

Summary of Quarterly Solvency Report (Excerpts)

China Pacific Property Insurance Co., Ltd.

3rd Quarter of 2024

Company overview and contact information

Company name (Chinese):	中国太平洋财产保险股份有限公司
Company name (English):	China Pacific Property Insurance Company Limited
Legal representative:	GU Yue
Registered address:	South Tower, Bank of Communications Financial Building, 190 Middle Yincheng Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC
Registered capital:	19.948bn yuan
Business license number:	000014
Date opening for business:	November 2001
Business scope:	Property indemnity insurance; liability insurance; credit and guarantee insurance; short-term health and personal accident insurance; reinsurance of the above said insurance; insurance funds investment as approved by relevant laws and regulations; other business as approved by the CIRC.
Business territories:	The People's Republic of China (excluding Hong Kong, Macao and Taiwan)
Contact person:	WANG Yucheng
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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 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. Basic information

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

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

Types of shareholding	As at the end of the preceding period		Change during the reporting period				As at the end of the reporting period	
	Shares	Percentage (%)	Shareholder injection	Transfer from capital reserve and share dividends distribution	Share transfer	Subtotal	Shares	Percentage (%)
State	29,895	1.5	-	-	-	-	29,895	1.5
Private legal persons	-	-	-	-	-	-	-	-
Foreign	-	-	-	-	-	-	-	-
Natural persons	-	-	-	-	-	-	-	-
Others								
(listed companies)	1,964,914	98.5	-	-	-	-	1,964,914	98.5
Total	1,994,809	100	-	-	-	-	1,994,809	100

2. De facto controller

The Company has no de factor 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)	—	19,649,137,578	98.50	None
Shenergy Group Co., Ltd.	State-owned	—	93,106,180	0.47	None
Shanghai Haiyan Investment Management Company Limited	State-owned	—	92,846,189	0.46	None
Yunnan Hehe (Group) Co., Ltd.	State-owned	—	61,049,510	0.31	None
Shanghai State-owned Assets Operation Co., Ltd.	State-owned	—	51,948,193	0.26	None
Total	—	—	19,948,087,650	100	—
Related party relations among shareholders	Of the 5 shareholders of the Company, with the exception of CPIC Group, all are concurrently shareholders of CPIC Group. Other than that, the Company is not aware of any related party relations between its shareholders.				

4. Shareholding by directors, supervisors and senior management

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

5. Share transfer

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

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

1. Basic information on directors, supervisors and senior management at head-office level

(1). Directors

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

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

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

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

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

Mr. ZENG Yi¹, born in June 1965, holds a bachelor's degree, and has been serving as Executive Director of the Company since June 2023 (approval document: NFRA [2023] No. 76). Mr. ZENG previously served as Deputy Section Chief, Section Chief of Administration of Domestic Business Department, head of Research and Development Department, Deputy Manager of Domestic Business Department and Research and Development Department, Deputy Manager of General Administration for P/C Insurance, Deputy Manager of General Administration for P/C Insurance & Jiangbei Sub-branch, Manager of P/C Insurance Business Development Department, Manager of P/C Insurance Business Centre of Chongqing Branch, China Pacific Insurance Co. Ltd., Manager of P/C Insurance Business Centre & head of Supervisory Department, Assistant General Manager, Deputy General Manager and General Manager of Chongqing Branch of the Company, Director of Auto Insurance Business, Chief Operating Officer, Deputy General Manager and General Manager of CPIC P/C. Previously, he worked at PICC Chongqing Branch.

¹ In September 2024, as per approval of the 47th session (extraordinary) of the 7th board of directors of the Company, Mr. ZENG Yi ceased to serve as General Manager of China Pacific Property Insurance Co. Ltd.

(2). Supervisors

Mr. ZHANG Weidong, born in October 1970, received university education. He has been serving as Chairman of the Board of Supervisors of the Company since March 2024 (approval document: NFRA [2024] No.139). Mr. ZHANG currently serves as Chief Internal Auditor, General Counsel, Acting Internal Audit Responsible Person of CPIC Group, chairman of board of supervisors of CPIC Life, Director of CPIC Health and CPIC AMC. Mr. ZHANG previously served as General Manager of Legal and Compliance Department, head of the Board Office of CPIC Group, Director and Board Secretary of CPIC P/C, Director and Board Secretary of CPIC Life, Board Secretary of CPIC AMC, Risk & Compliance Officer, General Manager of Risk Management Department, Compliance Responsible Person, Chief Risk Officer of CPIC Group, Director of Changjiang Pension.

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

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

(3) Senior management at head-office level

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

Mr. CHEN Hui², born in February 1969, holds a master's degree and the designation of Accountant. He started to serve as Acting Responsible Person of the Company performing the duties of General Manager in September 2024; started to serve as Compliance Responsible Person and Chief Risk Officer of the Company (approval document: NFRA [2024] No. 213) in April 2024. Previously, Mr. CHEN served as Assistant General Manager and Deputy General Manager of Beijing Branch of CPIC P/C, Deputy General Manager of Hebei Branch of CPIC P/C, General Manager of Human Resources Department, and Chief Human Resources Officer of CPIC P/C. Prior to that, he worked at Beijing Coal Company.

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

² In September 2024, as per approval of the 47th session (extraordinary) of the 7th board of directors of the Company, Mr. ZENG Yi ceased to serve as General Manager of China Pacific Property Insurance Co. Ltd, and Mr. CHEN Hui was designated as Acting Responsible Person of the Company performing the duties of General Manager.

General Manager of Shandong Branch, head of Sales (Channel Building and Cooperation), and Deputy General Manager (Agricultural Insurance) of the Company. Prior to that, Mr. SONG worked at the Hainan Branch of the Bank of Communications.

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

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

Mr. LI Chao, born in March 1981, holds a master's degree, and has been serving as Deputy General Manager of the Company since September 2024 (approval document: NFRA [2024] No.626). Prior to this, Mr. LI served as Deputy General Manager of Tianjin Branch, Deputy General Manager (in charge) and General Manager of Small- and

Medium-Sized Customer Business Department, General Manager of Corporate Customer Department/Bancassurance Department, General Manager of Heilongjiang Branch, and Assistant General Manager of CPIC P/C.

Mr. HUANG Yao, born in December 1978, holds a master's degree. He has been serving as Assistant General Manager of the Company since July 2024 (approval document: NFRA [2024] No.471). Mr. HUANG also serves as General Manager of the New Energy Vehicle Development Center of the Company. Mr. HUANG previously served as Deputy General Manager and General Manager of Shenzhen Business Department of Pacific Online Service Technology Co., Ltd., Party Secretary/ General Manager of CPIC P/C Suzhou Branch, and General Manager of Agency Business Department of Individual Customers Center 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 Director of Coordinated Development of Guangdong, Hong Kong and Macao, and General Manager of Guangdong Branch of the Company. Previously, Mr. Yu served as Deputy General Manager of Henan Branch, General Manager of Gansu Branch and Hubei Branch of CPIC P/C respectively.

Mr. YE Mingman, born in October 1975, holds a master's degree. He has been serving as Assistant General Manager of the Company since July 2024 (approval document: NFRA [2024] No. 473). Mr. YE also serves as General Manager of the Online Platforms Department of Individual Customers Center of the Company. Mr. YE previously served as Director of Market Development (Individual Customers) of the Company, member of CPC Committee, Assistant General Manager of CPIC P/C Xiamen Branch, Deputy General Manager of Telemarketing Business Unit of the Company, General Manager of CPIC Online Shangdong Branch, General Manager of Channels Cooperation Department of the Company, General Manager of Telemarketing Center of the

Company, Executive Deputy General Manager, Executive Director, and General Manager of CPIC Online, Executive Director, and General Manager of CPIC Insurance Agency.

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

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

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

Position	Predecessor	Incumbent
General Manager	ZENG Yi	-
Acting Responsible Person	-	CHEN Hui
Deputy General Manager	-	LI Chao
Assistant General Manager	TAO Lei	-
	-	HUANG Yao, YE Mingman

(III) Subsidiaries, joint ventures or associates

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

Name of companies	Number of shares (10,000)			Percentage of shareholding (%)		
	End of the preceding quarter	End of the reporting quarter	Change	End of the preceding quarter	End of the reporting quarter	Change (pt)
Subsidiaries						
Pacific Anxin Agricultural Insurance Co., Ltd.	73,206	73,206	-	67.78%	67.78%	-
Joint ventures						
Shanghai Juche Information Technology Co., Ltd.	148	148	-	25.20%	25.20%	-

Zhongdao Automobile Assistance Co., Ltd.	1,280	1,280	-	20.32%	20.32%	-
Shanghai Lexiang Sijin Technology Joint-stock Co. Ltd.	369	369	-	6.09%	6.09%	-
Associates						
CPIC Euler Hermes Credit Insurance Sales Co., Ltd	2,550	2,550	-	51.00%	51.00%	-
Shanghai Binjiang-Xiangrui Investment and Construction Co., Ltd.	1,071	1,071	-	35.70%	35.70%	-

(IV) Breaches

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

Between July 1 and September 30, 2024, branch offices of the Company received 8 administrative penalties from the insurance regulator, with 2.48mn yuan in fines for branches and 0.725mn yuan in fines for individuals, totalling 3.205mn yuan. Misconduct mainly concerned falsification of brokerage business for expense-booking, failure to abide by approved or filed premium rates or policy terms & clauses, falsification of expenses, granting extra benefits to the insured other than those specified in insurance contracts, etc.

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

(Yes No)

3. Was there any misconduct or breaches by the company, its directors and senior management which triggered judicial proceedings during the reporting period?

(Yes No)

4. Did the Company receive any regulatory measures from the NFRA (previously CBIRC) during the reporting period?

(Yes No)

III. Key Indicators

(I) Key solvency metrics

Unit: RMB yuan 10,000

Items	As at the end of Q3 2024	As at the end of Q2 2024	Estimates for next quarter under base scenario
Admitted assets	27,414,199	27,504,645	26,956,664
Admitted liabilities	20,607,766	20,825,372	20,009,688
Actual capital	6,806,434	6,679,272	6,946,976
Tier 1 core capital	5,403,641	5,237,506	5,544,184
Tier 2 core capital	-	-	-
Tier 1 supplement capital	1,402,792	1,441,766	1,402,792
Tier 2 supplement capital	-	-	-
Minimum capital	3,130,720	3,035,939	3,156,688
Minimum capital for quantifiable risks	3,179,310	3,083,058	3,209,222
Minimum capital for control risk	-48,590	-47,119	-52,535
Supplement capital	-	-	-
Core solvency margin	2,272,921	2,201,567	2,387,496
Core solvency margin ratio (%)	172.6%	172.5%	175.6%
Comprehensive solvency margin	3,675,713	3,643,333	3,790,288
Comprehensive solvency margin ratio (%)	217.4%	220.0%	220.1%

(II) Liquidity risk indicators

1. Regulatory indicators for liquidity risk

Items		As at the end of/ during Q3 2024	As at the end of/ during Q2 2024	
Net cash flows (RMB 10,000)	YTD	16,982	246,836	
	FY 2023	346,474	346,474	
	FY 2022	-326,022	-326,022	
Liquidity coverage ratio (%)	LCR1	Next 3 months	112.6%	116.9%
		Next 12 months	103.4%	104.5%
	LCR2	Next 3 months	360.2%	301.2%
		Next 12 months	165.9%	161.4%
	LCR3	Next 3 months	111.7%	90.5%

		Next 12 months	102.7%	104.5%
Retrospective adverse deviation ratio of net cash flows from business activities (%)	Over the previous 2 quarters		397.9%	141.5%
	Over the previous quarter		122.6%	397.9%

2. Other indicators of liquidity risk

	Items	As at the end of Q3 2024/YTD	As at the end of Q2 2024/YTD
Liabilities	Net cash flow from operating activities (RMB 10,000)	610,343	535,887
	Net cash flow from operating activities per 100 yuan in premiums (RMB yuan)	3.9	4.8
	Ratio of cash outflow from business of special types(%)	3.1%	2.5%
	Gross premium growth year-on-year(%)	8.0%	8.3%
Assets	Ratio of cash and liquidity management instruments(%)	2.5%	3.3%
	Quarterly average financing gear(%)	2.8%	2.7%
	Share of domestic fixed income assets with external rating of AA and below(%)	0.5%	0.5%
	Proportion of shares representing over 5% of the stake of listed companies(%)	0.0%	0.0%
	Ratio of fund receivables(%)	16.5%	17.5%
	Ratio of assets of related parties held(%)	3.6%	3.3%

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) ÷ (Total claim expenses + Total claim reserves) × 100%. Business of special types includes financing guarantee insurance business and non-auto business that accounts for more than 5% of total claim expenses, and the latter refers to non-auto insurance business that incurs, due to catastrophes or major claims, estimated or actual claim expenses after reinsurance which exceed 5% of total non-auto claim expenses of the previous year.

