch.

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

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

(3) Senior management

As of the end of December 2022, the Company has 15 members of senior management in total:

Mr. CAI Qiang currently serves as General Manager (CEO) of the Company. Please refer to the basic information of directors above for Mr. CAI's biography.

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

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 Insurance Senior Living Investment Management Co., Ltd., Chairman and Legal Representative of Pacific ORPEA (Shanghai) Senior Care Service Co., Ltd., Director of Pacific Care Home (Dali) 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. DAI Wenhao, born in January 1974, holds a master's degree. He currently serves as Deputy GM of the Company (approval document: CBIRC [2018] No.440). Mr. DAI previously served as Manager of Information Technology Department and Human Resources Department of CPIC Life Ningbo Branch, assistant to GM, Deputy GM of the Information Technology Department of CPIC Life, GM of the Control Management Center of CPIC Life Ningbo Branch, GM of Contract Department, GM of Operation and Planning Department of CPIC Life, GM of CPIC Life Jiangxi Branch, GM of CPIC Life Henan Branch and concurrently Yudong Branch. He took up his current position in June 2018.

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

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

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

Ms. CHEN Xiujuan, born in June 1971, holds a master's degree. She is currently Chief Actuary of the Company (approval document: CIRC [2014] No.770) and General Manager of Health Insurance Business Unit of the Company. Ms. Chen previously served as deputy head of Actuarial Section of the Actuarial Department of CPIC Life, senior specialist of the Actuarial Department of CPIC Life, Assistant GM (in charge), Deputy GM (in charge), and GM of CPIC Life. Ms. CHEN has professional qualifications of an actuary, and is an executive director of the China Association of Actuaries. She took up her current position in September 2014.

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

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

Department of CPIC Life Guizhou Branch, Assistant GM, Deputy GM of CPIC Life Guizhou Branch, and Senior Deputy GM, GM of CPIC Life Shanghai Branch. He took up his current position in August 2019.

Mr. TAI Fuchun, born in December 1967, holds a master's degree. He currently serves as Assistant General Manager of the Company (approval document: CBIRC [2021] No. 745). Mr. TAI previously served as Assistant General Manager, Deputy General Manager and General Manager of CPIC Life Shanxi Branch, General Manager of the Customer Resource Management Department of CPIC Life, General Manager of CPIC Life Shandong Branch, Deputy Chief Auditor of CPIC Group, and Internal Auditing 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) and Acting Responsible Person of CPIC Life Shanghai Branch. Mr. JIANG previously served as Deputy General Manager of the Human Resources Department of CPIC Life, General Manager of CPIC Life Ningxia Branch, General Manager of CPIC Life Shaanxi Branch, Head of Transformation Matters for CPIC Group, and General Manager of CPIC Life Zhejiang Branch. 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 Dabaoguisheng Information Technology Co., Ltd. Mr. HUANG previously served as Technical Director and Chief Architect of Digital China Rongxin Software Co., Ltd., Vice President of Digital China Engineering Institute, Executive Director, and General Manager of China Qicheng (Beijing) Technology Co., Ltd., and General Manager of Bank Cloud Credit Business Center of OneConnect Financial Technology Co., Ltd. of Ping An Group. He took up his current positions in October 2021.

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

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

2. Changes to directors, supervisors and senior management

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

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

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

3. Information on compensation of directors, supervisors and senior management of headquarters

(1) Distribution of directors, supervisors and senior management of headquarters across different compensation levels

Compensation range	Number of directors	Number of supervisors	Number of senior executives
Above 10mn yuan	-	-	-
5mn yuan-10mn yuan	1	-	-
1mn yuan-5mn yuan	1	2	14
0.5mn yuan-1mn yuan	-	-	-
Below 0.5mn yuan	-	-	-
Total	2	2	14

Notes: 1. Directors include 1 director who concurrently serves as senior management.

2. Based on information of directors, supervisors and senior management on the payroll of CPIC Life

(2) Highest compensation : 7.50mn yuan

(3) Status of share option: (Yes No)

(4) Incentives linked to profits, and total amounts paid in the year: (Yes No)

(III) Subsidiaries, joint ventures or associates

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

Company name	Number of shares (10,000 shares)			Shareholding percentage (%)		
	As at the beginning of this quarter	As at the end of this quarter	Change amount	As at the beginning of this quarter	As at the end of this quarter	Change (pt)
Changjiang Pension Insurance Co., Ltd.	186,486	186,486	-	62.16	62.16	-
City Island Developments Limited	0.1	0.1	-	100.00	100.00	-
Tianjin Trophy Real Estate Co., Ltd.	35,369	35,369	-	100.00	100.00	-
Pacific Insurance Senior Living Investment Management Co., Ltd.	500,000	500,000	-	100.00	100.00	-
Pacific Medical & Healthcare Management Co. Ltd.	50,000	100,000	50,000	100.00	100.00	-
CPIC Senior Living Development (Chengdu) Co. Ltd.	97,200	98,700	1,500	100.00	100.00	-
CPIC Senior Living (Hangzhou) Co. Ltd.	94,000	100,000	6,000	100.00	100.00	-
CPIC Senior Living (Xiamen) Co. Ltd.	70,500	90,000	19,500	100.00	100.00	-

CPIC Senior Living (Nanjing) Co. Ltd.	16,900	22,000	5,100	100.00	100.00	-
CPIC Rehab & Retirement (Shanghai) Industrial Development Co. Ltd.	25,000	25,000	-	100.00	100.00	-
CPIC Senior Living (Zhengzhou) Co. Ltd.	18,350	25,850	7,500	100.00	100.00	-
CPIC Senior Living (Beijing) Co. Ltd.	59,700	59,700	-	100.00	100.00	-
CPIC Senior Living (Wuhan) Co. Ltd.	59,308	71,308	12,000	100.00	100.00	-
CPIC Health Management (Sanya) Co. Ltd.	21,888	21,888	-	100.00	100.00	-
Beijing Borui Heming Insurance Agency Co. Ltd.	5,200	5,200	-	100.00	100.00	-
China Pacific Life Insurance (Hong Kong) Company Limited	100,000	100,000	-	100.00	100.00	-
Shanghai Dabao Guisheng Information Technology Co. Ltd.	1,020	1,020	-	34.00	34.00	-
Shanghai Rui Yong Jing Property Development Co. Ltd.	983,500	983,500	-	70.00	70.00	-
Shanghai Shantai Health Care Technology Co. Ltd.	4,000	4,000	-	40.00	40.00	-
Zhongbao Rongxin Private Equity Fund Management Co. Ltd.	150,000	150,000	-	10.14	10.14	-
Lianren Healthcare Big Data Technology Co. Ltd.	50,000	50,000	-	20.00	20.00	-

Note: .Shareholding percentage of Lianren Health care Big Data Technology Co. Ltd. is based on subscribed capital contribution. As at 31 December 2022, the change of registered capital was not fully paid-in, and based on paid-in capital, the shareholding of the Company was 24.37%.

1. Did the Company and its directors, supervisors and senior management receive any administrative penalties from financial regulators during the reporting period?

(Yes No)

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

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

(Yes No)

During the reporting period, there was no regulatory measures against the Company by CBIRC. However, certain CBIRC branches took regulatory measures against the Company's branches, namely, Wuxi Branch, Nanyang Branch of He'nan, Longyan Key Sub-branch of Fujian Branch, Longhua Sub-branch of Hebei Branch, Yantai Key Sub-branch of Shandong Branch, Suzhou Key Sub-branch of Anhui Branch, Yulin Key Sub-branch of Shaanxi Branch each receiving an administrative penalty. Besides,

Ganzhou Key Sub-branch of Jiangxi Branch, Hainan Branch, Ji An Key Sub-branch of Jiangxi Branch, Qingyuan Key Sub-branch of Guangdong Branch, Jing De Zhen Key Sub-branch of Jiangxi Branch each received a Regulatory Opinion Letter, and Yichun Key Sub-branch of Jiangxi Branch received 2 Regulatory Opinion Letters; Shangqiu Key Sub-branch of Henani Branch received 2 Regulatory Notices, and Nanning Key Sub-branch of Guangxi Branch received 1 Regulatory Notice.

III. Key indicators

(I) Key solvency metrics

unit: 10,000 RMB yuan

Indicators	As at the end of this quarter	As at the end of last quarter	Next quarter estimates
Admitted assets	181,564,020	177,481,888	186,003,957
Admitted liabilities	147,141,837	143,386,208	154,902,773
Available capital	34,422,183	34,095,680	31,101,184
Tier 1 core capital	19,495,743	19,512,473	17,500,815
Tier 2 core capital	1,289,041	767,566	0
Tier 1 supplement capital	13,630,079	13,805,906	13,594,831
Tier 2 supplement capital	7,320	9,735	5,538
Minimum capital	15,780,195	14,169,686	16,116,715
Minimum capital for quantifiable risks	15,877,686	14,257,226	16,216,285
Minimum capital for control risk	-97,491	-87,541	-99,570
Supplement capital	0	0	0
Core solvency margin surplus	5,004,589	6,110,353	1,384,100
Core solvency margin ratio (%)	132	143	109
Comprehensive solvency margin surplus	18,641,988	19,925,994	14,984,469
Comprehensive solvency margin ratio (%)	218	241	193

(II) Regulatory indicators for liquidity risk

Items	As at the end of the reporting period	As at the end of the previous period
Liquidity coverage ratio (LCD) (%)		
LCR1 under base scenario		
Next 3 months	119	127

Items	As at the end of the reporting period	As at the end of the previous period
Next 12 months	107	106
LCR2 under stress scenario		
Next 3 months	559	706
Next 12 months	235	238
LCR3 under stress scenario excluding asset disposal		
Next 3 months	162	145
Next 12 months	110	116
Retrospective adverse deviation ratio of net cash flows from business activities (%)	50	35
Net cash flow YTD (RMB yuan 10,000)	1,620,491	563,476

(III) Indicators for monitoring liquidity risk

Indicators	unit: 10,000 RMB yuan	
	As at the end of this quarter/during this quarter	As at the end of last quarter/during last quarter
1. Net cash flow from operating activities	13,453,384	10,436,138
2. Comprehensive surrender ratio	1.81	1.45
3-1. Net cash flow from participating accounts	4,217,164	3,609,761
3-2. Net cash flow from universal accounts	1,743,409	1,673,940
4.Total premiums growth year-on-year	6.9	5.7
5.Ratio of cash and liquidity instruments	2.2	1.7
6.Quarterly average financial leverage ratio	5.7	5.9
7.Share of domestic fixed income assets rated AA and below	3.3	3.2
8.Share of investments in listed stocks with a stake of 5% or above	0.4	0.4
9.Share of receivables	0.5	0.8
10.Share of related party assets held by the Company	3.9	2.6

(IV) IRR results

The feed-back from the regulator concerning the results of the IRR (differentiated supervision) indicated AA and AAA ratings of the Company for both Q3 and Q4 of 2022.

