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**中國太平洋保險(集團)股份有限公司**  
**CHINA PACIFIC INSURANCE (GROUP) CO., LTD.**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 02601)**

**OVERSEAS REGULATORY ANNOUNCEMENT**

This overseas regulatory announcement is made pursuant to Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The announcement is attached hereof for information purpose only.

By Order of the Board  
**China Pacific Insurance (Group) Co., Ltd.**  
**KONG Qingwei**  
*Chairman*

Hong Kong, 29 October 2022

*As at the date of this announcement, the Executive Directors of the Company are Mr. KONG Qingwei and Mr. FU Fan; the Non-executive Directors are Mr. HUANG Dinan, Mr. WANG Tayu, Mr. WU Junhao, Mr. CHEN Ran, Mr. ZHOU Donghui, Ms. LU Qiaoling and Mr. John Robert DACEY; and the Independent Non-executive Directors are Ms. LIU Xiaodan, Mr. CHEN Jizhong, Ms. LAM Tyng Yih, Elizabeth, Mr. WOO Ka Biu, Jackson, and Mr. JIANG Xuping.*

# Summary of Quarterly Solvency Report (Excerpts)

**Pacific Health Insurance Co., Ltd.**

**3<sup>rd</sup> 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
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## **I. Board chairman and management statement**

The report has been approved by chairman of the board of directors. The board chairman 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.

## 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 AMC 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: In August 2022, the role of General Manager started to be performed collectively by the Business Operation Committee, and MA Xin no longer served as

Acting Responsible Person of the Company. In August 2022, YIN Yanling was appointed Board Secretary, and ZHOU Qing no longer served as Board Secretary.

**(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	1,104,691.71	1,081,102.21	1,094,109.12
Admitted liabilities	789,040.64	764,056.76	776,710.47
Available capital	315,651.07	317,045.45	317,398.65
Tier-1 core capital	301,754.26	304,059.56	304,611.19
Tier-2 core capital	-	-	-
Tier-1 supplement capital	13,896.81	12,985.89	12,787.46
Tier-2 supplement capital	-	-	-
Minimum capital	114,526.85	107,676.27	121,887.82
Minimum capital for quantifiable risks	112,971.43	106,206.80	120,232.43
Minimum capital for control risk	1,555.42	1,469.47	1,655.39
Minimum capital for supplement capital	-	-	-
Solvency margin surplus			
Core solvency margin surplus	187,227.41	196,383.29	182,723.37
Comprehensive solvency margin surplus	201,124.22	209,369.18	195,510.83
Core solvency margin ratio (%)	263	282	250
Comprehensive solvency margin ratio (%)	276	294	260

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

Indicators	Reporting quarter	Last quarter
Actual cash flow (unit:10,000 yuan)	-39,141.13	-153,836.93
Retrospective adverse deviation ratio of net cash flows from business activities (%)	-631	158
Overall liquidity coverage ratio under base scenario ( next 3 months)(%)	121	116
Overall liquidity coverage ratio under base scenario (next 12 months)(%)	191	169
Overall liquidity coverage ratio under mandatory stress scenario (next 3 months)(%)	855	1556
Overall liquidity coverage ratio under mandatory stress scenario (next 12 months)(%)	222	328
Overall liquidity coverage ratio under self-assessment stress scenario (next 3 months)(%)	758	1313
Overall liquidity coverage ratio under self-assessment stress scenario (next 12 months)(%)	304	368
Overall liquidity coverage ratio before asset disposal under mandatory stress scenario (next 3 months)(%)	180	313
Overall liquidity coverage ratio before asset disposal under mandatory stress scenario (next 12 months)(%)	55	76

Overall liquidity coverage ratio before asset disposal under self-assessment stress scenario (next 3 months)(%)	187	306
Overall liquidity coverage ratio before asset disposal under self-assessment stress scenario (next 12 months)(%)	194	199
Net cash flow from business activities (unit: 10,000 yuan)	-44,757.83	15,180.57
GWP year-on-year growth (%)	4.76	-8.67
Comprehensive surrender ratio	0.02	0.01
Share of cash flow and liquidity management tools (%)	1.45	5.28
Quarterly average financial leverage ratio (%)	3.44	2.58
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 (%)	22.37	17.45
Share of related party assets held by the Company (%)	3.62	3.91

### (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	130,047.40	381,891.07
Net profits	1,784.97	4,834.85
Total assets	1,117,272.35	1,117,272.35
Net assets	329,482.94	329,482.94
Insurance contract liabilities	374,915.56	374,915.56
Basic earnings per share (yuan)	-	-
ROE (%)	0.54	2.06
ROA (%)	0.16	0.45
Investment yield (%)	1.08	3.02
Comprehensive investment yield (%)	-0.25	1.73

## **IV. Risk management capabilities**

### **(I) Company category**

The Company was incorporated in December 2014. As of the end of September 2022, its gross written premiums amounted to 3,818.9107 million yuan (primary premiums: 703.5751 million yuan, inwardly ceded premiums: 3,115.3357 million yuan), and its total assets stood at 11.1727235 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 Q2 of 2022 and B for Q1 of 2022.