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

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

Ratio of assets of related parties held: Ratio of assets of related parties held = Total investment assets of

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

(III) Key business metrics

Unit: RMB yuan 10,000

Indicators	As at the end of/ during Q3 2024	As at the end of Q3 2024/YDT
Gross written premiums	4,676,700	15,969,534
Net profits	110,911	590,115
Total assets	22,981,726	22,981,726
Net assets	6,022,587	6,022,587
Insurance contract liabilities	13,091,305	13,091,305
Basic earnings per share (RMB yuan)	0.1	0.3
ROE (%)	1.9	10.3
ROA (%)	0.5	2.7
Investment yield (%)	0.8	2.5
Comprehensive investment yield (%)	1.3	5.0
Combined ratio (%)	101.6	98.6
Expense ratio (%)	26.9	25.9
Loss ratio (%)	74.6	72.7
Proportion of commissions & brokerage expenses (%)	10.1	8.7
Proportion of operating & administrative expenses (%)	18.2	15.5
Written premiums	4,888,079	16,384,222
Written premiums of auto insurance	2,752,123	8,281,958
Written premiums of top 5 non-auto insurance business lines	1,683,693	6,726,458
Liability insurance	595,610	1,891,441
Health insurance	299,592	1,863,619

Agricultural insurance	372,278	1,736,931
Commercial property insurance	237,805	691,222
Homeowners' insurance	178,408	543,245
Average vehicle premium of auto insurance (RMB yuan)	2,865	2,823
Written premiums by channels	4,888,079	16,384,222
Agency	3,089,161	9,202,326
Direct	1,044,433	4,837,229
Brokerage	754,484	2,344,667
Others	-	-

Notes:

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

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

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

Indicators	YTD
Average investment yield in the past 3 years (%)	4.26
Average comprehensive investment yield in the past 3 years (%)	3.81

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

IV. Risk management capabilities

(I) Classification of insurance companies

As per rules on classification of insurance companies 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 2023, its annual written premiums amounted to 196.019bn yuan; total assets stood at 246.344bn yuan; there are 38 provincial-level branch offices.

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

In the quarter, the Company promoted systematic capacity-building for risk management, with related work as follows:

First, in response to Typhoons Yagi and Bebinca, we held meetings before and after the disasters struck to make preparations and implement response measures, promoted disaster prevention and mitigation, and carried out claims investigation and settlement in an orderly manner. After the disasters, we reviewed our responses and further improved risk warning to safeguard achievements of high-quality business development.

Second, under the guidance of General Secretary Xi Jinping's thoughts on the work related to farmers, rural areas and agriculture, we held the Tai'an Agricultural Risk Management Forum 2024, which focused on promoting the national strategy of rural vitalization and agricultural invigoration as well as high-quality development of China's agricultural risk management and insurance. The Company and China Re jointly hosted the "Forum on Innovative Risk Management for Low Altitude Economy" at the China International Fair for Trade in Services to discuss new scenarios, new business models of low altitude economy, and to jointly boost high-quality development of insurance business for low altitude industries.

Third, strengthened IT risk management by revising and improving internal management rules on IT outsourcing to ensure rule-based IT outsourcing activities, and formulated a series of data management measures covering data security, third-party data, data filing, data labeling, security in data cooperation and sharing, etc., so as to further improve overall data security risk management.

Fourth, carried out the 2024 Training on Emergency Response Contingency Plan and Sub-Plans (2024) of CPIC P&C for all employees to meet regulatory and Group requirements, which aimed to ensure an orderly response in the event of emergencies, and familiarize all staff with emergency response measures to improve their capability and awareness. We also organised the 2024 Reputational Risk Management Training

& Drills to improve pro-active, day-to-day reputational risk management in a systematic way to better empower the front line.

Fifth, our practice in aquaculture insurance service was selected as a successful example under the theme of “Paradigm Shift in Insurance: from Risk Mitigation to Risk Resilience” by the UN Food and Agriculture Organisation (FAO) in 2024, an indication of the attention and recognition we received from international organisations for our exploration in aquaculture insurance. Our “CPIC P/C IoT Platform Risk Reduction Project” was selected as an exemplary case of business innovation at the China International Fair for Trade in Services (CIFTIS) 2024, a recognition of our contribution in the field of trade in services and our unrelenting pursuit of new service models.

(III) Results of last solvency risk management valuation

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

(IV) Status of SARMRA self-assessment

Not applicable during the reporting period.

V. Information on IRR (differentiated supervision)

(I) Results of IRR in the previous 2 quarters

The Company was rated AA at the IRR for both Q1 and Q2 of 2024.

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

(II) Status of various risks of the Company

1. Operational risk

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

First, revised internal rules on operational risk management in accordance with the regulatory Provisions on Management of Operational Risk of Banking and Insurance Institutions.

Second, as per regulatory and Group requirements, organised a review of “compliance standardisation” by sub-branches and below. Based on needs to control the risk of major legal cases, we enhanced supervision and inspection of primary-level branch offices, key positions, vulnerable areas and weak links, and strengthened the screening of abnormal personnel behaviours by vertical corporate functions.

Third, in compliance with requirements of SASAC and the Group, we launched a special campaign on overseas risks for 2024, organised a self-review and rectification by relevant corporate departments and CPIC Hong Kong, with an interim progress report submitted the Group.

Fourth, continued to track status of rectification based on audit findings. We used a checklist to track progress of rectification of key audit findings, with automatic deadline alerts, which ensured accountability and the primary responsibility of the “1st line of defense”, and better results.

Fifth, in terms of work in anti-money laundering (AML), in Q3 we continued with communications and follow-ups on key tasks of this year, and proceeded with relocation of the AML system.

Sixth, as for IT risk, analysis of our IT risk indicators in Q3 showed that project delays were acceptable, core IT systems ran stably with good IT services; data security and IT outsourcing suppliers were both in a healthy status; there was no risk events in new technology application, and therefore the overall IT risk is under control.

2. Strategic risk

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

Strengthened strategic risk management in terms of talent management, business management, investment management and overseas operation management; assessed the overall situation of strategic risk management in a timely, all-round and objective manner, reviewed status of strategic risk management and incorporated it into the overall risk management and assessment report to be submitted to senior management.

In Q3 2024, to implement decisions of the central government on the “5 Financial Priorities”, i.e., technology finance, green finance, inclusive finance, pension finance and digital finance, and in response to requirements of the regulator and the Group, the Company formulated the Action Programme on 5 Financial

Priorities to facilitate the implementation of the strategy in a systematic, all-around manner.

Next, the Company will closely follow changes in the market environment and developments in government policies, and adjust its strategic planning accordingly, while taking into account its own development needs, so as to ensure the alignment of its business activities and the strategic planning, and the fulfillment of its business objectives.

3. Reputational risk

During the quarter, there were no severe reputational risk incidents, with the risk overall under control. As per Provisional Regulations on Reputational Risk Management by Banking and Insurance Institutions, Regulations on Reputational Risk Management of China Pacific Insurance (Group) Co. Ltd and Rules on Reputational Risk Management of China Pacific Property Insurance Co. Ltd., as well as other applicable regulatory rules and Group policies, the Company amended the contingency plan for major reputational risk events, conducted quarterly risk screening and analysis, convened the 2nd quarterly work meeting of the Reputational Risk Management Working Group in 2024 to cascade down relevant pro-active management actions to primary-level branch offices. Going forward, when conducting business and PR activities, it will further enhance risk screening and prevention, step up fast response and coordination in risk-handling, with review and optimisation afterwards, accumulate the “asset” of reputation and strengthen early-stage intervention and closed-loop management of reputational risk, in a bid to forestall the risk more pro-actively.

4. Liquidity risk

To mitigate the liquidity risk, the Company coordinates cash flows from operating, investment and financing activities, pays special attention to large cash outflows arising from major claims, reinsurance bills, taxes, expenses and fixed assets, makes necessary arrangements in a timely manner to ensure sufficient liquidity to meet needs of various payment obligations. In Q3, the Company made funds available to meet needs of large pay-outs like quarterly prepayment of contribution into the Mandatory Insurance Security Fund, quarterly payment of income tax, reinsurance outgo, purchase & construction of fixed assets and payment of shareholder dividend. It paid special attention to large claims payment arising from typhoons and other natural disasters and made preparations in advance, while handling needs for liquidity or applications for payment of both corporate headquarters and branch offices in a timely manner. The Company will continue to monitor changes to its liquidity status, balance needs for liquidity and enhance its risk management capabilities.

VI. Management analysis and discussions

(I) Review of key operating results

1. Analysis of changes to IRR ratings

The overall risk status of the Company remains stable, with solvency margin ratios stable and solid. And its business operation and net cash flows showed signs of improvement amid stability. The Company maintained a normal status in strategic risk, reputational risk and operational risk. There was no occurrence of major risk events.

2. Analysis of solvency margin ratio movement

As at the end of Q3 2024, the comprehensive and core solvency margin ratios of the Company stood at 217.4% and 172.6% respectively, down by 2.6pt and up by 0.1pt respectively from the end of the previous quarter. Of this, actual capital rose by 1.27bn yuan from the previous quarter, mainly due to impact of net profits and other comprehensive income.

Minimum capital for insurance risk increased by 1.18bn yuan from the preceding quarter to 24.05bn yuan. Of this, that for premium and reserve risk rose by 1.28bn yuan, mainly because of, first, higher retained premiums from motor insurance and commercial property insurance in the previous 12 months; and second, increased change in the combined ratio of motor insurance in the past 6 months and higher combined ratio of commercial property insurance, which increased the applicable factor used in calculation of required capital for premiums. Minimum capital for reserve risk also increased, due to growth of outstanding claims reserve for agricultural insurance and motor insurance.

Minimum capital for market risk rose by 980mn from the preceding quarter, largely due to increased risk exposure of bond securities, which in turn led to higher minimum capital requirement for interest rate risk.

Minimum capital for credit risk fell by 980mn from the preceding quarter, largely due to decreased risk exposure of premium receivables, which lowered minimum capital requirement for counter-party default risk.

The Company sets its solvency risk upper limits and risk indicators based on its risk profile and appetite, and tracks them on a regular basis. In the meantime, it will continue to ensure stable and solid solvency positions via enhanced business quality control, improved risk identification and management, and optimised asset and business mix, etc.

3. Analysis of changes to liquidity risk indicators

(1) Liquidity coverage ratios (LCR)

As per C-ROSS II standards on liquidity, the liquidity coverage ratios of the Company, i.e., LCR1 and LCR2 in the next 3 months and 12 months under the base and stress scenarios respectively were both above 100%, and LCR3 above 50%, all meeting regulatory requirements. The Company adopts a prudent approach towards cash flow projections from operating activities, with the retrospective adverse deviation ratio of net cash flows from operating activities in the past 2 quarters consistently equal to or above the regulatory minimum level of -30%. On a YTD basis, net cash inflows of the Company amounted to 170mn yuan. Of this, net cash inflow from operating activities was 6.10bn yuan; net cash outflow from investment activities 6.64bn yuan; net cash inflow from financing activities 720mn yuan.

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

Summary of Quarterly Solvency Report (Excerpts)

China Pacific Life Insurance Co., Ltd.

3rd Quarter of 2024

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 ¹
Registered address:	71 Shouning Road, Huangpu District, Shanghai, China
Registered capital:	8.6282bn yuan
Business license number:	000015
Date opening for business:	November 2001
Business scope:	Life/health insurance denominated in RMB yuan and foreign currencies including life insurance, health insurance, personal accident insurance, etc.; reinsurance of the above said insurance; statutory life/health insurance; agency and business dealings with domestic and overseas insurers and organizations, loss adjustment, claims and other business entrusted from overseas insurance organizations; insurance funds investment as prescribed by The Insurance Law and relevant laws and regulations; international insurance activities as approved; other international insurance business as approved by the former CIRC. [To conduct business subject to approval according to laws and regulations, permission of relevant departments is required.]
Business territories:	Beijing, Shanghai, Tianjin, Chongqing, Heilongjiang Province, Jilin Province, Liaoning Province, Hebei Province, Shanxi Province, Shandong Province, Anhui Province, Jiangsu Province, Zhejiang Province, Fujian Province, Jiangxi Province, Guangdong Province, Hainan Province, Guangxi Zhuang Autonomous Region, Hunan Province, Hubei Province, Henan Province, Yunnan Province, Guizhou Province, Sichuan Province, Shaanxi

¹ According to relevant provisions of the Company Law, if a director or manager who serves as the legal representative resigns, it is deemed that they resign as the legal representative as well. Since Ms. PAN Yanhong resigned as the Chairman of the Company on 27 August 2024, after being elected by all the directors, Mr. LI Jinsong, a director, will act as the Chairman and legal representative in the interim period.