(V) Key business metrics

1.Key business metrics

unit: 10,000 RMB yuan

Indicators	As at the end of this quarter/during this quarter	YTD
Gross written premiums	3,560,442	22,534,348
Net profits	284,776	1,647,888
Total assets	182,290,659	182,290,659
Net assets	10,333,157	10,333,157
Insurance contract liabilities	141,923,291	141,923,291
Basic earnings per share (RMB yuan)	0.33	1.94
ROE (%)	2.81	16.12
ROA (%)	0.16	0.95
Investment yield (%)	0.87	3.92
Comprehensive investment yield (%)	0.95	2.25

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, 2022, its written premiums amounted to 244.9bn yuan, with total assets of 1,822.9bn yuan, and 35 provincial-level branches.

(II) Results of last solvency risk management evaluation

In the last (Year 2017) SARMRA evaluation, the Company scored 83.03 points. Of this, infrastructure and environment of risk management was 16.12 points, targets and instruments of risk management was 8.82 points, insurance risk management was 8.36 points, market risk management was 8.00 points, credit risk management was 8.00 points, operational risk management was 8.38 points, strategic risk management was 8.96 points, reputation risk management was 8.33 points, liquidity risk management was 8.06 points. There was an on-site SARMRA assessment by the regulator in 2022, and the results are yet to be released.

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

The Company attaches great importance to risk management. It identified gaps in solvency risk management systems and took effective remedial actions to enhance solvency risk management based on findings of regulatory assessment of its peers as well as those of its own internal audits. Below is a summary of what was done in Q4 2022.

First, initiated the amendment of 2023 Risk Tolerance and Key Risk Indicators in light of C-ROSS II and internal risk management requirements.

Second, monitored, on a regular basis, Risk Tolerance and Key Risk Indicators, formulated reports which were submitted to the Management Committee, the Asset Liability Management Working Group, followed by special analysis of key risks, drafting of corrective measures and the push for actions by relevant departments.

Third, supported Group IA in annual audit of the ERM systems in soundness of rules and effectiveness of adherence.

In Q1 of 2023, the Company intends to focus on the following areas for its solvency risk management.

First, push for rectification and optimisation of its risk management system based on findings of regulatory on-site assessment and its own SARMRA internal audit, while considering C-ROSS II standards.

Second, proceed with amendments of Risk Tolerance and Key Risk Indicators for 2023, subject to thorough discussions by the Asset Liability Management Working Group

Third, conduct analysis of key risks in its business operation, establish mechanisms for deliberations between head-office and branches.

V. Information on IRR (differentiated supervision)

(I) IRR under current differentiated supervision regime

The feed-back from the regulator concerning the results of the IRR (differentiated supervision) indicated AA and AAA ratings of the Company for both Q3 and Q4 of 2022, with Q4 rating improving compared to that for Q3.

The Company continued to enhance the testing and evaluation system for differentiated supervision, keeping tabs on risk metrics and seeking to improve the timeliness and accuracy of such monitoring; issued risk early warning in a timely manner via the monitoring and analysis of changes to metrics on a regular basis; in the meantime, stepped up risk topical research and mitigation programmes, such as conducting in-depth study of cause and trends of risks, identifying patterns and coming up with mitigation recommendations, with follow-up remedial actions. To date, the Company has issued several management policies on IRR, conducted amendment and revision according to the 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 focus on root-causes and the front-line of business to strengthen control of business operation risks, and leverage IRR to encourage branch offices to ensure compliance and enhance basic management.

(II) Self-assessment of unquantifiable risks

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

1. Methods, processes and results of self-assessment

As part of its work in quarterly differentiated supervision, the Company organises, on a quarterly basis, a self-review of operational risk, strategic risk, reputational risk and liquidity risk involving relevant departments to evaluate its risk status in an objective way. Departments involved would monitor various indicators according to assignment of responsibilities, and in the event of detection of abnormalities, would follow up and identify their causes, so as to track the development of risks and roll out remedial actions in a timely manner; and in the absence of such remedial actions, they would formulate rectification plans with deadlines. The actual status as of the end of each quarter would

be submitted by departments within their scope of responsibilities to the lead department, which, in turn, would compile the data, report them to company management and file with the regulator. The latest self-assessment indicated that unquantifiable risks were under control, and no triggers of material risk incidents were detected.

2. Status of unquantifiable risks

In operation risk, the Company issued Provisions on Operational Risk Management (CPIC Life [2022] No.170), Provisions on Data Loss Recovery of Operational Risk (CPIC Life [2022] No.234), Measures on Operational Risk and Internal Control(2022) (CPIC Life [2022] No.274), in a bid to clearly define the responsibility of operational risk management, and establish more scientific and regular risk mitigation mechanisms. Based on analysis of IRR indicators and the monitoring of operational risk metrics, the operation risk was manageable overall, including in insurance business, fund utilisation, corporate governance, IT systems, legal cases management, etc..

In reputational risk, the Company gives priority risk screening including regular screening, routine screening and ad hoc screening so as to enhance at-source management of adverse publicity. It set up a risk handling working group at headquarters, with dedicated positions on reputational risk management at both headquarters and branch offices in a bid to step up coordination. Training and drills have become an important part of daily risk management, which consist of specialised programmes in handling of publicity crisis and media interviews leveraging the expertise of in-house and third-party experts, and support for branch offices via special-purpose training, and the formulation, dissemination of handbooks. In 2022, the Company monitored and addressed 104 reports (original) of adverse publicity on the media, less than in 2021, and monitored 14 sensitive contents, which totalled 118. Of this, there were 29 Level III reports, accounting for 27.9%, 75 Level IV reports, representing 72.1%, and there were no Level I or II major incidents, indicating manageable reputational risk. Self-media and social media tend to be the high-risk area. In terms of content, the share of mis-selling, claims disputes and disclosure of regulatory punishments was relatively high.

As for strategic risk, the implementation of strategies of the Company is in a healthy

status. In terms of factors which may impact its business operation and fulfillment of strategic objectives, and a challenging international environment heightened pressures on economic growth. But given the host of measures to shore up the economy by the government, the long-term trends of economic growth remain intact. The Company pressed ahead with the implementation of Changhang Action Programme, pushed forward 8 projects in a systematic manner, with the Career-based Agency Force aiming for “3 Directions and 5 Mosts” delivering initial results. It would persist in the Changhang Transformation and strive for healthy and steady development. The Company proactively responded to changes in market conditions, innovated its research system known as Ba Duan Jin to obtain insights into the market environment, pushed for supply-side reform, worked out the road-map of Changhang Transformation, designed 8 transformation projects, in a bid to build the model for high-quality development; at the same time, deepened the reform of HR mechanisms, defined KPIs and key tasks, value/profit metrics of transformation projects and milestones, enhanced performance evaluation of strategy implementation, so as to support the fulfillment of its strategic objectives and implementation of key tasks.

With respect to liquidity risk, the Company established a cash flow management system for investment accounts covering assets and liabilities, front-line departments and back-office departments. To be concrete, the system includes the projection, review, analysis and transfer of cash flows from investment accounts, account-specific cash flow projection in the event of material adjustment of business plans, the review of discrepancies between actual cash flows and projections, with the setting of tolerance depending on size of accounts and profiles of liabilities. In the event of breaches of cash flow discrepancy tolerance, a detailed explanation is required. Meanwhile, the Company conducts on a regular basis liquidity emergency drills to ensure effective response in cases of occurrence of risk incidents; put in place mechanisms for early warning, with the focus shifting from crisis handling to early warning and prevention, which can enhance overall liquidity risk management. Net cash flows YTD amounted to 16.20491bn yuan, with sufficient LCRs under all scenarios. Relevant indicators show that the liquidity management of the Company was sound and effective, with the liquidity risk overall under control.

VI. Management Analysis and Discussions

(I) Changes to solvency analysis this quarter

As of the end of this quarter, the core solvency margin ratio of the Company was 132%, with a margin surplus of 50.04589bn yuan, down by 11pt from the previous quarter; the comprehensive solvency margin ratio of the Company was 218%, with a margin surplus of 186.41988bn yuan, down by 23pt from the previous quarter. Reasons for change are as follows:

1. As of the end of this quarter, available capital amounted to 344.22183bn yuan, versus 340.95680bn of the previous quarter, rising by 1.0%, mainly due to:

(1) Due to capital market volatility and movement of insurance contract liabilities under solvency reporting, core capital increased by 5.04746bn yuan;

(2) Supplement capital fell by 1.78243bn yuan.

2. As of the end of this quarter, minimum capital amounted to 157.80195bn yuan, versus 141.69686bn as of the end of the previous quarter, up by 11.4%, mainly due to:

(1) Minimum capital for insurance risk during the quarter increased by 542.64mn yuan;

(2) Minimum capital for market risk during the quarter increased by 16.88318bn yuan, as a result of exclusion of fixed income non-standard assets from the calculation of interest rate risk;

(3) Minimum capital for credit risk during the quarter increased by 1.24888bn yuan;

(4) Risk diversification effect and loss absorption increased by 2.47011bn yuan, which lowered minimum capital requirements;

(5) Subtraction from minimum capital by control risk increased by 99.50mn yuan.

(II) Changes to regulatory liquidity risk indicators

LCR for the next 3 months was 119%, and that for the next 12 months of 107%, which can still satisfy the minimum requirement of 100%. The LCR in the next 12 months under the stress scenario and the stress scenario without considering disposal of assets was 235% and 110%, respectively, all staying in comfort zones.

Net cash flows YTD grew steadily, amounting to 16.20491bn yuan as of the end of the quarter.

(III) Analysis of changes to IRR

As per communications of CBIRC, the result of IRR of the Company for Q4 2022 was AAA, an improvement from the preceding quarter. In recent years, the Company continuously implemented new rules of IRR under C-ROSS II, established and optimised long-term work mechanisms, stepped up rectification of indicator-based early warning, and has delivered tangible benefits. At the same time, it firmly pressed ahead with the Changhang Action Programme, seeking to meet challenges of various risks via the deepening of transformation strategy. Going forward, it will continue to uphold the long term, persist in compliance in business operation, enhance risk control capabilities, and accelerate high-quality development.

Summary of Quarterly Solvency Report (Excerpts)

Pacific Health Insurance Co., Ltd.