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

In accordance with the CBIRC's Notice on the Supervision and Assessment of Solvency Risk Management Capability of Insurance Companies for 2022, the Company actively prepared for and cooperated with the 2022 solvency risk management capability regulatory assessment, and the specific progress and improvement is as follows:

1. Made full preparation for the assessment, optimized and upgraded the organization structure and management of risk control. As per regulatory requirements of SARMRA and given the Company's risk level and management needs, we, under the guidance of C-ROSS II, set up a steering group and a working group on solvency risk management capacity building, further improved regulations and organizational structure of risk management, optimized the rules for risk management performance appraisal, and strengthened the implementation of risk management process. It prepared complete and detailed materials for the assessment, and successfully completed the on-site assessment, and further enhanced our risk management awareness and capability under the regulatory guidance and supervision.
2. Identified defects in risk management system in a timely manner. According to the problems found in the initial review of the on-site assessment, the Company formulated plans to promote the improvement of related system, process, working methods and management tools in a timely manner.

In the third quarter of 2022, the Company's risk management work proceeded smoothly based on relevant regulations and processes. Under the operation of the Company's risk management and preference 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 2021, 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.

## **V. Integrated risk rating (differentiated supervision)**

### **(I) The last two IRR results**

The Company was rated BB at the IRR (differentiated supervision) for Q2 of 2022 and B for Q1 of 2022.

### **(II) Measure taken or to be taken for improvement**

In Q3 2022, in light of regulatory briefing on IRR results, the Company reviewed indicators which received regulatory risk alerts, analysed reasons for points deduction on metrics of major risk categories, and briefed company senior management and the board on regulatory communication. In response to regulatory feed-backs, the Company, while ensuring continued compliance in solvency, adopted a differentiated approach, i.e., maintaining stability of high-performing metrics and focusing on rectification of under-performing ones, enhanced assignment of responsibilities to ensure steady progress in IRR.

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

Liquidity risk: For this quarter, net cash flow was -391 million yuan, mainly because of large cash outflows arising from the need for asset allocation after the capital increase was approved; the differential between actual net cash flow from operating activity and the

estimate was -517 million yuan, meaning a deviation of -631%, mainly because a statutory capital deposit of 500 million yuan was calculated as cash outflow from operating activity, and excluding this, the deviation would be -21%, within the expected range of deviation; as of the end of Q3, all LCRs under various scenarios and all liquidity indicators were within regulatory limits.

Operational risk: In terms of compliance and internal control, the Company didn't violate any regulations or receive administrative penalties from regulators in Q3 2022. There was zero violation per 100 million yuan in 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 in Q3.

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 Q3 2022, the Company did not experience any reputational risk incidents on mainstream or other types of media.

Strategic risk: The Company formulated strategic development plans aligned with those of the Group, and the status of execution was in line with the plan, with no material deviation or need for adjustment of the plan. Strategic risk management was proceeding in an orderly manner under the guidance of Management Measures on Strategic Risk. While facilitating the implementation of strategies set by the board, it was closely linked with on-the-ground execution of strategies and formed an integral part of strategic evaluation and monitoring system. In Q3, in the wake of its organizational restructuring and based on regulatory requirements and strategic directions, the Company conducted a full review of its policies and regulations, with adjustment of applicability. It monitored 7 Risk Upper Limits including the budget fulfillment ratio of gross written premiums, and detected no breaches, and no occurrence of strategic risk events.

## **VI. Management analysis and discussions**

### **(I) Solvency Analysis**

#### **1. Available capital**

As of 30 September 2022, the Company's net assets was 3,294.8294 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 138.3187 million yuan), the available capital stood at 3,156.5107 million yuan, a decrease of 13.9438 million yuan from the previous quarter, mainly due to the impact of equity market fluctuations and decrease of fair value of financial assets available for sale.

#### **2. Minimum capital**

The minimum capital of the Company at the end of Q3 was 1,145.2685 million yuan, rising by 6.36% 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; in the mean time, investment of funds from the capital injection was gradually completed in Q3, with reduced allocation in portfolio asset management products during the transitional period and increased allocation in debt instruments, meaning lower exposure to market risk and increased exposure to credit risk. Of this, minimum capital for insurance risk of life business was 533.9655 million yuan, that for insurance risk of non-life business was 646.6768 million yuan, that for market risk 235.4786 million yuan, that for credit risk 342.9829 million yuan, diversification effect for quantifiable risk 629.3894 million yuan, that for control risk 15.5542 million yuan.

#### **3. Solvency margin ratio**

As of 30 September 2022, the Company's core solvency margin surplus was 1,872.2741 million yuan, and the core solvency margin ratio was 263%; comprehensive solvency margin surplus was 2,011.2422 million yuan, and the comprehensive solvency margin ratio was 276%. In Q3 of 2022, the core and comprehensive solvency margin ratios both fell by 19pt from the previous quarter, mainly due to increase in minimum capital from business operation.

### **(II) Liquidity risk**

For this quarter, net cash flow was -391 million yuan, mainly because of allocation of

investment assets post approval of capital increase, which led to large cash outflows; the differential between actual net cash flow from operating activity and the estimate was -517 million yuan, meaning a deviation of -631%, mainly because a statutory capital deposit of 500 million yuan was calculated as cash outflow from operating activity, and excluding this, the deviation would be -21%, within the expected range of deviation; as of the end of Q3, 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.