Province, Gansu Province, Xinjiang Uygur Autonomous Region, Ningxia Hui Autonomous Region, Inner Mongolia Autonomous Region, Qinghai Province (with offices in 5 vice-provincial level municipalities such as Dalian, Qingdao, Ningbo, Xiamen, Shenzhen, where the insurance regulator also has branch offices)

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

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

2. De facto controller

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

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

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

Names of shareholders	Types of shareholders	Change to shareholding or contribution during the reporting period	Shares held as at the end of the reporting period	Shareholding percentage as at the end of the reporting period (%)	Shares pledged or in lock-up
China Pacific Insurance (Group) Co., Ltd.	Listed company	-	848,086.31	98.292	-
Shenergy Group Co., Ltd.	State-owned	-	4,711.59	0.546	-
Shanghai State-Owned Assets Operation Co., Ltd.	State-owned	-	4,689.24	0.544	-
Shanghai Haiyan Investment Management 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.				

4. Shareholding by directors, supervisors and senior management

None during the reporting period.

5. Share transfer during the reporting period

None during the reporting period.

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

1. Basic information of directors, supervisors and senior management at head-office level

(1) Directors

As of the end of September 2024, the 8th Board of Directors of the Company has 6 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 [2018] No. 320). Mr. MA

currently serves as Director of the Company, Vice President of CPIC Group, and Chairman of CPIC Health. He previously served General Manager of Shaanxi Branch of CPIC Life, General Manager of Strategic Planning Department, Director of Strategic Transformation Office, Transformation Director, and Board Secretary of CPIC Group, Director of CPIC P/C, and Director of Changjiang Pension.

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

Mr. LI Jinsong, born in June 1969, has a master's degree. He has been serving as Director of the Company since July 2024 (approval document: NFRA [2024] No. 479). He currently serves as Executive Director and General Manager of the Company. Mr. LI previously served as General Manager of CPIC Life Sichuan Branch, General Manager of Bancassurance Department of CPIC Life, Assistant General Manager and Deputy General Manager of CPIC Life, Deputy Marketing Director/ General Manager of the Strategic Customer Department of CPIC Group, Director of Changjiang Pension.

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

Life Insurance Co., Ltd., Deputy General Manager, CFO and Chief Actuary of Sun Life Everbright Life Insurance Co., Ltd., Chief Risk Officer and Chief Actuary of CPIC Health, and Director of CPIC AMC.

Mr. YUAN Ye, born in November 1972, holds a master's degree. He has been serving as Director of the Company since September 2024 (approval document: NFRA [2024] No.601). Mr. YUAN currently serves as Director of the Company, Director of President's Office of CPIC Group, Supervisor of CPIC Technology, and Chairman of the Board of Supervisors of Shanghai Health and Elderly Care Development Group. Mr. YUAN previously served as Senior Staff Member of the Criminal Investigation Division of Putuo District Bureau of Shanghai Municipal Public Security Bureau, Senior Staff Member, Principal Staff Member, Deputy Director and Director of the Comprehensive Coordination Division of the Political and Legal Commission of Shanghai Party Committee, and General Manager of Legal and Compliance Department of CPIC Group.

Mr. XIE Weiqing, born in July 1979, holds a master's degree and designation of Senior Accountant. He has been serving as Director of the Company since September 2024 (approval document: NFRA [2024] No.602). Mr. XIE currently serves as Director of the Company, General Manager of the Finance Department of Shenergy (Group) Co., Ltd., and Executive Director, General Manager of Shenergy Group Business Service Co., Ltd. Mr. XIE previously served as Financial Director of the Finance Department of Shanghai Maglev Transportation Development Co., Ltd., Deputy Financial Director, Financial Director, and Deputy Manager of the Finance Department of Shenergy (Group) Co., Ltd., and Deputy General Manager of Shenergy Group Finance Company Limited.

(2) Supervisors

As of the end of September 2024, the 8th Board of Supervisors² of the Company has 3 supervisors:

Mr. ZHANG Weidong, born in October 1970, received university education. He has been serving as Chairman of the Board of Supervisors of the Company since May 2024 (approval document: approval document: NFRA [2024] No.297). Mr. ZHANG currently serves as Chief Internal Auditor, General Counsel and acting Internal Audit Responsible Person of CPIC Group, Chairman of the Board of Supervisors of CPIC P/C, Director of CPIC Health and CPIC AMC respectively. Mr. ZHANG previously served as Director and Board Secretary of the Company, General Manager of Legal and Compliance Department, head of the Board Office, Risk & Compliance Officer, General Manager of Risk Management Department, and Chief Risk Officer and Compliance Responsible Person of CPIC Group, Director and Board Secretary of CPIC P/C, Board Secretary of CPIC AMC, Director of Changjiang Pension.

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

Ms. ZHOU Lili, born in November 1972, holds a master's degree. She has been serving as

² As the term of the 7th Board of Supervisors expired, the Board of Supervisors nominated candidates for the 8th Board of Supervisors on 27 May 2024, which has a term of 3 years and can be re-elected. The 8th Board of Supervisors has 3 Supervisors, which consist of 1 Employee Representative Supervisor and 2 Shareholder Supervisors. As per approvals of the 2nd extraordinary shareholders' general meeting in 2024 of the Company, the 8th session of the 4th General Meeting of Employees and Workers' Union of the Company, and qualifications approval of NFRA (approval document: NFRA [2024] No. 603), the 8th Board of Supervisors of the Company consists of 3 supervisors, i.e., Mr. ZHANG Weidong, Mr. ZHANG Lei and Ms. ZHOU Lili.

Supervisor of the Company since September 2024 (approval document: NFRA [2024] No.603). Ms. ZHOU currently serves as General Manager of the Risk Management Department of CPIC Group, and Director of CPIC Capital. Ms. ZHOU previously served as Deputy Head of the Ceded P/C Insurance Section of Reinsurance Department CPIC Group, Senior Manager, Supervising Manager, and Deputy General Manager of Risk Monitoring Department of CPIC Group.

(3) Senior management at head-office level

As of the end of September 2024, the Company has 12 members of senior management in total:

Mr. LI Jinsong, born in June 1969, he has been serving as General Manager of the Company since July 2024 (approval document: NFRA [2024] No. 489). Please refer to Basic Information of Directors above for his biography.

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

Mr. WEI Lin, born in July 1972, holds a master's degree. He has been serving as Deputy General Manager of the Company since June 2018 (approval document: CBIRC [2018] No.449). Mr. WEI currently serves as Executive Director and General Manager of Pacific Elderly Care Investment Management Co., Ltd., Chairman of Pacific ORPEA (Shanghai) Elderly Care Service Co., Ltd., Director of CPIC (Dali) Elderly Home Co., Ltd., and Executive Director of Pacific Medical & Health Management Co., Ltd. Mr. WEI previously served as

Chief Staff Member of 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. ZHANG Yuanhan, born in November 1967. He has been serving as Director, and Acting Chief Actuary of the Company since June 2024. Please refer to Basic Information of Directors above for his biography.

Mr. YE Peng, born in March 1972, holds a master's degree, the designation 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 as Deputy General Manager (approval document: CBIRC Shanghai [2019] No.638) and Finance Responsible Person (approval document: CBIRC Shanghai [2019] No.689) of the Company in August 2019. Mr. YE currently serves as Director of Changjiang Pension, Director of CPIC Life HK, and Executive Director of Beijing Borui Heming Insurance Brokerage Co., Ltd. Mr. YE previously served as Assistant General Manager, CFO, Board Secretary, and Deputy General Manager of Changjiang Pension.

Ms. TAO Lei, born in September 1977, holds a master's degree. She has been serving as Deputy General Manager and Board Secretary (approval document: NFRA [2024] No.609) of the Company since September 2024. Ms. TAO currently serves as Deputy General Manager and Board Secretary of the Company. She previously served as Assistant General Manager, Transformation Director, and head of the Office of the Steering Committee for Deepening Transformation of CPIC P/C.

Mr. DAI Chuanjiang, born in September 1973, holds a bachelor's degree. He took up his current position as Assistant General Manager (approval document: CBIRC Shanghai [2019] No. 662) of the Company in August 2019. Mr. DAI currently also serves as General

Manager of South China Unit of the Company. He 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 Life Guizhou Branch, Deputy Manager of Business Division, Manager of Individual Business Management Department, Assistant General Manager, Deputy General Manager of CPIC Life Guizhou Branch, and Senior Deputy General Manager, General Manager of CPIC Life Shanghai Branch.

Mr. TAI Fuchun, born in December 1967, holds a master's degree. He took up his current position as Assistant General Manager (approval document: CBIRC [2021] No. 745) of the Company in October 2021. He currently also serves as General Manager of North China Unit of the Company. Mr. TAI previously served as Assistant General Manager, Deputy General Manager and General Manager of CPIC Life Shanxi Branch, General Manager of Customer Resources Management Department of CPIC Life, General Manager of CPIC Life Shandong Branch, Deputy Chief Internal Auditor of CPIC Group, and Internal Audit Responsible Person (life insurance) of CPIC Group. Prior to that, Mr. TAI served as an official of the General Office of the Standing Committee of the Shanxi Provincial People's Congress.

Mr. JIANG Yifeng, born in January 1978, holds a doctoral degree. He took up his current position as Assistant General Manager (approval document: CBIRC [2021] No. 746) of the Company in October 2021. Mr. JIANG previously served as Deputy General Manager of Human Resources Department of CPIC Life, General Manager of CPIC Life Ningxia Branch, General Manager of CPIC Life Shaanxi Branch, head of the Office of All-around Transformation of CPIC Group, and General Manager of CPIC Life Zhejiang Branch.

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

Chief Operating Officer of the Operation Department of AIA China, Chief Operation Technology Officer of FWD China, General Manager of FWD Technology Co., Ltd., and Executive COO of WeDoctor Group.

Mr. YE Bo, born in June 1977, holds a master's degree and designation of accountant. Mr. YE He has been serving as Assistant General Manager (approval document: NFRA [2024] No.622) of the Company since September 2024. Mr. YE previously served as CFO of CPIC Life Zhejiang Branch, General Manager of Corporate Business Comprehensive Management Department of CPIC Life, Head of General Administration Office of CPIC Life, and General Manager of CPIC Life Jiangsu Branch.

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

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

(1). Changes to directors

On 12 July 2024, the Company received the Approval of Appointment Qualifications of LI Jinsong as Director of China Pacific Life Insurance Co. Ltd by NFRA (approval document: NFRA [2024] No. 479). NFRA approved Mr. LI Jinsong's qualifications as Director of the Company. At the same time, Mr. CAI Qiang ceased to serve as Director of the Company.

On 12 September 2024, the Company received from NFRA the Approval of Appointment Qualifications of YUAN Ye as Director of China Pacific Life Insurance Co. Ltd (approval document: NFRA[2024] No. 601), and the Approval of Appointment Qualifications of XIE Weiqing as Director of China Pacific Life Insurance Co. Ltd (approval document: NFRA [2024] No. 602). NFRA approved the qualifications of Mr. YUAN Ye and Mr. XIE Weiqing as Director of the Company. At the same time, Ms. PAN Yanhong ceased to serve as Director

of the Company.

(2). Changes to supervisors

As the term of the 7th Board of Supervisors expired, the Board of Supervisors nominated candidates for the 8th Board of Supervisors on 27 May 2024, which has a term of 3 years and can be re-elected. The 8th Board of Supervisors has 3 Supervisors, which consist of 1 Employee Representative Supervisor and 2 Shareholder Supervisors. As per approvals of the 2nd extraordinary shareholders' general meeting in 2024 of the Company, the 8th session of the 4th General Meeting of Employees and Workers' Union of the Company, and qualifications approval of NFRA (approval document: NFRA [2024] No. 603), the 8th Board of Supervisors of the Company consists of 3 supervisors, i.e., Mr. ZHANG Weidong, Mr. ZHANG Lei and Ms. ZHOU Lili.