4th Quarter of 2022

Company overview and contact information

Company name (Chinese):	太平洋健康保险股份有限公司
Company name (English):	Pacific Health Insurance Co., Ltd.
Legal representative:	MA Xin
Registered address	13th Floor, Building No. 1, 1229 Century Avenue, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC
Registered capital	3.6 billion yuan
Business license number	00000117
Date opening for business	December 2014
Business scope	Health and personal accident insurance denominated in RMB yuan and foreign currencies; health insurance commissioned by the government or supplementary to state medical insurance policies; reinsurance of the above said insurance; health insurance-related agency and consulting business; insurance funds investment as approved by relevant laws and regulations; other business as approved by the CIRC.
Business territories	Shanghai, Beijing, Guangdong Province, Sichuan Province.
Contact person:	XIA Bing
Tel. number:	+86-21-33968652
Cell phone:	13761619886
Fax number:	+86-21-68870641
Email:	xiabing-003@cpic.com.cn

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I. Board and management statement

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

1. Voting results by directors

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

Note: 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

Shares held by	Shares or contribution as at the end of reporting period (unit: 10,000 shares)	Percentage (%)	Shares or contribution as at the beginning of reporting period (unit: 10,000 shares)	Percentage (%)
Domestic legal persons	360,000.00	100.00	170,000.00	100.00
Domestic natural persons	-	-	-	-
Foreign	-	-	-	-
Others	-	-	-	-
Total	360,000.00	100.00	170,000.00	100.00

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

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

3. Shareholding by directors, supervisors and senior management

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

4. Share transfer during the reporting period

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

(II) Controlling shareholder or de facto controller

China Pacific Insurance (Group) Co., Ltd.

(III) Directors, supervisors and senior management

1. Directors (6 in total)

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

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

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

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

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

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

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

2. Supervisors (3 in total):

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

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

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

3. Senior management (6 in total)

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). Previously, Mr. LI served as Director of Risk and Compliance, Compliance Responsible Person and General Manger of Risk Management Department of CPIC Group, Director of CPIC P/C, CPIC Life, CPIC AMC and the Company.

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

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

Ms. YIN Yanling, born in June 1972, holds a master's degree and is a member of China Association of Actuaries. She has been serving as Finance Responsible Person of the Company since September 2021 (approval document: CBIRC [2021] No.729), serving

as the Chief Actuary of the Company since August 2022 (approval document: CBIRC [2022] No.532) and Board Secretary the Company since August 2022 (no approval document). She also serves as head of the Technology Centre of the Company. Previously, she served as head of the Actuarial Management Section of Planning and Finance Department of CPIC Group, Assistant General Manager of Planning and Finance Department of CPIC Group, Deputy General Manager (in charge) of Financial Investment Department/Actuarial Department, Deputy General Manager (in charge) of Financial Management Department/Actuarial Department, Deputy General Manager of Risk Management Department/Risk Monitoring Department, General Manager of Financial Management Department/Actuarial Department, and General Manager of Actuarial Department of CPIC Group, General Manager of Actuarial Department of CPIC Life, and Acting Finance Responsible Person and Acting Actuarial Responsible Person of the Company.

Ms. WEN Qin, born in October 1975, holds a bachelor's degree and has legal professional qualification. She has been serving as Compliance Responsible Person of the Company since September 2019 (approval document: CBIRC [2019] No.796). Ms. WEN is also Legal Responsible Person and General Manager of Risk and Compliance Department (Discipline Inspection Office) of the Company. Previously, she served as Legal Responsible Person and General Manager and Legal & Compliance Department of Lujiazui Cathay Life Insurance Co., Ltd. and Assistant General Manager and Legal Responsible Person of Legal & Compliance Department of Cathay Life Insurance Co., Ltd.

Mr. JIANG Honglang, born in November 1964, holds a doctoral degree and title of senior auditor. He has been serving as Internal Auditing Responsible Person of the Company since January 2019 (approval document: CBIRC [2019] No.128). Mr. JIANG currently serves as General Manager of Digital Audit Technology Department of CPIC Group. Previously, he served as Senior Auditor of Internal Audit Department of CPIC Group, Deputy General Manager of Internal Audit Management Department of CPIC Group, and General Manager of Remote Internal Audit Department of CPIC Group. Prior to that, he served as associate professor of Institute of Applied Mathematics of Guizhou University of Technology.

Note: Ms. WEN Qin, Compliance Responsible Person of the Company, resigned on 30 December 2022.

4. Information on compensation of directors, supervisors and senior management of headquarters

(1) Distribution of directors, supervisors and senior management of headquarters across different compensation levels

Compensation range	Number of directors	Number of supervisors	Number of senior executives
Above 10mn yuan			
5mn yuan-10mn yuan			
1mn yuan-5mn yuan		1	4
0.5mn yuan-1mn yuan			1
Below 0.5mn yuan			
Total		1	5

(2) Highest compensation: 2.1792mn yuan

(3) Status of share option: (Yes No)

(4) Incentives linked to profits, and total amounts paid in the year: (Yes No)

Annual performance-based bonus of the Company is linked to all-around evaluation via a series of metrics, and there is no incentives tied to profits.

(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 its equity in January 2016, holding 20% of its shares.

There was no change during the reporting period.

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

None during the reporting period.

III. Main indicators

(I) Solvency margin ratios

unit: 10,000 RMB yuan

Items	As at the end of this quarter	As at the end of last quarter	Next quarter estimates
Admitted assets	993,030.41	1,104,691.71	1,080,005.82
Admitted liabilities	670,483.13	789,040.64	760,438.26
Available capital	322,547.28	315,651.07	319,567.56
Tier-1 core capital	306,929.98	301,754.26	287,410.31
Tier-2 core capital	1,962.26	-	4,239.31
Tier-1 supplement capital	13,655.04	13,896.81	27,917.94
Tier-2 supplement capital	-	-	-
Minimum capital	121,578.75	114,526.85	132,672.33
Minimum capital for quantifiable risks	119,927.56	112,971.43	130,870.47
Minimum capital for control risk	1,651.19	1,555.42	1,801.86
Minimum capital for supplement capital	-	-	-
Solvency margin surplus			
Core solvency margin surplus	187,313.49	187,227.41	158,977.29
Comprehensive solvency margin surplus	200,968.53	201,124.22	186,895.23
Core solvency margin ratio (%)	254	263	220
Comprehensive solvency margin ratio (%)	265	276	241

(II) Regulatory indicators and indicators for monitoring of liquidity risk

Indicators	Reporting quarter	Last quarter
Actual cash flow (unit:10,000 yuan)	20,459.68	-39,141.13
Retrospective adverse deviation ratio of net cash flows from business activities (%)	21	-631
Overall liquidity coverage ratio under base scenario (3 months)(%)	117	121
Overall liquidity coverage ratio under base scenario (12 months)(%)	104	191
Overall liquidity coverage ratio under mandatory stress scenario (3 months)(%)	573	855
Overall liquidity coverage ratio under mandatory stress scenario (12 months)(%)	140	222
Overall liquidity coverage ratio under self-assessment stress scenario (3 months)(%)	548	758
Overall liquidity coverage ratio under self-assessment stress scenario (12 months)(%)	229	304
Overall liquidity coverage ratio before asset disposal under mandatory stress scenario (3 months)(%)	242	180
Overall liquidity coverage ratio before asset disposal under mandatory stress scenario (12 months)(%)	68	55

Overall liquidity coverage ratio before asset disposal under self-assessment stress scenario (3 months)(%)	279	187
Overall liquidity coverage ratio before asset disposal under self-assessment stress scenario (12 months)(%)	173	194
Net cash flow from business activities (unit: 10,000 yuan)	-33,976.16	-44,757.83
GWP year-on-year growth (%)	79.16	4.76
Comprehensive surrender ratio	0.04	0.02
Share of cash flow and liquidity management tools (%)	3.72	1.45
Quarterly average financial leverage ratio (%)	4.20	3.44
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 (%)	13.84	22.37
Share of related party assets held by the Company (%)	4.04	3.62

(III) Key business metrics

Indicators	unit: 10,000 yuan	
	As at the end of this quarter/during this quarter	As at the end of this quarter/YTD
Gross written premiums	146,580.33	528,471.40
Net profits	1,748.99	6,583.83
Total assets	1,003,874.63	1,003,874.63
Net assets	330,511.19	330,511.19
Insurance contract liabilities	352,776.89	352,776.89
Basic earnings per share (yuan)	-	-
ROE (%)	0.53	2.79
ROA (%)	0.16	0.65
Investment yield (%)	0.98	3.94
Comprehensive investment yield (%)	0.85	2.54

IV. Risk management capabilities

(I) Company category

The Company was incorporated in December 2014. As of the end of December 2022, its gross written premiums amounted to 5,284.7140 million yuan (primary premiums: 869.9906 million yuan, inwardly ceded premiums: 4,414.7234 million yuan), and its total assets stood at 10.0387463 billion yuan. 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.

The Company was rated BB at the IRR (differentiated supervision) for both Q3 and Q4 of 2022.

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

In the fourth quarter of 2022, in accordance with the requirements for the building of C-ROSS II risk management system and its annual risk management programme, the Company continued to optimise its risk management system, used risk appetite system for control of various risks. In Q4, the following steps were taken::

1. Pushed for rectification as per feed-back and key concerns of SARMRA on-site assessment, organised step-by-step amendments to basic risk management regulations in line with organisational restructuring.
2. As per regulatory communications on IRR, stepped up monitoring of metrics which may indicate “major risks”, while maintaining stable status of other metrics.
3. Conducted amendments to 2022 annual emergency contingency plan and review of drills, including the master plan and 15 component plans, based on amended contingency plans of the Group, with a review of drills for emergencies in solvency, liquidity and reputational risks.
4. Carried out 2022 annual risk management self-assessment, reviewing progress in building of the risk management system, and made rectification plans for 2023.

In the fourth quarter of 2022, the Company’s risk management work proceeded smoothly based on relevant regulations and processes. Under the implementation of the Company’s risk management and risk appetite systems, no major risk events occurred in the quarter.

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

As per the notification from CBIRC, the Company used its SARMRA assessment result from 2017 for the year of 2022, which was 78.96 points. To be specific, it consisted of 14.07 points for risk management infrastructure and environment, 7.54 points for risk management objectives and tools, 8.02 points for insurance risk management, 8.00 points for market risk management, 8.00 points for credit risk management, 8.36 points for operational risk management, 8.08 points for strategic risk management, 8.22 points for reputational risk management, and 8.68 points for liquidity risk management.

(IV) 2022 annual SARMRA self-assessment

The self-assessment focused on two dimensions: soundness of rules and effectiveness of adherence. The result was 87.76 points out of a full mark of 100.

Infrastructure and environment: 18.47 out of 20.