(3). Changes to senior management

According to the proposal reviewed and adopted at the 45th session (extraordinary) of the 7th Board of Directors, and with the approval of NFRA (approval document: NFRA [2024] No.489), starting from 22 July 2024, Mr. LI Jinsong began to serve as General Manager of the Company. At the same time, Ms. PAN Yanhong ceased to serve as Acting Responsible Person of the Company.

According to the proposal reviewed and adopted at the 3rd session (regular) of the 8th Board of Directors, starting from 28 August 2024, Mr. HUANG Kun ceased to serve as Assistant General Manager the Company.

According to the proposal reviewed and adopted at the 3rd session (regular) of the 8th Board of Directors, and with the approval by NFRA (approval document: NFRA [2024] No.609), starting from 19 September 2024, Ms. TAO Lei began to serve as Deputy General Manager and Board Secretary of the Company. At the same time, Mr. JIANG Yifeng ceased to serve as Board Secretary of the Company.

According to the proposal reviewed and adopted at the 3rd session (regular) of the 8th Board of Directors, and with the approval by NFRA (approval document: NFRA [2024] No.622), starting from 25 September 2024, Mr.YE Bo began to serve as Assistant General Manager of the Company.

(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 Q3	As at the end of Q3	Change	As at the beginning of Q3	As at the end of Q3	Change
Changjiang Pension Insurance Co., Ltd.	186,486	186,486	-	62.16	62.16	-
City Island Developments Limited	0.1	0.1	-	100.00	100.00	-
Tianjin Trophy	35,369	35,369	-	100.00	100.00	-
Pacific Insurance Elderly Care Investment Management Co., Ltd.	500,000	500,000	-	100.00	100.00	-
Pacific Health Care Management Co. Ltd.	100,000	100,000	-	100.00	100.00	-
CPIC Elderly Care Development (Chengdu) Co. Ltd.	98,700	98,700	-	100.00	100.00	-
CPIC Elderly Care (Hangzhou) Co. Ltd.	100,600	100,600	-	100.00	100.00	-
CPIC Elderly Care (Xiamen) Co. Ltd.	90,000	90,000	-	100.00	100.00	-
CPIC Elderly Care (Nanjing) Co. Ltd.	44,356	44,356	-	100.00	100.00	-
CPIC Rehab & Retirement (Shanghai) Industrial Development Co. Ltd.	25,000	25,000	-	100.00	100.00	-
CPIC Elderly Care (Zhengzhou) Co. Ltd.	53,350	55,850	2,500	100.00	100.00	-
CPIC Elderly Care (Beijing) Co. Ltd.	75,700	80,000	4,300	100.00	100.00	-
CPIC Elderly Care (Wuhan) Co. Ltd.	98,000	98,000	-	100.00	100.00	-
CPIC Health Management (Sanya) Co. Ltd.	35,888	39,500	3,612	100.00	100.00	-
CPIC Elderly Care (Guangzhou) Co. Ltd.	36,500	36,500	-	100.00	100.00	-
CPIC Elderly Care (Suzhou) Co. Ltd.	-	3,900	3,900	-	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	-	13.21	13.21	-

Zhongbao Rongxin Private Equity Fund Management Co. Ltd.	150,000	150,000	-	10.14	10.14	-
Lianren Healthcare Big Data Technology Co. Ltd.	50,000	50,000	-	20.00	20.00	-

Note: Shareholding percentages of Shanghai Shantai Health Care Technology Co. Ltd. and Lianren Health Care Big Data Technology Co. Ltd. were based on subscribed capital contribution. As at 30 September 2024, the change of registered capital was not fully paid in, and based on paid-in capital, the shareholding of the Company was 14.66% and 24.37% respectively.

(IV) Breaches and penalties during the reporting period

1. Administrative penalties the Company and its directors, supervisors and senior management at head-office level received from financial regulators or other government departments.

None during the reporting period.

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

None during the reporting period.

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

During the reporting period, there was no regulatory measures against the Company by NFRA. However, certain local branches of the regulator took regulatory measures against the Company: Tonghua Key Sub-branch of Jilin and Guigang Key Sub-branch of Guangxi each received an administrative penalty; besides, Xinyang Key Sub-branch of Henan, Guangdong Branch, Henan Branch, and Guigang Key Sub-branch of Guangxi each received a Regulatory Notice; Ganzhou Key Sub-branch of Jiangxi received two Regulatory Opinion Letters, and Shanghai Branch, Liuzhou Key Sub-branch of Guangxi, Meizhou Key Sub-branch of Guangdong, Taizhou Key Sub-branch of Zhejiang, Fuyang Key Sub-branch of Anhui, and Hefei Key Sub-branch of Anhui each received a Regulatory Opinion Letter.

III. Key indicators

(I) Key solvency metrics

unit: 10,000 RMB yuan

Indicators	As at the end of the reporting quarter	As at the end of the preceding quarter	Next quarter estimates
Admitted assets	227,598,897	216,426,176	229,790,942
Admitted liabilities	192,793,183	183,594,358	195,923,445
Actual capital	34,805,714	32,831,818	33,867,497
Tier 1 core capital	19,823,780	17,374,066	19,183,874
Tier 2 core capital	2,000,000	2,000,000	2,000,000
Tier 1 supplement capital	12,973,983	13,452,687	12,677,697
Tier 2 supplement capital	7,951	5,065	5,926
Minimum capital	16,610,289	15,991,942	16,895,681
Minimum capital for quantifiable risks	16,840,489	16,213,573	17,129,836
Minimum capital for control risk	-230,200	-221,631	-234,155
Supplement capital	-	-	-
Core solvency margin	5,213,491	3,382,124	4,288,194
Core solvency margin ratio (%)	131%	121%	125%
Comprehensive solvency margin	18,195,425	16,839,876	16,971,817
Comprehensive solvency margin ratio (%)	210%	205%	200%

(II) Regulatory indicators for liquidity risk

Items	As at the end of /during the reporting quarter	As at the end of /during the preceding quarter
Liquidity coverage ratio (LCR) (%)		
LCR under base scenario (LCR1)		
Next 3 months	127%	126%
Next 12 months	106%	106%
LCR under stress scenario (LCR2)		
Next 3 months	1094%	830%
Next 12 months	311%	277%
LCR under stress scenario before asset disposal (LCR3)		
Next 3 months	108%	100%
Next 12 months	95%	93%
Retrospective adverse deviation ratio of net cash flows from operating activities (%)	33%	10%
Net cash flow YTD (RMB yuan 10,000)	1,843,231	2,033,461

(III) Other indicators for liquidity risk

unit: 10,000 RMB yuan

Indicators	As at the end of /during the reporting quarter	As at the end of /during the preceding quarter
1. Net cash flow from operating activities	12,246,864	8,550,940
2. Comprehensive surrender ratio (%)	1.29%	0.89%
3-1. Net cash flow from participating accounts	1,790,802	1,525,232
3-2. Net cash flow from universal accounts	1,343,181	1,179,417
4. Written premiums growth year on year	3.34%	0.31%
5. Ratio of cash and liquidity instruments (%)	1.74%	1.79%
6. Quarterly average financial leverage ratio (%)	4.36%	3.45%
7. Share of domestic fixed income assets rated AA (inclusive) and below (%)	2.38%	2.32%
8. Share of investments in listed stocks with a stake of 5% or above (%)	0.25%	0.29%
9. Share of receivables (%)	0.54%	0.93%
10. Share of related party assets held by the Company (%)	2.85%	2.80%

(IV) Key business metrics

Indicators	unit: 10,000 RMB yuan	
	As at the end of/during the reporting quarter	As at the end of the reporting quarter/YTD
Gross written premiums	5,643,434	20,959,383
Net profits	1,080,494	3,086,002
Total assets	233,085,232	233,085,232
Net assets	15,283,233	15,283,233
Insurance contract liabilities	201,802,015	201,802,015
Basic earnings per share (RMB yuan)	1.25	3.58
ROE (%)	7.13%	21.86%
ROA (%)	0.48%	1.42%
Investment yield (%)	0.75%	1.79%
Comprehensive investment yield (%)	1.55%	5.50%

Note: Gross written premiums in the table above was based on Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standard for Business Enterprises No. 25 - Insurance Contracts, Accounting Standard for Business Enterprises No. 26 - Reinsurance contracts promulgated by the Ministry of Finance (MoF) in 2006, and Provisions on Accounting Treatment of Insurance Contracts by MoF in 2009 (collectively referred to as "old accounting standards"). Investment yields, comprehensive investment yields, average investment yields in the past 3 years and average comprehensive investment yields in the past 3 years were prepared in accordance with relevant provisions of Solvency Regulatory Standards of Insurance Companies No. 18 - Solvency Report, based on results under the old accounting standards. Net profits, total assets, net assets, and insurance contract liabilities were prepared according to Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standard for Business Enterprises No. 23 - Transfer of Financial Assets, Accounting Standard for Business Enterprises No. 24 - Hedge Accounting and Accounting Standard for Business Enterprises No. 37 - Presentation of Financial Instruments and Accounting Standard for Business Enterprises No. 25 - Insurance Contracts (hereinafter referred to as the "new insurance standards") amended and issued by MoF in 2017 and 2020 sequentially. Basic earnings per share, ROE and ROA were prepared according to relevant provisions of Solvency Regulatory Standards of Insurance Companies No. 18 - Solvency Report, based on results under the new accounting standards.

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

Indicators	Results
Average investment yield in the past 3 years (%)	3.71%
Average comprehensive investment yield in the past 3 years (%)	3.23%

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. In the first 3 quarters of 2024, its written premiums amounted to 230.1bn yuan, with total assets of 2,330.9bn yuan as of the end of Q3, 2024, and 35 provincial-level branches.

(II) Results of the last SARMRA evaluation

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

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

The Company attaches great importance to risk management. It organises analysis by relevant departments of findings of regulatory assessment of its peers as well as findings of its own internal audits, identifies gaps in solvency risk management systems and takes effective remedial actions to enhance solvency risk management. Below is a summary of what was done in Q3 2024.

First, carried out SARMRA self-assessment for 2024 to review the status of operation of the enterprise risk management system of the Company.

Second, pushed forward IRR and implementation of Provisions on Regulatory Ratings of Life/Health Insurance Companies, enhanced data access and application, and improved data filing.

In Q4 of 2024, the Company intends to focus on the following areas in solvency risk

management.

First, initiate review of and amendments to the Risk Appetite, Risk Tolerance and Key Risk Indicators for 2025, continue to optimise the Risk Upper Limits of the Company as per regulatory requirements, Group policies and in view of its business management realities.

Second, based on findings of SARMRA self-assessment, continue to optimise design and operation of risk management processes.

(IV) Information on SARMRA self-assessment

Date of self-assessment: Q3 2024.

Methods and process of self-assessment: To facilitate the self-assessment, the Company drafted a special work programme which defines the work process and division of responsibilities, initiated the assessment in an all-around manner, and ensured steady, efficient progress of the work.

In August 2024, the Company organised a review by relevant departments of the soundness of rules and effectiveness of adherence against benchmarks of the assessment. The Risk Management Department, as the lead department for SARMRA evaluation, conducted rounds of discussions with lead departments responsible for risk categories, particularly on sufficiency of source materials, integrity of scoring, and areas of improvement.

The Company put in place long-term mechanisms for solvency-aligned risk management, identified gaps and potential areas of improvement in risk management via annual self-assessment, with steadfast, solid progress in enterprise risk management. At the same time, it integrated SARMRA regulatory results, SARMRA self-assessment and performance of duties in risk management into performance evaluation of functional departments, which helped to improve the overall risk management capabilities.

Results of self-assessment: as per regulatory requirements, the Company evaluated its solvency-aligned risk management along two dimensions, namely, soundness of rules and effectiveness of adherence, and the results are as follows: soundness of rules scored 46.94 points out of 50 points, a percentage of 93.9%; and effectiveness of adherence

43.89 out of 50 points, a percentage of 87.8%. Total score before adjusting for non-applicable items was 90.83, and that after adjusting for non-applicable items was 90.87 (out of a full mark of 100).