Objectives and tools: 8.19 out of 10.

Insurance risk management: 8.80 out of 10.

Market risk management: 8.73 out of 10.

Credit risk management: 8.95 out of 10.

Operational risk management: 8.67 out of 10.

Strategic risk management: 8.42 out of 10.

Reputational risk management: 8.84 out of 10.

Liquidity risk management: 8.69 out of 10.

Based on the feedback from the last SARMRA regulatory assessment in 2017, the results of the 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 2022, and formulated a risk management work plan for 2022, setting up the overall annual objective of its solvency risk management system construction 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 stepped up the construction of its solvency risk management system under C-ROSS II.

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 organizational structure and relevant regulations of

its risk management system, optimized risk management performance evaluation rules, and strengthened the execution of risk management process. It made preparations for filing of comprehensive and detailed materials, closely cooperated with regulators. Under regulatory guidance and supervision, the Company further improved its risk management awareness and capability. The details of the SARMRA self-assessment for 2022 are as follows.

1. Infrastructure and environment

Soundness of rules:

In 2022, the Company revised and improved Solvency Risk Management Policy. The organizational 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.

This year, the Company continued to improve the matrix-based organization structure of its risk management system, thus refining the vertical management structure (from the decision-making level to the execution level) and the horizontal management structure (from pre-incident to post-incident management).

The vertical management structure is the risk governance structure of the Company under the ultimate responsibility of the Board of Directors and the direct leadership of the Management Committee, with the Assets and Liabilities Working Group being 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 the functional departments of the headquarters and branches and all the business units, responsible for identifying, assessing, controlling and reporting risks in earlier business stages.

The second line consists of the special committee under the Board of Directors responsible for risk management and the Risk Management Department. It is responsible for effective

and objective supervision of the 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 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.

By 2022, the Company had fully established all the systems related to infrastructure and environment, 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 2022 is as follows.

(1) Board of Directors

During 2022, the Company's Board of Directors approved the updated version of its annual risk appetite, risk management policy and risk management regulations for 7 categories of risks; paid continuous attention to 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 2021 and Q2 2022 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 Transaction Committee is chaired by a director with rich experience in risk management. In 2022, the committee reviewed the Company's risk appetite, risk tolerance, interim and annual risk management reports; evaluated the risks relating to the Company's major operation and management matters; paid continuous attention to the 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 2022, the Board of Supervisors reviewed reports approved by the Board of Directors

on the Company's risk appetite, risk tolerance, interim and annual risk management reports, 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 2022, the Company's Management Committee, following the management and approval process set forth in the Solvency Risk Management Policy, led and organized the implementation of the risk management work. The committee reviewed the risk appetite statement and approved the risk limit system, evaluated the solvency risk status based on quarterly solvency reports and quarterly risk management reports; organized the implementation of measures for breaches of risk limits; organized 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 2022, the Company's Risk and Compliance Department was staffed with two risk management personnel, meeting relevant requirements. The above-mentioned personnel had more than three years of experience in risk management. 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 risk profile, the Company formulated 14 major risk management regulations: 3 risk governance-related regulations, 7 level-1 risk management regulations, and 4 basic management rules. Assessment confirmed that the Company updated its solvency risk management system in 2022 based on C-ROSS II and its organizational structure and risk level.

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

Level 1: General framework. The Company has formulated the Solvency Risk Management Policy and the Measures for Risk Appetite Management, clarifying requirements on risk management organizational 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 rules such as the risk management regulations for major risk categories including insurance, market, credit,

operational, liquidity, strategic, and reputational risks, regulations on insurance fraud risks and money laundering risks, measures for risk management performance appraisal, work procedures for risk management and reporting, measures for integrated risk rating, etc. Corresponding risk management regulations are specific to different risk classifications and work flows, covering the responsibilities, identification, analysis, evaluation, control, monitoring and reporting of different risks.

Level 3: Supportive regulations. In 2022, the Company's business lines and functional departments revised their risk management rules within their scope of responsibilities in accordance with the requirements from the solvency risk management capability assessment.

As of the end of 2022, all the regulatory requirements relating to risk management system 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 January 2022, the Company conducted an appraisal of all the headquarters departments and units on their risk management performance in 2021 according to regulations such as the Solvency Risk Management Policy, the Measures for Risk Management Performance Appraisal and the 2021 Plan for Risk Control and Compliance Performance Appraisal. According to the Plan, both regulatory indicators and internal indicators were used in the performance appraisal, each with a weighting of 50%, with the regulatory indicators being the regulatory assessment results 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 the regulatory assessment results for solvency risk management system in soundness of rules and effectiveness of adherence. In 2022, the Company carried out the risk management performance appraisal for 2021 in strict accordance with regulatory rules.

(7) Training

In 2022, the Company implemented various forms of training on risk management. During the year, it organized 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., and sent personnel to participate in external training on risk management. The Company's Chief Risk Officer and head of the risk management department attended at least one such training recognized by the regulators. In 2022, 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 Risk Management Policy and the Management Measures of Risk Appetite System, where the processes relating to objectives and tools are stipulated, covering all the processes required by C-ROSS II. In the self-assessment, the Company found that further process refinement and clarification of responsibilities are needed for regulations relating to incorporating solvency risk management objectives into the assets and liabilities management process, and for rules on capital management.

Effectiveness of adherence:

(1) Risk appetite system

In 2022, the Company further strengthened the application of the Company's risk appetite system through the Solvency 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 2022, the Company reviewed the Risk Appetite Statement for 2021 and the implementation of its risk appetite in 2021, assessed the effectiveness of the risk tolerance and risk limit indicators in 2021, and based on the assessment results and the Company's strategic objectives in 2022, formulated the Risk Appetite Statement for 2022, where it partially adjusted and optimized the risk appetite statement and risk tolerance. The risk tolerance covers overall risks, quantitative risks and non-quantitative risks. After being approval by the Board of Directors, the Risk Limit System for 2022 covering all the Company's business lines was approved by the Company's 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 2022, 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 2022, 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 2022, 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 giving early warnings and risk control recommendations. The self-assessment found that Company shall further improve assets and liabilities matching, which is indicative of the effectiveness of assets and liabilities management.

3) Capital planning and allocation

The Company has formulated a three-year rolling capital plan for 2022-2024 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 the capital planning work needs to be further strengthened.

4) Stress testing

In 2022, 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 2022, the Company formulated and implemented the Measures for External Credit Rating Management. In emergency management, in 2022, the Company developed a master plan for emergency response and sub-plans, organized drills on solvency deterioration, liquidity contingency plan and reputation risk events, and formed summary 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 specified the insurance risk management responsibilities of relevant departments and positions and stipulates the procedures for setting of 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:

In 2022, the Company improved regulations and optimized their implementation in areas including underwriting, post-sales service, claims and reinsurance, and 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 terms of responsible persons and approval process of the above-mentioned areas, implementation of regulations in those areas, management of outstanding claims, sales policy and underwriting policy, etc.

4. Market risk management

Soundness of rules.

The Company has developed Measures on Market Risk Management, which specified the market risk management responsibilities of relevant departments. When developing market risk management regulations, many factors were taken into consideration including the Company's investment management model, investment assets, and the nature, scale and risk characteristics of the its business, etc. It refined and standardized the processes and their implementation 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 needs for market risk management. Due to the special nature of entrusted 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 has developed and implemented methods for setting limits and procedures for adjustment and breach approval, etc. The Company engages external parties to manage its investment, and conducts internal control of market risks in accordance with the Interim Measures on Investment Management. In 2022, external investment managers strictly followed the risk management process relating to interest rate, equity, and others, and the Company, shouldering primary responsibility, measured, monitored, evaluated and reported on market risks on a quarterly basis. The self-assessment found that the Company, to ensure compliance, studied the macroeconomic conditions and monetary policies, analyzing the characteristics and change patterns of interest rate risks 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, which specified the credit risk management responsibilities of relevant departments and set out stipulations on aspects of credit risks 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 the 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 the constraints of 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 risks including Interim Measures for Management of Investment-related Credit Risks, Measures for Reinsurance Counter-party Credit Management, and Measures for Management of Receivables. The Risk and Compliance 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 compliance, the Company has difficulty in establishing its own database of counter-parties due to the special nature of the entrusted investment, and that it needs to further strengthen early warning of credit risks 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 responsibilities of lead departments 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 two regulations fully cover all relevant regulatory requirements and the Company's actual needs for operational risk management.

Effectiveness of adherence:

The Company organizes its departments to identify and analyze operational risks through risk limits (key risk indicators) and collection of operational risk-related loss events on a quarterly basis. In 2022, the Risk and Compliance Department conducted risk reviews on operational risk matters, organized annual internal control and risk control self-assessment on operation, identified high-risk areas and significant business matters and worked out key control measures. Each department of the Company has developed work management regulations and processes for their 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 authorization 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, annual solvency reports and other information disclosures 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 compliance, 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. In 2022, the Company made continuous improvements in loss events collection and analysis and operational risk control. More comprehensive operational risk identification tools are needed for the Company 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 the 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 the Company's development planning. In terms of soundness of rules, the Measures fully covered all the relevant regulatory requirements and the Company's actual needs for strategic risk management.

Effectiveness of adherence:

Strategic risk management is an integral part of the Company's solvency risk management system, and the Company follows the basic risk management processes for risk identification, analysis, assessment and control in its daily management. In 2022, the Company assessed the implementation of its development plan for 2021, and completed all the reporting procedures of the Board of Directors and Board of Supervisors in accordance with regulatory requirements. The Board of Directors attached great importance to and supervised the implementation of the development plan. The Annual General Manager's Work Report analyzed the opportunities and challenges faced by the Company, taking into account the macroeconomic situation, policy developments and changes in the industry and market environment, and clarified the key tasks for 2022. The Company summarizes and analyses its business operation status on a quarterly basis. Due to the implementation

of regulatory requirements and increase in capital, the Company revised the Development Plan for 2021-2023 and submitted it to regulators in November 2022 to ensure that the Company's strategy matches the changes to the Company and the business environment. The self-assessment found that the new risk management performance assessment system which was established under C-ROSS II needs to be tested, and the Company needs to further implement its business strategy and investment strategy in relevant areas.

8. Reputational risk management

Soundness of rules:

The Company has formulated Measures on Reputational Risk Management and the Implementation Rules for Reputational Risk Management, which specified the reputational risk management responsibilities of the Board of Directors, Board of Supervisors, senior management, lead/supportive departments, and branch offices. The Company has set up a full-process closed-loop management system for reputational risk management that covers areas including pre-event 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 reputational risk awareness and strengthen response and handling capabilities. In 2022, no level-1 or level-2 reputational risk events occurred, and no major potential reputational risks was found in the Company. Public opinion of the Company was of a positive or neutral nature. The self-assessment found that the Company fully considered reputational risks and kept assessment records when doing reputational risk management work, and that the Company needs to further strengthen pre-event assessment and accumulate experience and resources for risk incident handling.

9. Liquidity risk management

Soundness of rules:

The Company has formulated Measures on Liquidity Risk Management, which specified the liquidity risk management responsibilities of the Board of Directors, senior management and relevant departments, and sets out stipulations in aspects of liquidity risk management such as risk appetite and limits management, performance appraisal and accountability, daily cash flow management, liquidity assessment for insurance business, liquidity assessment for financing, liquidity assessment for investment business, liquidity assessment for reinsurance business, liquidity assessment for various risks, significant matters assessment, cash flow stress testing, liquidity contingency plan, the identification, analysis, monitoring, assessment and reporting of liquidity risks. The Measures covered all the relevant regulatory requirements and the Company's actual needs for liquidity risk management. The Company needs to further refine its regulations on liquidity stress testing and clarify the analysis methods and assumption criteria.

Effectiveness of adherence:

The Company's Board of Directors and senior management approved Measures on Liquidity Risk Management and the liquidity risk appetite, assume respective responsibilities for liquidity risk management, familiarize themselves with liquidity risk assessment results through various channels such as solvency information, comprehensive risk rating information and financial statements on a quarterly basis, and approve liquidity risk information disclosure. In 2022, the senior management organized the handling of breaches of liquidity risk limits. The liquidity risk management work is led by the Financial Management Department and divided among relevant departments, mainly including cash flow monitoring, liquid assets ratio control, reinsurance tools application, quarterly cash flow stress testing, updating of liquidity contingency plan and conducting drills, etc. The Company measures, monitors, evaluates and reports liquidity risks on a quarterly basis. The self-assessment found that the Company needs to refine and strengthen work in areas including the construction of liquidity management information system, daily cash flow needs forecast, pre-event liquidity risk assessment for insurance, investment and financing business, liquidity risk correlation assessment between different risks, and liquidity risk assessment for significant matters.

Status of rectification as per 2017 regulatory assessment:

In early 2018, the Company received Letter on Results of 2017 SAMRA Assessment of CPIC

Allianz Health Insurance Co. Ltd. from the regulator (CBIRC Hebei Letter [2018] No. 125), which recognised the effort of the Company in establishing the risk management framework, risk management rules and mechanisms, formulating risk management systems, and implementing risk management objectives and regulations in practice. At the same time, the regulator highlighted gaps in soundness of rules and effectiveness of adherence, as well as in infrastructure & environment and tools & objectives. As per regulatory feed-backs, the Company drafted detailed rectification plan for increasing commitment to risk management, enhancing the system of rules and regulations, stepping up implementation, and increasing the use of risk management tools, which, upon approval of senior management, cascaded down to departments and branch offices. The status of correction is as follows:

Dimensions of assessment	Management items	Findings	Status of rectification
1. Infrastructure & environment	1.1 Board Risk Management Committee	1.1.1 Not yet established, short of regulatory requirements	Already established under 2nd board of directors
	1.2 Risk management rules	1.2.1 Certain rules were issued at a date later than required by regulator, meaning gaps in soundness of rules	Risk management rules updated annually in a timely manner
		1.2.2 Only Policies of Solvency Risk Management vested the board with relevant responsibilities.	Amended Articles of Association
		1.2.3 Means, methods, and processes for integration of risk appetite into business decision-making of the Company, and response in cases of breach of risk limits need further defining	Put in place process for risk appetite evaluation, specified work process for transmission of risk appetite into business decision-making, and set out detailed operational process in cases of breach of limits
2. Objectives and tools	2.1 Risk appetite	2.1.1 Mechanisms of risk appetite need improving, especially in setting business objectives, identifying risks that must be prevented, and enhancing constraints, with transmission to be further strengthened.	Amended Policies on Solvency Risk Management, which added work process for transmission of risk appetite into business decision-making.

		2.1.2 Use of risk appetite system in business management needs strengthening, especially by decision-making bodies of the Company	Assessment of risk appetite conducted for decision-making of all significant matters and regulations.
	2.2 Risk management tools	2.2.1 Absence of certain regulations, such as business planning and approval of comprehensive budgeting, engagement of third-party entities for credit-rating, assessment of risk appetite, and assessment of risk management information system	Amended Policies on Solvency Risk Management, which added requirements for approval for budgets, engagement of credit-rating agencies, and assessment of risk appetite and management information systems
3. Insurance risk	3.1 Evaluation of claims reserve	Concrete processes and method yet to be defined	Specified process for evaluation of claims reserve, amended relevant regulations, issued Notice on Circulating Provisions on Management of Evaluation of Insurance Contract Reserves
	3.2 Evaluation of products on offer	Concrete processes and method yet to be defined	Optimised and implemented evaluation process of products on offer or withdrawn, issued Notice on Circulation of Provisions Regulations on Product Development and Operation
	3.3 Insurance risk limits	Insurance risk tolerance and upper limits not specific enough, yet to be incorporated into business management	Risk limits system expanded into all business lines, distribution channels and product types of insurance risk
	3.4 U/W and claims management	Certain irregularities in implementation of U/W and claims management policies	Partial updating of U/W and claims management policies every year
4. Market risk	4.1 Relationship between policies	4.1.1 Need to clarify relationship between policies and regulations	Amended Provisions on Market Risk Management, clarifying relationship between market risk management policies and relevant component rules
	4.2 Interest rate risk	4.2.1 No distinction between management tools and analytical tools for interest rate risk	Formulated Provisions on Interest Rate Risk Management, setting out management tools and analytical

			tools for interest rate risk and their application process
		4.2.2 Regulations on management of interest rate risk yet to be established	Drafted separate rules on management of interest rate risk
5.Credit risk	5.1 Reinsurance	Credit risk management in reinsurance needs improving	Formulated management rules on reinsurance counter-parties
	5.2 Management of funds receivables	Credit risk management in funds receivables needs improving	Updated management rules on funds receivables
	5.3 Upper limits management	Upper limits for credit risk initially in place, but granularity not enough, such as by products. Yet to be integrated into business decision-making.	Upper limits break down by investment and insurance products.
6.Operational risk	6.1 Internal control process	Need to be reviewed in light of C-ROSS II. Not entirely compatible with C-ROSS II.Relevant concepts and standards need clarifying.	Amended Provisions on Operational Risk Management, seeking to clarify definition in tandem with concepts and standards of internal control
	6.2 Risk definitions	No breakdown by operational risk manifestations	Amended Provisions on Operational Risk Management, breaking down by types of incidents, types of impacts and magnitude in the list of operational risk incidents
	6.3 Risk evaluation	Rules on assessment of operational risk not detailed enough in cases of new business, new products and major changes to management processes	Amended Provisions on Operational Risk Management, with definition of assessment process, and implementation
7.Strategic risk	7.1 System of rules	System of rules on strategic risk needs improving	Amended Provisions on Strategic Risk Management, integrating health management, digital capacity and service innovation into the scope of assessment
	7.2 Implementation	Certain gaps in implementation	Implemented processes as stipulated in Provisions on Strategic Risk Management
8.Reputational risk	8.1 Rules and regulations yet to be more detailed	Yet to add details to rules. Rules yet to be more aligned with realities of business operation to	Amended Provisions on Reputational Risk Management, with more granularity in definition

		be better implemented	of roles and responsibilities of the board, management committee, departments and branches based on profiles of reputational risk
	8.2 Risk definitions	Board yet to play a more important role in foster culture and formulation of training plans for reputational risk	Formulated training plans to be submitted to board annually
	8.3 Risk assessment	Lack of supportive materials in implementation of reputational risk regulations and assessment of the risk	Conducted assessment of reputational risk prior to submission of resolutions to the board and management committee, and public release of information and news reports
9. Liquidity risk	9.1 Supportive rules	Certain regulations lack detailed supportive rules.	Cash flow management, liquidity impact assessment, liquidity from investment and financing activities, liquidity management of reinsurance are contained in Provisions on Liquidity Risk Management
	9.2 Risk monitoring	9.2.1 Lacking in monitoring of cash inflows and outflows regarding par business, separate accounts of unit-linked and universal products	Not applicable in 2022
		9.2.2 Lacking in monitoring of cash inflows and outflows of branch offices	Process and tools for monitoring of cash flows of branch offices now in place
		9.2.3 Lacking in risk monitoring in cases of material adjustment of business plans, withdrawal of products, development or adjustment of channels	No material adjustment of business plans or withdrawal of products in 2022. Conducted liquidity risk monitoring and assessment when doing new business.

Rectification plan for 2023

The self-assessment indicates that the risk management system of the Company is essentially in line with requirements of C-ROSS II. Next, 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 2023.

1. Infrastructure & environment

The Company will continue to strengthen risk handling, foster risk awareness and culture, and further restructure its risk management systems and organisations in step with its reform and 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

It will improve insurance risk management in terms of designation of responsible persons and approval process, implementation of risk management policies, risk assessment of new products, and management 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 strives for increased management effectiveness via application of more comprehensive risk identification tools covering identification & analysis of operational risk, collection and analysis of events leading to losses, continued improvement of potential operational risks and focused control of high-risk areas.

7. Strategic risk management

The Company formulated 2021-2023 Annual Development Plan in 2022, and will strictly enforce various processes for strategic management as per SARMRA requirements and its own regulations.

8. Reputational risk management

The Company will strengthen coordination between reputational risk and other risks at both headquarters and branch offices, step up assessment in advance, and continue to accumulate experience and resources in the handling of reputational crisis or potential risks.

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) for Q3 and Q4 of 2022.

(II) Measure taken or to be taken for improvement

In Q4 2022, the Company continued to control various risks in light of regulatory briefing on IRR results and targets for improvement. It enhanced monitoring of various IRR indicators to ensure their stable status and prevent major risks.

(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. As of the end of Q4, there were no events which may trigger liquidity risk. The Company maintained a high proportion of highly-liquid assets in investments, with needs for liquidity arising from daily business operation far below the current size of liquidity assets, i.e., sources of liquidity far outweighing needs for liquidity, indicating a low level of liquidity risk.

Operational risk: In terms of compliance and internal control, the Company didn't violate any regulations or receive administrative penalties from regulators in Q4 2022. There was zero violation per 100 million yuan in standard premiums and zero regulatory penalty per 100 million yuan in standard premiums for the Company. There was no major operational risk incidents, and no occurrence of insurance frauds or cases of money-laundering. Cases of litigation remained at a low level, with zero litigation cases where the Company lost in Q4.