Breakdown of the total score is set out below:

Items	Score
Infrastructure and environment	90.80
Objectives and tools	89.95
Insurance risk management	90.80
Market risk management	91.15
Credit risk management	88.80
Operational risk management	91.86
Strategic risk management	91.50
Reputational risk management	91.15
Liquidity risk management	91.90
Total	90.87

Gaps identified in the self-assessment:

First, the transmission of risk policies on certain dimension needs improving, and relevant processes need to offer greater detail.

Second, execution of risk control measures in certain areas of business management needs to be enhanced.

V. Information on IRR (differentiated supervision)

(I) Results of IRR in the previous two quarters

The feed-back from the regulator concerning the results of the IRR (differentiated supervision) indicated an AA rating of the Company for both Q1 and Q2 of 2024.

(II) Measures taken or to be taken for rectification

The Company continued to enhance its IRR evaluation system, ensured risk early warning in a timely manner via monitoring and analysis of changes to relevant metrics on a regular basis; in the meantime, it stepped up risk topical research and mitigation programmes, such as conducting in-depth study of causes and trends of risks, identifying patterns and coming up with mitigation recommendations, with follow-ups on remedial actions. To date, the Company has issued a number of management policies on IRR, followed by amendments according to regulatory requirements, implemented quarterly data filing and internal rating of branches and put in place long-term mechanisms for the work. At the same time, a dedicated IRR management system is in use, covering data filing, data analysis, rectification and reporting.

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

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

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

1. Methods, processes and results of self-assessment

As part of its work in quarterly IRR, the Company organises, on a quarterly basis, a self-review of operational risk, strategic risk, reputational risk and liquidity risk by relevant departments so as to evaluate the 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, and roll out remedial actions; in the absence of such remedial actions, a plan would be made to facilitate rectification. The actual status as at the end of each quarter would be reported 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 effective control, and no material flaws or potential risks were detected.

2. Status of unquantifiable risks

In operational risk, the Company issued Regulations on Operational Risk Management and relevant supportive policies, which clearly defined the responsibility of operational risk management and established day-to-day risk mitigation mechanisms. The Company continuously monitored and analysed its operational risk status using management tools such as self-assessment, operational risk data loss recovery and key risk indicators. The Company strived for a matrix-based compliance risk management system, with branches focusing on coordination, vertical functions bearing the primary responsibility, and all departments and positions getting involved. This matrix approach ensures optimal mechanisms for ownership of the objectives and sharing of resources and responsibilities relating to compliance and risk control. The Company continued to increase the use of IT in operational risk control so that operational execution in key areas can be controllable and traceable. The Company takes risk screening seriously: all head-office departments and branches are supposed to carry out various risk assessments from time to time as per regulatory and corporate rules. In Q3 2024, monitoring of key risk indicators and data loss recovery indicated that the Company's overall operational risk was manageable.

On the side of reputational risk, in January 2024, the Company issued the revised Implementation Rules on Reputational Risk Management as per C-ROSS II requirements to further improve the governance structure and work mechanisms of reputational risk management. It set great store by risk screening, conducted risk screening on a regular basis or ad hoc to strengthen at-source control of negative media publicity; set up the working group for reputational risk management at the head-office level, with full-time/part-time reputational risk management positions in each department at head-office and in branches in order to improve coordination in media response; conducted training and drills as an important part of daily media management. In the first 3 quarters of 2024, the Company monitored, detected and handled 132 reports (original) of adverse publicity on the media, up by 5.6% from the same period of 2023. Of this, there were 34 Level III reports and 98 Level IV reports, representing 25.8% and 74.2% of the total respectively. There were no Level I or II major

incidents, indicating manageable reputational risk. Self-media and social media remained a high-risk area. In terms of content, the share of mis-selling and claims disputes, as well as regulatory administrative penalties was relatively high.

As for strategic risk, the implementation of strategies of the Company is in a healthy status. In terms of risk factors which may impact the Company's business operation and fulfilment of strategic objectives, China's economic recovery remained on track, but the life insurance market faces challenges amid tightening of financial regulation and secular decline of interest rates. In response to changes of the market environment, the Company persisted in the Changhang Transformation and stayed committed to customers and value growth. While consolidating achievements of the first phase of the transformation, the Company embarked on a second phase to accelerate the customer-oriented paradigm shift. It pressed ahead with career-based restructuring of the agency channel to improve professional selling skills and autonomous operation of the agency force; continued to boost channel diversification, rolled out value-oriented bancassurance, stepped up work-site marketing and expanded the coverage of inclusive insurance; improved the product/service system, enhanced customer insights and optimised product/service offerings; further strengthened ALM and cost control, enhanced capacity-building for compliance and risk management, improved consumer rights protection. Going forward, the Company will forge ahead with all-around transformation centering on customers, persist in long-term thinking and pursue high-quality development.

With respect to liquidity risk, the Company established a cash flow management system for investment accounts covering assets and liabilities, front-line and back-office departments. To be concrete, the system includes the projection, review, analysis and transfer of cash flows of investment accounts. It conducts account-specific cash flow projections at year-end, month-end and in the event of material adjustment of its business plans, with analysis of discrepancies between actual cash flows and projections. It also sets limits on cash-flow discrepancies depending on size of accounts and profiles of liabilities. In the event of breaches of such tolerances, a detailed explanation for material cash flow variance will be required. Meanwhile, the Company conducts liquidity

emergency drills on a regular basis to ensure effective response in cases of risk incidents; put in place mechanisms for early warning, with the focus shifting from crisis handling to early warning and prevention, which can enhance overall liquidity risk management. Liquidity coverage ratios (LCRs) under all scenarios remained solid. Relevant indicators showed that the liquidity management of the Company was sound and effective, with the liquidity risk overall under control.

VI. Management Analysis and Discussions

(I) Changes to solvency analysis this quarter

As of the end of the quarter, core solvency margin ratio of the Company was 131%, with a core solvency margin of 52.13491bn yuan, up by about 10pt from the previous quarter; comprehensive solvency margin ratio of the Company was 210%, with a comprehensive solvency margin of 181.95425bn yuan, up by approximately 5pt from the previous quarter. Reasons for change are as follows:

1. As of the end of the quarter, actual capital amounted to 348.05714bn yuan, versus 328.31818bn of the previous quarter, up by 6.0%, mainly due to:

(1) Core capital increased by 24.49714bn yuan in the quarter as a result of capital market movement and changes to insurance contract liabilities under solvency reporting.

(2) Supplement capital decreased by 4.75818bn yuan.

2. As of the end of this quarter, minimum capital amounted to 166.10289bn yuan, versus 159.91942bn as of the end of the previous quarter, up by 3.9%, mainly due to:

(1) During the quarter, minimum capital for life insurance rose by 1,585.63mn yuan, and that for non-life insurance decreased by 109.66mn yuan;

(2) During the quarter, minimum capital for market risk increased by 5,248.82mn yuan, and of this, that for interest rate risk fell by 2,911.83mn yuan, that for equity price risk rose by 4,531.11mn yuan, and that for overseas equity price risk increased by 5,643.25mn yuan;

(3) During the quarter, minimum capital for credit risk decreased by 254.93mn yuan, and of this, that for credit spread rose by 1,417.64mn yuan, and that for default risk

of counter-parties fell by 1,516.43mn yuan;

(4) Risk diversification effect and loss absorption increased by 200.70mn yuan, which decreased minimum capital requirement accordingly;

(5) Subtraction from minimum capital by control risk increased by 85.69mn yuan from the preceding quarter.

(II) Changes to regulatory liquidity risk indicators

LCR for the next 3 months was 127%, and that for the next 12 months 106%, which can satisfy the minimum requirement of 100%. LCR in the next 12 months under the stress scenario after and before disposal of assets was 311% and 95% respectively, staying solid.

(III) Analysis of changes to IRR

As per notice of the regulator, the Company was rated AA at the IRR for Q2 2024, maintaining an A-class rating. In recent years, it continued to implement new regulatory rules on IRR under C-ROSS II, put in place long-term work mechanisms, enhanced rectification of early-warning indicators; at the same time, it pressed ahead with the Changhang Transformation and strived to address various risks via strategic transformation. Going forward, the Company will stay focused on the long term, ensure compliance in its business operation, strengthen risk control and accelerate high-quality development.

Summary of Quarterly Solvency Report (Excerpts)

Pacific Health Insurance Co., Ltd.

3rd Quarter of 2024

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 ¹	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

¹ Having received the approval of Shanghai Market Supervision Administration, the registered address of the company was changed from "13th Floor, Building No. 1, 1229 Century Avenue, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC " to "7-9F, 1 Zhongshan South Road, Huangpu District, Shanghai" on 18 October 2024.

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

II. Basic information

(I) Ownership structure and shareholders

1. Ownership structure

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

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

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

3. Shareholding by directors, supervisors and senior management

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

4. Share transfer during the reporting period

Did any share transfer occur during the reporting period?

(Yes No)

(II) Controlling shareholder or de facto controller

China Pacific Insurance (Group) Co., Ltd.

(III) Directors, supervisors and senior management

1. Directors (6 in total)

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

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

Mr. ZHANG Weidong, born in October 1970, received university education. He has been serving as Director of the Company since May 2021 (approval document: CBIRC [2021] No.341). Mr. ZHANG currently serves as Chief Internal Auditor, General Counsel, Acting Internal Audit Responsible Person of CPIC Group, Chairman of the Board of Supervisors of CPIC P/C and CPIC Life, and Director of CPIC AMC. Mr. ZHANG previously served as General Manager of Legal & Compliance Department, head of the

Board Office, General Manager of Risk Management Department, Risk & Compliance Officer, Chief Risk Officer and Compliance Responsible Person of CPIC Group, Board Secretary of CPIC P/C, CPIC Life and CPIC AMC, respectively, and Director of CPIC P/C, CPIC Life and Changjiang Pension respectively.

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

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

Ms. CHEN Xiujuan, born in June 1971, holds a master's degree and has professional qualifications of a Chinese actuary. She has been serving as Director of the Company since October 2023 (approval document: NFRA [2023] No.362). She previously served as deputy head of Actuarial Section of the Actuarial Department of CPIC Life, senior specialist,

Assistant General Manager (in charge), Deputy General Manager (in charge), General Manager of the Actuarial Department and Chief Actuary of CPIC Life. During her employment with CPIC Life, Ms. CHEN also worked at the Actuarial Department of AIA Singapore as a visiting actuary.

2. Supervisors (3 in total):

Mr. GU Qiang, born in January 1967, holds a master's degree and designation 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 Anxin Agricultural Insurance Co., Ltd.

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

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

Cooperation Business Centre of the Company; Deputy General Manager of Group Business Department/ Planning and Training Division of CPIC Life, Assistant General Manager of Group Business Department/ Accident Insurance Division of CPIC Life, Assistant General Manager/ Senior Manager of Group Business Department/ Direct Sales Supervision Division of CPIC Life, and section head of Group Business Department of CPIC Life.

3. Senior management at head-office level (6 in total)

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

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 as Chief Risk Officer of the Company since August 2021 (no approval document), and Compliance Responsible Person of the Company since January 2024 (approval document: NFRA [2024] No. 42). Mr. LI also serves as Director of Shanghai Proton & Heavy Ion Hospital. Previously, Mr. LI served as Director of Risk and Compliance, Compliance Responsible Person and General Manager of Risk Management Department of CPIC Group, Director of CPIC P/C, CPIC Life, CPIC AMC and the Company, respectively.

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

Mr. GUO Chao, born in February 1982, holds a master's degree, and is a member of

the Society of Actuaries. He has been serving as Deputy General Manager of the Company since July 2024 (approval document: CBIRC [2021] No.697), and his qualifications do not require a second-time approval. Mr. GUO previously served as General Manager of the Brokers Department of Cigna & CMB Health Insurance, President of Shanghai Fuheng Insurance Brokers, President of Shanghai Xingyi Health Management Co., Ltd., General Manager of Health Insurance Business of Fosun High Tech (Group), and Deputy General Manager of Fosun United Health Insurance 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 Chief Actuary of the Company since August 2022 (approval document: CBIRC [2022] No.532) and Board Secretary the Company since August 2022 (no approval required). Previously, she served as head of the Actuarial Management Section of Planning and Finance Department of CPIC Group, Assistant General Manager of Planning and Finance Department of CPIC Group, Deputy General Manager (in charge) of Financial Investment Department/Actuarial Department, Deputy General Manager (in charge) of Financial Management Department/Actuarial Department, Deputy General Manager of Risk Management Department/Risk Monitoring Department, General Manager of Financial Management Department/Actuarial Department, and General Manager of Actuarial Department of CPIC Group, General Manager of Actuarial Department of CPIC Life, and Acting Finance Responsible Person and Acting Actuarial Responsible Person of the Company.

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

Note: Being reviewed and approved by the 7th meeting (extraordinary) of the 3rd Board of Directors of the Company, Mr. Guo Chao was appointed as the Deputy General Manager of the Company effective from July 2024 (Tai Jian Bao Fa [2024] No. 65), while Mr. Zhou Bin would no longer serve as the Deputy General Manager of the Company.

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

Associate venture: Shanghai Proton & Heavy Ion Hospital. The Company completed an investment of RMB100 million in the entity in January 2016, holding 20% of its shares. There was no change during the reporting period.

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

On August 12, 2024, the Company received the Notification on Administrative Penalties issued by NFRA Shanghai Branch. The Company breached term limit on Acting Responsible Person and appointed senior managers without following due approval procedures, which violated Article 81 of the PRC Insurance Law and Articles 36 and 37 of Provisions on Appointment Qualifications of Directors, Supervisors and Senior Management of Insurance Companies. Under Articles 167 and 171 of the PRC Insurance Law and Article 50 of Provisions on Appointment Qualifications of Directors, Supervisors and Senior Management of Insurance Companies, NFRA Shanghai Branch issued a warning to both the Company and general manager SHANG Jiaoyan, and imposed a fine of 35,000 yuan and 20,000 respectively on them.

III. Main indicators

(I) Solvency margin ratios

unit: 10,000 RMB yuan

Items	As at the end of the reporting quarter	As at the end of the previous quarter	Next quarter estimates
Admitted assets	1,198,667.03	1,149,935.71	1,195,782.20
Admitted liabilities	792,934.66	774,419.92	773,781.37
Actual capital	405,732.38	375,515.80	422,000.83
Tier-1 core capital	314,485.60	298,770.24	318,492.97
Tier-2 core capital	22,624.07	19,633.27	27,757.92
Tier-1 supplement capital	68,066.37	57,055.03	75,067.37
Tier-2 supplement capital	556.33	57.26	682.58
Minimum capital	154,189.72	146,909.78	158,407.12
Minimum capital for quantifiable risks	153,022.77	145,797.93	157,208.26
Minimum capital for control risk	1,166.95	1,111.85	1,198.86
Minimum capital for supplement capital	-	-	-
Solvency margin			
Core solvency margin	182,919.95	171,493.73	187,843.76
Comprehensive solvency margin	251,542.66	228,606.02	263,593.71
Core solvency margin ratio (%)	219	217	219
Comprehensive solvency margin ratio (%)	263	256	266

(II) Regulatory indicators for liquidity risk

Indicators	During the reporting quarter	During the previous quarter on a comparable basis
Actual cash flow (unit:10,000 yuan)	-7,596.24	17,145.21
Retrospective adverse deviation ratio of net cash flows from operating activities (%)	172	271
Overall liquidity coverage ratio under base scenario (next 3 months)(%)	141	134
Overall liquidity coverage ratio under base scenario (next 12 months)(%)	107	108
Overall liquidity coverage ratio under stress scenario - mandatory (next 3 months)(%)	641	594
Overall liquidity coverage ratio under stress scenario - mandatory (next 12 months)(%)	213	174
Overall liquidity coverage ratio under stress scenario - self-assessment (next 3 months)(%)	558	497
Overall liquidity coverage ratio under stress scenario - self-assessment (next 12 months)(%)	283	229
Liquidity coverage ratio before asset disposal under stress scenario - mandatory (next 3 months)(%)	143	202
Liquidity coverage ratio before asset disposal under stress scenario - mandatory (next 12 months)(%)	97	82
Liquidity coverage ratio before asset disposal under stress scenario - self-assessment (next 3 months)(%)	174	222
Liquidity coverage ratio before asset disposal under stress scenario - self-assessment (next 12 months)(%)	195	167

(III) Other indicators for liquidity risk

Indicators	As at the end of /during the reporting quarter	As at the end of/ during the previous quarter on a comparable basis
Net cash flows from operating activities (unit: 10,000 yuan)	61,763.51	11,155.00
Comprehensive surrender ratio (%)	0.20	0.17
Net cash flows from participating/universal accounts	-	-
Written premiums year-on-year growth (%)	119.04	92.12
Share of cash and liquidity management tools (%)	3.37	4.23
Quarterly average financial leverage ratio (%)	2.25	3.74
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 (%)	17.89	18.44
Share of related party assets held (%)	5.27	5.45

(IV) Key business metrics

Indicators	unit: 10,000 yuan	
	As at the end of the reporting quarter/during the reporting quarter	As at the end of the reporting quarter/YTD
Gross written premiums	206,420.78	595,861.11
Net profits	7,300.12	11,575.52
Total assets	1,001,082.82	1,001,082.82
Net assets	342,205.14	342,205.14
Insurance contract liabilities	488,446.24	488,446.24
Basic earnings per share (yuan)	0.02	0.03
ROE (%)	2.14	3.43
ROA (%)	0.74	1.21
Investment yield (%)	1.05	2.76
Comprehensive investment yield (%)	1.51	4.47

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

(V) Average investment yield and average comprehensive investment yield in the past three years

Average investment yield and average comprehensive investment yield of the Company in the past three years were 4.26% and 3.18%, respectively.

IV. Risk management capabilities

(I) Company category

The Company was incorporated in December 2014. As of the end of September 2024, its total assets reached 12,128.4087 million yuan, with written premiums amounting to 2,484.5887 million yuan in the first nine months of 2024. It has 4 provincial-level branch offices, and according to Solvency Regulatory Standards of Insurance Companies No.12: Solvency-aligned Risk Management Requirement and Assessment, the Company is in Category II.

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

In Q3 2024, in compliance with Solvency Regulatory Standards of Insurance Companies No.12: Solvency-aligned Risk Management Requirement and Assessment and other applicable regulatory requirements, the Company proceeded with work in solvency-aligned risk management and rectification in light of regulatory feed-back, findings of its self-assessment, and in view of its own risk profiles and status, so as to continuously improve mechanisms for solvency-aligned risk management. It conducted a risk review of the first half of the year, formulated the Annual Risk Management Report, which was submitted to the Board of Directors for review; carried out risk handling for indicators that breached limits in 1H, drafted risk mitigation plans based on its own business profiles, conducted empirical analysis and attribution analysis to identify root-causes for the breach so as to take more effective remedial actions. As per Regulations on Operational Risk Management of Banking and Insurance Institutions and policies of the Group, the Company amended its own operational risk management rules and formulated work plans for its implementation.

In Q3 2024, risk management regulations and processes of the Company were effectively implemented and no major risk events occurred.

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

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

V. Integrated risk rating (differentiated supervision)

(I) IRR results in the previous two quarters

According to regulatory feed-back on IRR results, the Company was rated BB and AAA for Q1 and Q2 2024 respectively, which met regulatory requirements in solvency, with a low level of operational risk, reputational risk, strategic risk and liquidity risk.

(II) Measure taken or to be taken for improvement

In Q3 2024, in light of Assessment Criteria for Unquantifiable Risks of Insurance Companies, the Company took key control measures for operational and strategic risk indicators which, according to the self-assessment, could be further improved. In terms of operational risk, it continued to enhance operational efficiency while maintaining current operational turnaround and quality, focusing particularly on claims turnaround; at the same time, it further analysed causes of customer complaints and adopted key control measures. With regard to strategic risk, it completed the 2024-2026 Development Plan.

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

Liquidity risk: Liquidity risk of the Company mainly stems from claims and maturity payments on insurance contracts, daily expenditures and investment asset impairment losses. As of the end of Q3 2024, there were no circumstances which may trigger liquidity risk. The Company maintained a high proportion of highly-liquid assets, with the 5-day liquidation ratio at sound levels, which enabled it to meet various needs for liquidity. At the same time, the Company maintained a certain level of gear ratio and financing activities to ensure sufficient borrowing to ease the pressure on liquidity in the unlikely event of emergencies. Overall, the sources of liquidity outweighed needs for liquidity, indicating a low risk of liquidity gaps.

Operational risk: In terms of compliance and internal control, the Company received 2 administrative penalties from the regulator in Q3 2024. On the IT side, the Company's core systems were 100% usable, and there was no financial losses incurred due to system failures. As for personnel, workforce turnover was relatively low. There was no losses resulting from operational risk incidents in sales, U/W, POS, claims settlement or investment, or occurrence of insurance frauds in the quarter.

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

Strategic risk: In light of its 2024-2026 Development Plan and the 2024 annual business

objectives, the Company defined its strategic positioning, paths of implementation and expected results. It has a clear strategic direction, with detailed plans for execution. Guided by its own strategic objectives and those of the Group, the Company will strive for breakthroughs on KPIs in the next three years to pursue high-quality development. It formulated strategic decisions based on market environment to identify, assess and manage strategic risks by means of target breakdown, business review on a regular basis, analysis of market conditions and its own strengths and weaknesses. In Q3 of 2024, there was no breach of risk limits and no occurrence of strategic risk incidents.

VI. Management analysis and discussions

(I) Solvency Analysis

1. Actual capital

As at 30 September 2024, actual capital of the Company amounted to 4,057.3238 million yuan, an increase of 8% from the previous quarter, which was mainly due to increase in surplus of insurance policies.

2. Minimum capital

Minimum capital of the Company as at the end of the reporting period was 1,541.8972 million yuan, up by 5% from the previous quarter, mainly due to: fast business growth, which led to increase in minimum capital requirement for insurance risk of life and non-life business; decrease in minimum capital requirement for interest rate risk as a result of growth of savings products; increase in minimum capital for equity price risk due to the stock market rally at the end of September; improvement in age mix of other receivables, which led to lower minimum capital for credit risk. Of this, minimum capital for insurance risk of life business was 1,130.9190 million yuan, that for non-life business was 762.4533 million yuan, that for market risk 316.4645 million yuan, that for credit risk 313.9432 million yuan, diversification effect for quantifiable risk was 823.5270 million yuan, and that for control risk was 11.6695 million yuan.

3. Solvency margin ratios

As of 30 September 2024, the Company's core solvency margin was 1,829.1995 million

yuan, with a core solvency margin ratio of 219%; comprehensive solvency margin was 2,515.4266 million yuan, with a comprehensive solvency margin ratio of 263%.

(II) Liquidity risk

For the reporting quarter, net cash flow was -76 million yuan, mainly because of investment asset allocation; the difference between actual net cash flow from operating activities and the estimate was 320 million yuan, with a retrospective adverse deviation ratio of 172%, meeting regulatory requirements. As of the end of Q3, all liquidity coverage ratios under various scenarios and all liquidity indicators were in compliance with regulatory requirements.

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

Summary of Quarterly Solvency Report (Excerpts)

Pacific Anxin Agricultural Insurance Co., Ltd.

3rd Quarter of 2024

Company overview and contact information

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

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I. Board chairman and management statement

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

II. Basic information

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

1. Ownership structure and change

Types of shareholders	As at the beginning of the reporting period		Change of shares or stake during the reporting period				As at the end of the reporting period	
	Shares or contribution	Percentage (%)	Shareholder injection	Transfer from capital reserve and share dividends distribution	Share transfer	Sub-total	Shares or contribution	Percentage (%)
State	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 or entity.

2. De facto controller

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

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

Names of shareholders	Types of shareholders	Shares held at the end of the reporting period (10,000 shares)	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 Company	State-owned	3,150.84	2.92%	0
Shanghai Jiading Guangwo Asset Management Co., Ltd.	State-owned	2,504.59	2.32%	0
Shanghai Songjiang State-owned Asset Investment Management Group Co., Ltd.	State-owned	2,025.88	1.88%	0
Shanghai Huinong Investment Management Co., Ltd.	State-owned	1,817.99	1.68%	0
Shanghai Qingpu Asset Management Co., Ltd.	State-owned	1,719.37	1.59%	0
Shanghai Jinshan Capital Management Group Co. Ltd.	State-owned	1,640.50	1.52%	0
Shanghai Chongming Asset Operation Co., Ltd.	State-owned	996.86	0.92%	0
Total	— —	108,000.00	100.00%	0
Related party relations among shareholders	None			

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

4. Shareholding by directors, supervisors and senior management

None during the reporting period.

5. Share transfer during the reporting period

None during the reporting period.