Reputational risk: The Company's media monitoring system includes CPIC Group's own system, and third-party monitoring services, which can effectively monitor 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 2022, the Company did not

experience any reputational risk incidents on mainstream or other types of media.

Strategic risk: The Company formulated its strategic development objectives in light of macro-economic conditions, market trends, its own positioning and the objectives of the Group. Based on its 2021-2023 Development Plans and Annual Business Targets, the Company worked out specific tasks, reviewed business performance on a regular basis, analysed market conditions and its own strengths, and drafted strategies aligned with market environment in a timely manner, which enabled constant identification, assessment and control of strategic risk. In 2022, in view of regulatory requirements and its own capital increase, the Company revised and filed 2021-2023 Development Plans with the regulator, which added content on consumer protection and green finance, updated related business data for 2022 and 2023, and correspondingly adjusted solvency and asset liability projections, with adaption and adjustment of industry data, corporate vision, organisation and risk management. As of Q4 2022, its strategic objectives were mostly met, and no occurrence of strategic risk events.

VI. Management analysis and discussions

(I) Solvency Analysis

1. Available capital

As at 31 December 2022, the Company's net assets was 3,305.1119 million yuan, and after deducting items such as intangible assets other than land use rights, long-term deferred expenses, and the differences in reserves under the accounting standards and C-ROSS II standards (which in total amounting to 79.6390 million yuan), the available capital stood at 3,225.4728 million yuan, an increase of 68.9621 million yuan from the previous quarter, mainly due to change to difference in reserves for medium and long-term products as part of the admitted liabilities between accounting and C-ROSS II .

2. Minimum capital

The minimum capital of the Company at the end of Q4 was 1,215.7875 million yuan, rising by 6.16% from the previous quarter, mainly as a result of fast growth of long-term insurance business, which in turn led to increase in life insurance risk; of this, minimum capital for insurance risk of life business was 628.8463 million yuan, that for insurance risk of non-life business was 674.7005 million yuan, that for market risk 234.1064 million yuan, that for credit risk 306.3208 million yuan, diversification effect for quantifiable risk

644.6983 million yuan, that for control risk 16.5119 million yuan.

3. Solvency margin ratio

As at 31 December 2022, the Company's core solvency margin surplus was 1,873.1349 million yuan, and the core solvency margin ratio was 254%; comprehensive solvency margin surplus was 2,009.6853 million yuan, and the comprehensive solvency margin ratio was 265%. In Q4 of 2022, the core and comprehensive solvency margin ratios fell by 9pt and 10pt respectively from the previous quarter, mainly due to increase in minimum capital from business operation.

(II) Liquidity risk

For this quarter, net cash flow was 205million yuan, mainly because of reinsurance premiums and recovery of investment assets; the differential between actual net cash flow from operating activity and the estimate was 19 million yuan, meaning an adverse deviation of 21%, meeting regulatory standards; as of the end of Q4, all LCRs under various scenarios and all liquidity indicators were within regulatory limits.

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

Summary of Quarterly Solvency Report (Excerpts)

China Pacific Anxin Agricultural Insurance Co., Ltd.

4th Quarter of 2022

Company overview and contact information

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

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I. Board and management statement

(I) Board and management statement

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

(II) Voting results by directors

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

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

There are no directors who cannot guarantee or harbor any doubt about the truthfulness, accuracy, completeness or compliance of the contents of this report.

China Pacific Anxin Agricultural Insurance Company Limited

March 2023

II. Basic information

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

1. Ownership structure and change

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

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

2. Controlling shareholder or de facto controller

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

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

Names of shareholders	Types of shareholders	Shares held at the end of the reporting period	Shareholding percentage at the end of the reporting period (%)	Shares pledged or in lock-up
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 Co., Ltd.	State-owned	3,150.84	2.92%	0
Shanghai Jiading Guangwo Asset Management Co., Ltd.	State-owned	2,504.59	2.32%	0
Shanghai Songjiang State-owned Asset Investment Management Group Co., Ltd.	State-owned	2,025.88	1.88%	0
Shanghai Huinong Investment Management Co., Ltd.	State-owned	1,817.99	1.68%	0
Shanghai Qingpu Asset Management Co., Ltd.	State-owned	1,719.37	1.59%	0
Shanghai Jinshan Capital Management Group Co. Ltd.	State-owned	1,640.50	1.52%	0
Shanghai Chongming Asset Operation Co., Ltd.	State-owned	996.86	0.92%	0
Total	—	108,000.00	100.00%	0
Related party relations among shareholders	None			

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

4. Shareholding by directors, supervisors and senior management

None during the reporting period.

5. Share transfer during the reporting period

None.

(II) Directors, supervisors and senior management

1. Directors, supervisors and senior management

1.1 Directors

As of the end of December 2022, the 4th Board of Directors of the Company has 9 directors in total:

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

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

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

Shanghai Kaibo Property Management Co., Ltd., Deputy Head of Organization and Personnel Section of Shanghai Modern Agriculture Open Training Center, and Director of General Office of Shanghai Agricultural Development Promotion Center.

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

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

Mr. ZHANG Qiao, born in November 1962, holds a doctoral degree. He has been

-serving as Independent Director of the Company since December 2022 (approval document CIRC Approval [2022] No. 851). Mr. ZHANG currently serves as Research Fellow of Agricultural Information Institute of the Chinese Academy of Agricultural Sciences, executive member of the Agriculture Risk Management Council of China, Research Fellow of the National Research Centre on Agriculture and Rural Areas of China Agriculture University, and vice chair of the Panel of Monitoring and Early Warning of China Agriculture Institute. He previously served as Assistant Research Fellow, Deputy Research Fellow of Agricultural Information Institute of the Chinese Academy of Agricultural Sciences, and lecturer of Shanxi University of Finance and Economics.

Mr. SHEN Chun, born in August 1971, holds a bachelor's degree. He has been serving as Independent Director of the Company since January 2019 (approval document: CBIRC Approval [2019] No. 44). Mr. SHEN currently serves as Director of the Management Committee of Excellent Law Firm, Chairman of the China Democratic National Construction Association Baoshan Committee Wusong General Branch, Member of the Standing Committee of the 8th Baoshan District Political Consultative Conference, and Member of Baoshan District Government Legal Adviser Think Tank. Mr. SHEN previously served as Deputy Head and Partner of Shanghai Zhengming Law Firm.

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

Responsible Person of China Property & Casualty Reinsurance Company.

Ms. ZHOU Li, born in March 1979, holds a bachelor's degree and the title of Accountant. She has been serving as Non-executive Director of the Company since June 2022 (approval document: CBIRC Approval [2022] No. 403). Ms. ZHOU currently serves as Manager of General Affairs Department of Agricultural Development Asset Management Center of Shanghai Pudong State-owned Assets Investment Management Co., Ltd. Previously, she served as Deputy Manager of Finance Department of Shanghai Agricultural Development Asset Management Center, Head of Audit Office of Shanghai Agricultural Development Asset Management Co., Ltd., Manager of General Affairs Department of Agricultural Development Asset Management Center of Shanghai Pudong State-owned Assets Investment Management Co., Ltd., etc.

1.2 Supervisors

As of the end of December 2022, the 4th Board of Supervisors of the Company has 6 Supervisors:

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

Insurance Co., Ltd.

Ms. ZHANG Wenjuan, born in November 1983, holds a master's degree and national legal professional qualification. In December 2020, she became Employee Representative Supervisor of the Company (approval document: CBIRC [2020] No. 849). Ms. ZHANG also serves as Legal Responsible Person, Director of the Discipline Inspection Office, and General Manager of Legal Compliance Department/Risk Management Department of the Company. Previously, she served as Assistant General Manager, Deputy General Manager of Legal and Compliance Department of Anxin Agricultural Insurance Co., Ltd., Deputy General Manager (in charge) of Legal and Compliance Department of the Company, Deputy Director of the Discipline Inspection Office of the Company, Compliance Responsible Person of Shanghai Branch of the Company, and General Manager of Legal and Compliance Department of Shanghai Branch of the Company.

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

Mr. GUO Zongjie, born in December 1968, holds a bachelor's degree. He became Employee Representative Supervisor of the Company in December 2020 (approval document: CBIRC [2020] No. 860). Mr. GUO is currently Head of the Office of the Board of Directors/Office of the Board of Supervisors, Head of the Party Building Department,

and Director of the Party Committee Office of the Company. Previously, he served as Director of the General Office and Party Committee Office of CPIC P/C Shandong Branch, General Manager of the Intermediary Business Department of CPIC P/C Shandong Branch, and Director of the Administrative Office and General Manager of the Development Planning Department of the Company.

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

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

1.3 Senior management

As of the end of December 2022, the Company has 7 members of senior management:

Mr. SHI Jian, born in November 1973, holds a bachelor's degree, and has been serving as General Manager of the Company since July 2021 (approval document: CBIRC [2021]

No. 609). Mr. SHI also serves as Executive Director of the Company. Previously he served as Deputy General Manager (in charge) of Shanghai West Operation Management Office of Shanghai Branch of China Life Insurance Company, General Manager of Business Management Department, General Manager of Market Development Department, and General Manager of Product Development and Reinsurance Department of Shanghai Anxin Agricultural Insurance Co., Ltd. He also served as Assistant President, Vice President, Board Secretary, Executive Director, President (General Manager) of Anxin Agricultural Insurance Co., Ltd., as well as Deputy Head of Marketing and General Manager of Strategic Account Department of CPIC Group.

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

Ms. LI Shuhui, born in July 1972, holds a master's degree and the title of Senior Auditor, CPA, CIA and CCSA. She has been serving as Finance Responsible Person and Deputy General Manager of the Company since December 2019 (approval documents: CBIRC Shanghai Approval [2019] No. 984, and CBIRC Shanghai Approval [2019] No. 983

respectively). Ms. LI currently also serves as Supervisor of CPIC P/C. She previously served as Deputy General Manager of Internal Audit Center/Second Division, General Manager of Audit Technology Division of CPIC Group, Supervisor of CPIC Allianz Health, Internal Auditing Responsible Person of Changjiang Pension, Supervisor of CPIC Online Services, Supervisor of Anxin Agricultural Insurance Co., Ltd, and General Manager of Finance Department and Assets Management Department of CPIC P/C.

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

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

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

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

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

Position	Predecessor	Incumbent	Remarks
Independent director	SUN Chaocai	ZHANG Qiao	Term expiry of predecessor

3. Information on compensation of directors, supervisors and senior management of headquarters

* Distribution of directors, supervisors and senior management of headquarters across different compensation levels

Compensation range	Number of directors	Number of supervisors	Number of senior executives
Above 10mn yuan			
5mn yuan-10mn yuan			

1mn yuan-5mn yuan	1	2	2
0.5mn yuan-1mn yuan		2	1
Below 0.5mn yuan			2
Total	1	4	5

Notes: 1). Non-monetized compensation is based on market or fair value, and is combined with monetized compensation for calculation of different compensation ranges.