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

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

1.1 Directors

As of the end of September 2024, 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 [2015] No. 143). Mr. SONG currently serves as Deputy General Manager of CPIC P/C and President of Tai'an Agricultural Insurance Institute. He previously served as General Manager of CPIC P/C Hainan Branch, General Manager of Property Liability Insurance Department of CPIC P/C, General Manager of CPIC P/C Shandong Branch, and Sales Director of CPIC P/C.

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

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

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

Ms. XING Zhibin, born in June 1982, received university education. She has been serving as Non-executive Director of the Company since February 2022 (approval document: CBIRC[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. ZHOU Hua, born in August 1977, holds a doctoral degree and is a Fellow of China Association of Actuaries (FCAA, life insurance). Mr. ZHOU has been serving as Independent Director of the Company since April 2024 (approval document: NFRA [2024] No. 254). Mr. ZHOU is a professor at Central University of Finance and Economics (CUFE), dean of the university's School of Insurance, dean of China Institute of Actuarial Science. He previously served as teaching assistant, lecturer, associate professor, deputy director of the Department of Actuarial Science, and deputy dean of the School of Insurance of CUFE. Mr. ZHOU is also a director of the China Association of Actuaries and an independent director of New China Pension Co., Ltd.

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[2019] No. 44). Mr. SHEN currently serves as Director of Management Committee of Excellent Law Firm, Chairman of Wusong General Branch of Baoshan Committee of China Democratic National Construction Association, member of the Standing Committee of the 9th Baoshan District Political Consultative Conference, Law Enforcement Supervisor of CPC Political and Legal Commission of Baoshan District, Legal Advisor of Government of Baoshan District. Mr. SHEN previously served as deputy head and partner of Shanghai Zhengming Law Firm.

Mr. ZHANG Qiao, born in November 1962, holds a doctoral degree. He has been serving as Independent Director of the Company since December 2022 (approval document: CBIRC[2022] No. 851). Mr. ZHANG currently serves as executive member of the Agriculture Risk Management Council of China, Research Fellow of the National Research Centre on Agriculture and Rural Areas of China Agriculture University, and vice chair of the Panel of Monitoring and Early Warning of China Agricultural Institute. He previously served as Assistant Research Fellow, Deputy Research Fellow and Research Fellow of Agricultural Information Institute of the Chinese Academy of Agricultural Sciences, and lecturer of Shanxi University of Finance and Economics.

Mr. CHEN Sen, born in October 1970, holds a master's degree and membership of Society of Actuaries (SOA). He has been serving as Non-executive Director of the

Company since March 2019 (approval document: CBIRC [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 designation of Accountant. She has been serving as Non-executive Director of the Company since June 2022 (approval document: CBIRC[2022] No. 403). Ms. ZHOU currently serves as Assistant General Manager of Asset Management Centre of Shanghai Pudong State-owned Assets Investment Management Co., Ltd. Previously, she served as Deputy Manager of Finance Department of Shanghai Agricultural Development Asset Management Center, Head of Audit Office of Shanghai Agricultural Development Asset Management Co., Ltd., Manager of General Affairs Department of Agricultural Development Asset Management Center of Shanghai Pudong State-owned Assets Investment Management Co., Ltd.

1.2 Supervisors

As of the end of September 2024, the 4th Board of Supervisors of the Company has 6 supervisors:

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

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

Ms. YUAN Changming, born in May 1966, holds a master's degree. She has been serving as Supervisor of the Company since April 2024 (approval document: NFRA[2024] No. 237). Ms. YUAN currently is a teacher and associate professor at the School of Management of Shangdong University, and also a certified public accountant of Shangdong SD-Audit Certified Accounts Co., Ltd., a management consultant of Tianju Enterprise Group, and an independent director of MH Robot & Automation Co., Ltd. She was previously a teacher at Bengbu Finance and Trade Vocational School, head of the Finance Section of Shandong Inzone Group Co., Ltd, and a lecturer at Shandong University of Technology. Ms. YUAN was also concurrently an advisor at Shandong Anpurui Agriculture and Animal Husbandry Development Co., and adjunct professor at Shandong Agricultural Management College.

Mr. ZHANG Xiangdong, born in April 1966, holds a bachelor's degree in medicine and designation of agronomist. Mr. ZHANG has been serving as Supervisor of the Company since April 2024 (approval document: NFRA [2024] No. 237). Mr. ZHANG currently serves as Chairman of Shanghai Caoye Agricultural Development Co., Ltd., and Chairman of Shanghai Baida Supermarket Co., Ltd. He is also a special deputy to the People's Congress of Fengxian District, Shanghai, a special member of the Standing Committee of the People's Congress of Fengxian District, and Director of Tai'an Agricultural Insurance Institute. Previously, he was an employee of Shanghai Pharmaceuticals & Health Products Import & Export Corporation, and Corporate Development Manager of Amtek Group (Singapore).

Mr. GUO Zongjie, born in December 1968, received university education. 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. MIAO Huan, born in August 1983, holds a bachelor's degree. He became Supervisor of the Company in December 2021 (approval document: CBIRC [2019] No. 973). He currently serves as Executive Director of Shanghai Huijia Venture Capital Co., Ltd. and Executive Director of Shanghai Jiading Weiye Investment Development Co., Ltd. Mr. MIAO previously served as Executive Director of Shanghai Jiading Guangwo Assets Management Co., Ltd, Business Assistant, and Business Manager of the Investment Management Department of Shanghai Jiading District State-owned Assets Management (Group) Co., Ltd., and Business Manager of Shanghai Jiading Venture Capital Management Co., Ltd.

1.3 Senior management at head-office level

As of the end of September 2024, the Company has 8 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 Western Operation Management Office of Shanghai Branch of China Life Insurance Company, General Manager of Business Management Department, General Manager of Market Development Department, and General Manager of Product Development and Reinsurance Department of Shanghai Anxin Agricultural Insurance Co., Ltd. He also served as Assistant President, Vice President, Board Secretary, Executive Director, President (General Manager) of Anxin Agricultural Insurance Co., Ltd., as well as Deputy Marketing Director and General Manager of Strategic Account Department of CPIC Group.

Mr. ZHENG Kai, born in August 1972, holds a master's degree. He has been serving as Deputy General Manager and Board Secretary of the Company since May 2016 (approval documents: CIRC [2016] No. 391, and CIRC [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 head of Economic Division of Taiwan Affairs Office of Shanghai Municipal Government, head of Exchange and Communication Division of Taiwan Affairs Office of Shanghai Municipal Government, head of Coordination Division of Taiwan Affairs Office of Shanghai Municipal Government, and General Manager of Shanghai Urban Areas Business Centre of Anxin Agricultural Insurance Co., Ltd.

Ms. LI Shuhui, born in July 1972, holds a master's degree and the designation 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 [2019] No. 984, and CBIRC Shanghai [2019] No. 983 respectively). She previously served as Deputy General Manager of the Second Division/Internal Audit Center, General Manager of Audit Technology Division of CPIC Group, Supervisor of CPIC Allianz Health, Internal Audit Responsible Person of Changjiang Pension, Supervisor of CPIC Online Services, Supervisor of Anxin Agricultural Insurance Co., Ltd, and General Manager of Finance Department and Asset Management Department of CPIC P/C, and Supervisor of CPIC P/C.

Mr. HUANG Xiaofeng, born in March 1971, holds a master's degree. He has been serving as Assistant General Manager of the Company (approval document: CBIRC [2022] No. 409) since June 2022. Previously, Mr. HUANG served as deputy head of

Gaodong Township, head of Heqing Township, Pudong New Area, Shanghai; Deputy Director of Rural Affairs Office of CPC Pudong New Area, Deputy Director of District Agricultural Committee of Pudong New Area, member of CPC Committee of Anxin Agricultural Insurance Co., Ltd. and General Manager of its Shanghai Nanhui Sub-branch, Deputy Party Secretary and Deputy General Manager of Shanghai Branch of Anxin Agricultural Insurance Co., Ltd., member of CPC Committee/General Manager of Agricultural Insurance Market Development Department and General Manager of Agricultural Insurance Business Management Department of Pacific Anxin Agricultural Insurance Co., Ltd.

Mr. HU Dexiong, born in August 1983, holds a master's degree. He has been serving as Assistant General Manager of the Company since March 2024 (approval document: NFRA [2024] No.99). Mr. HU currently also serves as General Manager of the Product Development Department of the Company. He previously worked with Anxin Agricultural Insurance Company Limited, serving as Deputy Manager of the Policy Research Office of the Agricultural Insurance Department, Deputy Manager of the Branch Management Section of the Strategic Development Department, Assistant General Manager and Deputy General Manager of the Strategic Development Department, Deputy General Manager of the Agricultural Insurance Market Development Department, Deputy General Manager (in charge) and General Manager of the Product Research and Development Department. He also served as General Manager of the Development & Planning Department of the Company.

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

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

Ms. YANG Guotao, born in January 1981, holds a master's degree and membership of China Association of Actuaries and FRM qualification. She has been serving as Chief

Actuary of the Company since January 2020 (approval document: CBIRC Shanghai [2019] No. 1096). Ms. YANG currently serves as General Manager of Actuarial Department of the Company. She previously worked in the capacity of actuarial service with China Continent Insurance Co. Ltd., served as Actuarial Responsible Person and Deputy General Manager (in charge) of the Actuarial Department of Anxin Agricultural Insurance Co., Ltd.

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

Position	Predecessors	Incumbents	Remarks
-	-	-	No change

3. Information on compensation of directors, supervisors and senior management at head-office level

None.

(III) Subsidiaries, joint ventures or associate ventures

None during the reporting period.

(IV) Breaches and administrative penalties during the reporting period

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

None.

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

None.

3. Regulatory measures against the Company by NFRA (former CBIRC)

None during the reporting period.

III. Main indicators

(I) Solvency margin ratios

unit: yuan

Item	As of the end of Q3 2024	As of the end of Q2 2024	Next quarter estimates
Admitted assets	7,006,885,940	7,185,469,010	6,721,402,526
Admitted liabilities	3,839,293,234	3,994,740,277	3,571,904,034
Actual capital	3,167,592,707	3,190,728,733	3,149,498,492
Tier-1 core capital	2,862,149,418	2,873,574,034	2,844,055,202
Tier-2 core capital	-	-	-
Tier-1 supplement capital	305,443,289	317,154,699	305,443,289
Tier-2 supplement capital	-	-	-
Minimum capital	951,225,594	907,866,752	934,479,036
Minimum capital for quantifiable risks	932,039,260	889,554,971	915,630,328
Minimum capital for life insurance risk	-	-	-
Minimum capital for non-life insurance risk	786,029,616	725,924,044	773,609,094
Minimum capital for market risk	408,015,379	392,353,638	399,147,168
Minimum capital for credit risk	297,306,891	319,219,001	291,534,237
Diversification effect for quantifiable risks	455,752,707	449,102,270	446,923,468
Loss absorption for special-type insurance contracts	-	-	-
Minimum capital for control risk	19,186,334	18,311,781	18,848,708
Supplement capital	-	-	-
Core solvency margin	1,910,923,824	1,965,707,282	1,909,576,167
Core solvency margin ratio	300.89%	316.52%	304.35%
Comprehensive solvency margin	2,216,367,113	2,282,861,981	2,215,019,456
Comprehensive solvency margin ratio	333.00%	351.45%	337.03%

(II) Regulatory indicators for liquidity risk

Liquidity coverage ratio (LCR)	Q3 2024		Q2 2024	
	Next 3 months	Next 12 months	Next 3 months	Next 12 months
LCR1 (LCR under base scenario)	103.77%	108.53%	102.95%	103.81%
LCR2 (LCR under stress scenario)–mandatory	125.43%	125.58%	189.58%	143.60%
LCR2 (LCR under stress scenario)- self-testing	231.57%	138.57%	203.70%	149.64%
LCR3 (LCR under stress scenario before asset disposal)-mandatory	52.34%	87.87%	83.03%	101.38%
LCR3 (LCR under stress scenario before asset disposal)-self-testing	102.94%	104.04%	91.50%	112.37%
Retrospective adverse deviation ratio of net cash flows from operating activities	42.78%		172.82%	
Net cash flows YTD (unit: 10,000 yuan)	589.22		9,122.71	
Net cash flows in FY2023 (unit: 10,000 yuan)	1,527.95		1,527.95	
Net cash flows in FY2022 (unit: 10,000 yuan)	-1,987.50		-1,987.50	