2). Information on compensation of non-executive directors, non-executive supervisors and senior management who concurrently serves on other capacity is not available.

3). Ms. LI Shuhui started to receive compensation from the Company on March 1, 2022, and her compensation in 2022 only covered the period between March 1 and December 31.

4). Mr. WU Gang was appointed Compliance Responsible Person and Chief Risk Officer on June 24, and started to receive compensation from the Company on July 1, and therefore, his compensation for 2022 only covered the period between July 1 and December 31.

5). Mr. HUANG Xiaofeng was appointed Assistant General Manager of the Company on June 27, and started to receive compensation from the Company on July 1, and therefore, his compensation for 2022 only covered the period between July 1 and December 31.

* Highest compensation: 2.6538mn yuan

* Status of share option: None

* During the reporting period, there was no incentives linked to profits. The 2022 compensation does not include annual performance-based bonus, which is yet to be determined and paid, and includes performance-based bonus actually paid from earlier years.

(III) Subsidiaries, joint ventures or associate ventures

None during the reporting period.

(IV) Breaches and administrative penalties during the reporting period

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

None.

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

None.

3. CBIRC regulatory measures against the Company

None during the reporting period.

III. Main indicators

(I) Solvency margin ratios

unit:yuan

Item	Reporting quarter	Last quarter	Next quarter estimates
Admitted assets	6,643,385,772	5,933,666,783	6,794,079,933
Admitted liabilities	3,623,058,056	2,990,124,799	3,731,115,309
Actual capital	3,020,327,716	2,943,541,984	3,062,964,624
Tier-1 core capital	2,758,927,929	2,708,795,879	2,801,564,838
Tier-2 core capital	-	-	-
Tier-1 supplement capital	261,399,786	234,746,105	261,399,786
Tier-2 supplement capital	-	-	-
Minimum capital	817,904,508	855,779,966	825,773,637
Minimum capital for quantifiable risks	802,701,069	839,872,487	810,423,924
Minimum capital for life insurance risk	-	-	-

Minimum capital for non-life insurance risk	582,798,827	600,673,365	583,929,033
Minimum capital for market risk	344,647,369	346,628,555	351,980,415
Minimum capital for credit risk	241,771,516	281,632,956	246,524,907
Diversification effect for quantifiable risks	366,516,643	389,062,389	372,010,431
Loss absorption for special-type insurance contracts	-	-	-
Minimum capital for control risk	15,203,439	15,907,479	15,349,713
Supplement capital	-	-	-
Core solvency margin surplus	1,941,023,422	1,853,015,913	1,975,791,201
Core solvency margin ratio	337.32%	316.53%	339.27%
Comprehensive solvency margin surplus	2,202,423,208	2,087,762,018	2,237,190,987
Comprehensive solvency margin ratio	369.28%	343.96%	370.92%

(II) Regulatory indicators for liquidity risk

	Q4 2022		Q3 2022	
	Next 3 months	Next 12 months	Next 3 months	Next 12 months
LCR				
LCR1 under base scenario	111.96%	104.27%	115.13%	108.29%
LCR2 under stress scenario – compulsory	182.80%	123.25%	168.43%	132.75%
LCR2 under stress scenario- self-testing	191.26%	117.77%	188.52%	129.26%
LCR3 under stress scenario excluding asset disposal- compulsory	99.30%	100.04%	113.11%	108.69%

LCR3 under stress scenario excluding asset disposal-self-testing	106.44%	99.59%	111.96%	107.84%
Retrospective adverse deviation ratio of net cash flows from operating activities	82.94%		164.52%	
Net cash flows YTD (unit: 10,000 yuan)	-1987.50		1496.88	
Net cash flows in 2021(unit: 10,000 yuan)	3041.26		3041.26	
Net cash flows in 2020 (unit: 10,000 yuan)	1033.22		1033.22	

(III) Monitoring indicators for liquidity risk

unit: yuan

Indicators	Item	Q4 2022	Q3 2022
1. Net cash flows from operating activities	Amount	375,967,335	415,075,594
	Cash inflow from operating activities YTD	1,838,478,503	1,355,841,460
	Cash outflow from operating activities YTD	1,462,511,167	940,765,866
2. Net cash flows from operating activities per 100 yuan in premiums	Amount	21.47	28.99
	Net cash flows from operating activities YTD	375,967,335	415,075,594
	Premiums YTD	1,751,481,988	1,431,585,711
3. Weight of cash outflow for certain business	Percentage	32.12%	26.72%
	Claims for business of special types	268,643,036	73,136,684

	Incurred and reported outstanding claim reserves for business of special types	-2,189,804	112,756,743
	Claims	882,120,466	527,493,340
	Incurred and reported outstanding claim reserves	-52,673,090	168,199,619
4. Total premiums growth year-on-year	Percentage	9.97%	9.80%
	Total premiums YTD	1,751,481,988	1,431,585,711
	Total premiums YTD at the same period of last year	1,592,634,243	1,303,795,832
5. Weight of cash and liquidity management instruments	Percentage	0.92%	5.38%
	The book value of cash and liquidity management instruments at the end of the period	59,336,576	315,504,917
	The ending balance of total assets	6,467,545,667	5,867,945,945
6. Quarterly average financial leverage ratio	Percentage	1.12%	1.95%
	Arithmetic mean of the ending balance of inter-bank lending, bond repurchase and other financing cash inflow at the end of each month during the quarter	74,666,667	116,333,333
	The ending balance of total assets	6,673,545,667	5,964,945,945
7. Weight of domestic fixed income assets rated AA and below	Percentage	0.00%	0.00%

	The book value of domestic fixed income assets rated AA and below at the end of the period	0	0
	The ending balance of total assets	6,467,545,667	5,867,945,945
8. Weight of investments in listed stocks with a stake of 5% or above	Percentage	0.00%	0.00%
	The book value of investments in listed stocks with a stake of 5% or above at the end of the period	0	0
	The ending balance of total assets	6,673,545,667	5,964,945,945
9. Proportion of receivables	Percentage	22.76%	14.79%
	Premium receivables	387,706,296	578,933,866
	Reinsurance receivables	1,131,333,088	303,331,950
	The ending balance of total assets	6,673,545,667	5,964,945,945
10. Proportion of related party assets held by the Company	Percentage	0.00%	0.12%
	Total investment assets of related parties held by the Company	-	7,099,800
	The ending balance of total assets	6,673,545,667	5,964,945,945

(IV) Key business metrics

unit: yuan

Indicators	As at the end of this quarter/during this quarter	As at the end of this quarter/YTD
Gross written premiums	1,119,542,910	2,584,946,584
Net profits	76,559,943	213,455,694
Total assets	6,673,545,667	6,673,545,667
Net assets	2,860,278,539	2,860,278,539
Insurance contract liabilities	2,413,675,803	2,413,675,803
Basic earnings per share	0.071	0.198
ROE	2.71%	7.62%
ROA	1.21%	3.58%
Investment yield	1.33%	4.90%
Comprehensive investment yield	1.16%	3.40%
Profitability indicators	--	--
Combined ratio	--	98.72%
Expense ratio	--	36.10%
Loss ratio	--	62.62%
Proportion of commission and brokerage expenses	--	1.76%
Proportion of operating and administrative expenses	--	13.34%
Scale indicators	--	--
Written premiums	319,896,277	1,751,481,988
Written premiums of auto insurance	-	-
Written premiums of top 5 non-auto insurance business lines	311,373,315	1,672,914,760
Largest non-auto business line	239,895,959	1,173,352,149
Second largest non-auto business line	40,636,842	231,549,264
Third largest non-auto business line	12,089,579	151,128,489

Fourth largest non-auto business line	7,050,954	59,309,418
Fifth largest non-auto business line	11,699,980	57,575,440
Average vehicle premium of auto insurance	-	-
Written premiums by channels	319,896,277	1,751,481,988
Agency	27,375,813	148,217,245
Direct	280,219,132	1,552,107,787
Brokerage	12,301,332	51,156,956
Others	-	-

IV. Risk management capabilities

(I) Company category

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

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

The Company scored 76.69 points in the last on-site SARMRA assessment. As per Solvency Regulatory Standards of Insurance Companies No. 12: Solvency-aligned Risk Management Requirement and Assessment of Solvency Regulatory Standards of Insurance Companies (II) (CBIRC Document [2021] No. 51), the final score of the Company was 76.21 points.

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

The Company scored 76.69 points in the last on-site SARMRA assessment. As per Solvency Regulatory Standards of Insurance Companies No. 12: Solvency-aligned Risk Management Requirement and Assessment of Solvency Regulatory Standards of Insurance Companies (II) (CBIRC Document [2021] No. 51), the final score of the Company was 76.21 points. During the reporting period, the Company took further steps to enhance risk management. To be specific:

In insurance risk, it formulated Regulations on Non-life Insurance Significant Risk Testing, Provisions on Spreadsheet Management of Actuarial Reserving, Standards of Internal Control on Non-life Reserve Management; amended Rules on Product Development and Management, drafted Provisions on Pricing of Agricultural Insurance; completed a pricing review report of all products on offer in the last 3 years; conducted a retrospective review of reserves of 2021 and the preceding year; started preparations for U/W and Claims Management Certification System, organised entry-level designation tests for U/W.

As for market risk, the Company maintained mechanisms for communication with investment managers over market risk facing investment assets, so as to prevent concentrated exposure and its adverse impact on the net profits and net assets of the Company.

In terms of credit risk, it formulated policies on business management of long overdue arrears, clarified rules on means of collection, established mechanisms for handling of long overdue funds receivables; followed developments of reinsurance counterparties to ensure stable and “manageable” credit risk outlook.

With regard to operational risk, it issued Management Measures on Underwriting, and Provisions on Outstanding Claims Cases to enhance soundness of regulations; carried out 2022 annual internal control self-review, which detected no major risks and confirmed the effectiveness of internal control; conducted review of regulations, with the completion of such a review for compliance and risk management in Q4; organised

risk management training, with publicity and communication over Regulations on Management of Operational Risk; launched self-review of anti-money laundering (AML) customer data security, organised risk screening by branch offices of customer identification, an issue likely to trigger regulatory penalties, and in light of findings of AML audits; organised a quarterly review of anti-fraud work by branch offices along the dimensions of risk distribution, insurance lines distribution, conduct distribution, amounts distribution and geographical distribution, with the drafting of quarterly report on insurance fraud risk.

As for liquidity risk, the Company continued to track the status of claims of agricultural insurance arising from natural disasters, and assessed their potential impact on cash flows in a timely manner so as to ensure sufficient liquidity at hand and stable and normal cash flows; reviewed and optimised the risk matrix of investment liquidity, continuously monitored changes to market liquidity and interest rate movements and assessed their impact on liquidation of its investment assets; collected premium receivables owed by governments to ensure fulfillment of annual targets and the effectiveness of the work; made an effort to resolve arrears arising from reinsurance business, focusing on accounts which met conditions for recoveries.

When it comes to reputational risk management, in Q4 the Company applied for and won the Insurance Ark Awards in Innovation Category and Rural Invigoration Category; participated in the Mayors Forum of the Yangtze River Delta Region on Rural Invigoration, the branding campaign of Tai An Gu. With the support and guidance from the Group, it promoted publicity of these activities which were covered by mainstream media such as Xinhua.com and Caijing.com, as well as the public Wechat of the Company. At the same time, it actively took part in joint programmes with Phoenix Satellite, and aired a video on “protecting supply of groceries”, which positively contributed to the market image and good name of the Company.

On the front of strategic risk, it drafted Plans on Branch Offices Development for 2023, laying out concrete objectives and paths for expansion of service networks, which will

promote its presence in various region and enhance management of relevant risks; formulated Provisional Guidelines on Implementation of Green (Sustainable) Insurance Standards, establishing relevant standards to encourage the development of green insurance and facilitate China's carbon-peaking, carbon-neutrality economic transitioning.

(IV) Status of SARMRA self-assessment

In Q4, 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 Company completed SAMRA self-assessment, with scoring on soundness of rules (50%) and adherence effectiveness (50%). Given the realities of the Company, the process was led by risk management departments, with lead departments for major risk categories sharing the task, responsible departments filling in forms. The forms will be evaluated prudently by lead departments for major risk categories and then reviewed by risk management departments, and finally approved by Compliance and Risk Control Work Commission.

The score of the self-assessment was 92.17, an improvement from 2021, indicating continued enhancement of risk management capabilities. In 2022, the Company pushed for implementation of C-ROSS II risk management, amending relevant rules and policies, conducted dedicated training, optimised system tools, and strengthened the early-warning system; stepped up transmission of risk appetite, with risk monitoring covering smaller units, becoming more quantifiable and more targeted; enhanced emergency response, amended Master Contingency Plan for Emergencies to ensure that there are norms and processes in place to follow. Next, it will enhance capital planning and management, put in place management framework and process, and improve the system for capital planning; optimise investment outsourcing and revise relevant rules; strengthen the monitoring of credit risk, improve the system for data governance, and enhance rules on operational risk so as to further improve its risk management capabilities.

V. Integrated risk rating (differentiated supervision)

(I) The last two IRR results

The Company was rated AAA at the IRR (differentiated supervision) by CBIRC for Q3 and Q4 of 2022.

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(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. At the end of this quarter, the Company's comprehensive solvency adequacy ratio was 369.28%, and core solvency adequacy ratio was 337.32%.

In the fourth quarter, first, we revised and issued relevant regulations including the Management Measures on Development Planning, Provisions on Development and Management of Insurance Products, Management Measures on Underwriting and Claims Management, Provisions on Management of Outstanding Claims Cases, Provisions on Management of Special Claims Cases, Management Measures on Insurance Loss Adjusters, Operational Standards on Insurance Policy Amendments, Management Measures on Bank Deposits; drafted and issued Operational Standards on Regulatory Filing and Registration of Insurance Products, Provisions on Cost Management of Advertisements, with strict implementation on the ground. Second, we conducted the filing of IRR for Q3. The management decided to further enhance frequency of monitoring of certain key metrics, such as settlement ratio of claims and claims payment turn-around for cases below 10,000 yuan, 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, the Company formulated rectification plans for various defects newly discovered in the auditing, carried out rectification work with regular progress tracking and urged relevant parties to complete the rectification on time regarding issues

covered in the rectification plan. Second, conducted the 2022 annual internal audit self-review, which examined risk items, control activities, and effectiveness of rectification and detected no major risks. Third, completed self-assessment of money-laundering and terrorist financing, which indicated a “Low Risk” status for inherent risk, and “Effective” for control measures, with the rest of risks being “Medium”. Fourth, revised and issued relevant regulations including Provisions on Development and Management of Insurance Products, Management Measures on Underwriting and Claims Management, Provisions on Management of Outstanding Claims Cases, with strict implementation in the entire process of business operation and continuous updating. The operational risk overall was under control. Fifth, conducted training of risk management, launched publicity programmes on Regulations on Management of Operational Risk, communicated on regulatory feed-backs on IRR, and the IRR modelling and monitoring results of level-3 branches, organised training on AML and terrorist financing self-assessment to raise employee awareness. Sixth, IRR in Q3 indicated a stable status, and we will continue to improve on metrics like settlement ratio of claims and claims payment turn-around for cases below 10,000 yuan. The progress of rectification will be reported to the senior management and the board on a regular basis.

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, organising the screening by relevant departments of operational risk in misleading sales, frauds in claims, mis-handling in investment, erroneous financial information disclosure, money laundering, information security and system failures, with follow-up cross-departmental communications on mitigation measures, if necessary. Second, it monitored key indicators of operational risk in tandem with risk

upper limits, management reports on operational risk and rectification of gaps, with clear ownership by departments or branch offices, and may conduct self-review if circumstances require.

1.4 Results of operational risk assessment

The review indicated no serious flaws in operational risk.

2.Strategic risk

2.1 Status of strategic risk

The strategic risk facing the Company mainly includes the following:

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

2.2 Methods of strategic risk assessment

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

2.3 Process of strategic risk assessment

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

2.4 Results of strategic risk assessment

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

3.Reputational risk

3.1 Status of reputational risk

During the quarter, it closely followed business development, applied for and won the Insurance Ark Awards in Innovation Category and Rural Invigoration Category; participated in Mayors Forum of the Yangtze River Delta Region on Rural Invigoration, the branding campaign of Tai An Gu. With the support and guidance from the Group, it promoted publicity of these activities which were covered by mainstream media such as Xinhua.com and Caijing.com, as well as the public Wechat of the Company. At the same time, it actively took part in joint programmes with Phoenix Satellite, and aired a video on “protecting supply of groceries” , which positively contributed to the market image and good name of the Company.

3.2 Methods of reputation risk assessment

As per Solvency Regulatory Standards of Insurance Companies No.11, firstly, we monitor online public opinions through the Group’s monitoring platform; secondly, our spokesperson and brand specialists joined the Group’s brand management and spokesperson in the effort to share and handle public opinion information in a timely manner; thirdly, the Company issued the "Risk Early Warning" weekly reports to the part-time reputational risks management staff to promptly prevent and detect possible reputational risks. We also conducted a company-wide investigation of potential reputational risks, and continued to optimize and promote the construction of a closed-loop entire-process reputational management system, so as to create a good reputational environment for the Company's sustainable, healthy and stable development.

3.3 Process of reputational risk assessment

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

3.4 Results of reputational risk assessment

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

4. Liquidity risk

4.1 Status of liquidity risk

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

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

First is the time lag in settlement of agricultural insurance premium receivables by governments. The Company's main business is agricultural insurance, which accounted for 67% of total premiums, and of this, the share of fiscal subsidies was around 50%. 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 transfer 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 one natural catastrophe could lead to huge outflow of cash for claims payments within a short period of time. In response to this, 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 a major disaster, the it will launch an emergency plan, timely claim investigation,

and coordinated funds planning by to ensure normal and stable cash flows.

As at the end of Q4, LCR1s of the next 12 months under base scenarios was 104.27%, and LCR2s of the 12 months under stress scenario was 123.25%, indicating sound status in liquidity risk.

4.2 Methods of liquidity risk assessment

Conducted liquidity coverage ratio, 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 would formulate comprehensive budgets for operating and investment activities in light of the strategic and business plans of the Company, project cash flows on 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 369.28% and 337.32% respectively, maintaining a strong position, albeit down by 25.3pt and 20.8pt respectively from the preceding quarter.

Of this, actual capital was 3.020bn yuan, up by 77mn yuan from the previous quarter, mainly due to quarterly net profits of 77mn yuan, decrease of 7mn yuan in other comprehensive income, increase of 6mn yuan in catastrophe reserve for

agricultural insurance, and decrease in non-admitted assets of 1mn yuan.

Minimum capital was 818mn yuan, decreasing by 38mn yuan from the last quarter, as a result of decrease in minimum capital for insurance risk by 18mn yuan, mainly as a result of reduced claims reserve in Q4, in tandem with the diversification effect of ceded auto business, which offset the rise in premium reserve risk; decrease in minimum capital by 2mn yuan for market risk, mainly due to shortened bond duration and therefore lower interest rate risk, in tandem with increased allocation in equity assets, which increased the diversification effect; decrease in minimum capital by 40mn yuan for credit risk, mainly because of a further fall of premium receivables and therefore lower counter-party default risk in the quarter; and decrease by 23mn yuan in risk diversification effect.

(II) Change to liquidity risk indicators and reasons

As of the reporting quarter, cash and cash equivalents was 59.3366mn, up by 19.8317mn from 39.5049mn in the previous quarter. The increase in cash was mainly due to much higher cash inflows from financing activities as a result of more cash received under financial assets sold under repurchase during the quarter.

LCR1s of the next 3 months and next 12 months under base scenarios were 111.96% and 104.27%, respectively.

LCR2s of the next 3 months and next 12 months under stress scenario (compulsory for testing) were 182.80% and 123.25%, respectively.

LCR2s of next 3 months and next 12 months under stress scenarios (self-testing) were 191.26% and 117.77%, respectively.

LCR3s of the next 3 months and next 12 months under stress scenarios excluding asset disposal (compulsory for testing) were 99.30% and 100.04%, respectively.

LCR3s of the next 3 months and next 12 months under stress scenarios excluding

asset disposal (self-testing) were 106.44% and 99.59%, respectively.

The retrospective adverse deviation ratios of net cash flow from operating activities of the reporting and the previous quarters were 82.94% and 164.52%, respectively. The actual amounts of cash received as premiums under direct insurance contracts during the reporting quarter were higher than the projected amounts.

The net cash flow YTD was -19.8750mn. The net cash flow for the previous fiscal year was 30.4126mn, and 10.3322mn in the year earlier.

(III) Change to IRR and reasons

The Company was rated AAA at the IRR (differentiated supervision) by CBIRC for Q3 and Q4 of 2022.

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.