(III) Other indicators for liquidity risk

unit: yuan

Indicators	Item	As of the end of/ during Q3 2024	As of the end of/ during Q2 2024
1. Net cash flows from operating activities	Amount	129,669,793	241,955,068
	Cash inflow from operating activities YTD	1,706,445,869	1,223,236,310
	Cash outflow from operating activities YTD	1,576,776,076	981,281,241
2. Net cash flows from operating activities per 100 yuan in premiums	Amount	8.15	19.75

	Net cash flows from operating activities YTD	129,669,793	241,955,068
	Premiums YTD	1,591,389,990	1,224,888,785
3. Share of cash outflow for special types of business	Percentage	7.81%	0.08%
	Claims pay-out for business of special types	13,321,753	-
	Incurred and reported claim reserves for business of special types	110,602,123	679,137
	Total claims pay-out	1,275,694,632	827,908,966
	Total incurred and reported claim reserves	311,420,427	18,370,817
4. Written premiums growth year-on-year	Percentage	-3.13%	-1.66%
	Written premiums YTD	1,591,389,990	1,224,888,785
	Written premiums YTD for the same period of previous year	1,642,859,246	1,245,615,820
5. Share of cash and liquidity management instruments	Percentage	1.17%	3.54%
	Book value of cash and liquidity management instruments as at the end of the reporting period	80,410,566	248,335,786
	Total assets as at the end of the reporting period	6,889,589,404	7,006,199,205
6. Quarterly average financial leverage ratio	Percentage	1.61%	4.13%
	Arithmetic mean of the balance of inter-bank lending, bond repurchase and other cash inflow from financing as at the end of	113,333,333	298,000,000

	each month during the quarter		
	Total assets as at the end of the reporting period	7,039,589,404	7,215,199,205
7. Share of domestic fixed income assets rated AA and below	Percentage	0.33%	0.32%
	Book value of domestic fixed income assets rated AA and below as at the end of the reporting period	22,400,000	22,400,000
	Total assets as at the end of the reporting period	6,889,589,404	7,006,199,205
8. Share of investments in listed stocks with a stake of 5% or above	Percentage	0.00%	0.00%
	Book value of investments in listed stocks with stake of 5% or above as at the end of the reporting period	0	0
	Total assets as at the end of the reporting period	7,039,589,404	7,215,199,205
9. Proportion of receivables	Percentage	16.89%	17.42%
	Premium receivables	556,923,995	752,024,775
	Reinsurance receivables	632,109,718	504,876,850
	Total assets as at the end of the reporting period	7,039,589,404	7,215,199,205
10. Proportion of related party assets held by the Company	Percentage	0.00%	0.00%
	Total investment assets of related parties held by the Company	-	-
	Total assets as at the end of the reporting period	7,039,589,404	7,215,199,205

(IV) Key business metrics

unit: yuan

Indicators	As at the end of/ during Q3 2024	As at the end of Q3 2024/YTD
Gross written premiums	485,767,495	1,783,339,855
Net profits	-35,088,392	35,434,416
Total assets	5,835,707,325	5,835,707,325
Net assets	3,001,374,906	3,001,374,906
Insurance contract liabilities	2,168,462,850	2,168,462,850
Basic earnings per share	-0.032	0.033
ROE	-1.16%	1.18%
ROA	-0.61%	0.62%
Investment yield	1.44%	3.16%
Comprehensive investment yield	1.44%	4.24%
Profitability indicators	--	--
1. Combined ratio	--	105.25%
2. Expense ratio	--	16.26%
3. Loss ratio	--	88.99%
4. Proportion of commission and brokerage expenses	--	1.74%
5. Proportion of operating and administrative expenses	--	14.90%
Scale indicators	--	--
1. Written premiums	366,501,205	1,591,389,990
2. Written premiums of auto insurance	-	-
3. Written premiums of top 5 non-auto insurance business lines	325,035,986	1,495,835,744

Largest non-auto business line	191,151,564	1,025,798,751
Second largest non-auto business line	68,461,940	260,858,018
Third largest non-auto business line	49,808,486	154,860,562
Fourth largest non-auto business line	11,878,426	44,318,225
Fifth largest non-auto business line	3,735,570	10,000,189
4. Average vehicle premium of auto insurance	-	-
5. Written premiums by channels	366,501,205	1,591,389,990
Agency	24,440,049	74,333,125
Direct	317,742,416	1,446,147,115
Brokerage	24,318,740	70,909,751
Others	-	-

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

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

Average investment yield in the past 3 years	4.03%
Average comprehensive investment yield in the past 3 years	3.60%

IV. Risk management capabilities

(I) Company category

The Company was incorporated in Shanghai in September 2004 as per approval of the former CIRC. In 2023, its written premiums amounted to 1.985bn yuan, and as of the end of 2023, total assets stood at 7.412bn yuan, with 3 provincial-level branch offices. According to Article 6 of Solvency Regulatory Standards of Insurance Companies No. 12: Solvency-aligned Risk Management Requirement and Assessment, it is a Category II insurance company.

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

The Company scored 76.69 points in the last on-site SARMRA assessment. As per Solvency Regulatory Standards of Insurance Companies No. 12: Solvency-aligned Risk Management Requirement and Assessment of Solvency Regulatory Standards of Insurance Companies (II) (CBIRC Document [2021] No. 51), the final score of the Company was 75.88 points.

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

The Company scored 76.69 points in the last on-site SARMRA assessment. As per Solvency Regulatory Standards of Insurance Companies No. 12: Solvency-aligned Risk Management Requirement and Assessment of Solvency Regulatory Standards of Insurance Companies (II) (CBIRC Document [2021] No. 51), the final score of the Company was 75.88 points. During the reporting period, the Company took further steps to enhance risk management. To be specific:

In Q3, we reviewed and updated the solvency risk management system, revised and improved the emergency contingency master plan and sub-plans.

In respect of insurance risk, we strengthened the review and management of innovative index-based insurance, specified requirements for increased coordination between branch offices and corporate management functions in a bid to promote sustainable and healthy development of innovative business; retrospectively reviewed the results of the Company's reserve assessment for the previous year and the year before, which showed favourable development; conducted flood control vigorously and fought against typhoons by issuing early warnings and making arrangements in advance; activated contingency plans for emergencies arising from major natural disasters in a timely manner with prompt payment of claims in advance, coupled with further claims investigation; revised regulations on reinsurance business and enhanced management of inward reinsurance business.

In terms of market risk, we maintained effective communication with outsourced investment managers on market risk management of investment assets to guard against adverse impact of concentrated risk exposure on net profit and net assets; carried out quantitative assessment and quarterly analysis of ALM, which, among others, measured and analysed the impact of market fluctuations on investment yields, monitored the matching of costs and returns, with projections of key indicators to meet regulatory and in-house ALM requirements.

As for credit risk, we reviewed the lists of outstanding balance on fiscal subsidy receivables and liquidation in certain business of branches and promoted the collection of premium receivables from key and difficult projects; continued to update credit ratings of brokers, reinsurers, and cedants, and strengthened the monitoring of credit risk of reinsurance counter-parties.

On the side of operational risk, we revised Regulations on Operational Risk Management in accordance with regulatory requirements; carried out an annual risk and internal control self-assessment; initiated the development of a new AML system, and completed the quarterly AML self-review, with prompt corrective measures for issues identified; organised quarterly review of anti-fraud efforts by branch offices and formulated quarterly fraud-risk analysis reports; strengthened risk control of IT outsourcing and revised the Regulations on IT Outsourcing Management; continued with consumer rights protection and work review.

With regard to liquidity risk, we continued to optimise cash flow projection modelling, enhanced retrospective review of net cash flows from operating activities, conducted review of cash flow budgets; tracked the status of claims, evaluated the impact of future claims pay-out on cash flows in a timely manner, so as to ensure sufficient liquidity and stable cash flows; continued to communicate with CPIC AMC to ensure an asset allocation compatible with needs for cash flows; reviewed and optimised the risk matrix of investment liquidity, continuously monitored and assessed market liquidity and interest rate movements and their impact on liquidation of its investment assets; closely monitored the ratio of receivables, analysed changes to the ratio and enhanced process control; collected receivables from recoveries of adjusted variable fees and profit commissions on non-marine treaties from previous years, and submitted applications for recoveries of key facultative reinsurance claims.

In terms of reputational risk management, we organised annual training and emergency response drills. In particular, we invited third-party experts to share their insights on reputational risk and industry case studies, conducted drills of on-site emergency response, reporting and follow-up handling, so as to consolidate the foundation of reputational risk management and improve coordination in media crisis management.

With regard to strategic risk, we assessed the status of implementation of quarterly development plans to promote the execution of the Company's overall strategic planning and development goals; continued to strengthen collaboration with our strategic partners for mutual empowerment in business development, customer acquisition and branding.

(IV) Status of SARMRA self-assessment

There was no such self-assessment in the quarter.

V. Integrated risk rating (differentiated supervision)

(I) IRR results of the previous two quarters

The Company was rated AAA at the IRR (differentiated supervision) by NFRA (formerly CBIRC) for both Q1 and Q2 of 2024.

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

(II) Measures taken or to be taken for improvement

The Company's integrated risk rating (IRR) for Q2 2024 was AAA.

In the reporting quarter, the Company strictly abided by policies of NFRA, PBoC and other related regulatory documents, continued to monitor the key risk indicators, enhanced IT risk management and data governance, and optimised risk governance and overall risk management capabilities as per regulatory requirements.

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

1. Operational risk

1.1 Operational risk status

In the quarter, first, the Company formulated rectification plans for various defects newly discovered in audits, carried out rectification with regular status follow-up, urged relevant parties to complete rectification on time according to the submitted plan; second, updated database of operational risk losses, with analysis and evaluation of such losses via risk management systems; third, carried out annual risk and internal control self-assessment, and amended the internal control manual in light of regulatory requirements, relevant company rules, changes in business processes and

findings of internal and external audits; fourth, amended and issued policies such as Regulations on Management of Contracts and Agreements of Insurance Business and Management and Operational Standards on Inward Reinsurance Business, with strict implementation to ensure effective control of operational risks.

1.2 Methods of operational risk assessment

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

1.3 Process of operational risk assessment

In the quarter, first, the Company conducted an assessment of IRR operational risk status, organised a review by relevant departments of operational risk in mis-selling, fraudulent claims, mis-handling in investment, erroneous financial information disclosure, money laundering, information security and system failures, with follow-up rectification. Second, monitored key indicators of operational risk in light of risk upper limits, management reports and remedial actions, with clear definition of ownership by departments or branch offices, and may conduct self-review if circumstances require. Third, conducted risk assessment in money laundering, insurance frauds and consumer rights protection when launching new products or new business.

1.4 Results of operational risk assessment

The review detected no serious flaws which may trigger operational risk. The monitoring of risk upper limits also indicated that the status of operational risk of the Company was in the comfort zone.

2.Strategic risk

2.1 Status of strategic risk

The strategic risk facing the Company mainly includes the following:

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

2.2 Methods of strategic risk assessment

Evaluation of market environment of industry strategic risk, the risk in formulation of strategic planning of the Company and the risk in its implementation, 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 review of the implementation status against budgets formulated at the year beginning, and

communicated the gaps by business geographies/ business lines to company middle and senior management.

2.4 Results of strategic risk assessment

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

3.Reputational risk

3.1 Status of reputational risk

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

3.2 Methods of reputation risk assessment

As per Solvency Regulatory Standards of Insurance Companies No.11, first, we monitored online media through the Group's monitoring platform; second, our spokesperson and brand specialists joined the Group's brand management team so that they can share and handle media information in a timely manner; third, the Company issued the "Risk Early-warning" weekly reports to senior management and part-time reputational risk management staff to promptly identify and prevent potential risks. We also conducted a company-wide screening of potential reputational risks, further enhanced reputational risk management capabilities, promoted the establishment of a full-process, closed-loop risk management system, so as to create a favourable environment for the Company's sustainable, healthy and stable development.

3.3 Process of reputational risk assessment

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

3.4 Results of reputational risk assessment

During the reporting period, adverse media publicity of the Company stayed under control, and there was no occurrence of reputational risk or events which may trigger the risk.

4. Liquidity risk

4.1 Status of liquidity risk

The Company derives liquidity mainly from cash received as 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. As per Provisions on Fiscal Subsidies of Agricultural Insurance Premiums of Shanghai Municipal Government, the subsidy for agricultural insurance would be accrued in advance and settled in the next year. Thus, the time lag has an impact the Company's cash flows. To address this, it vigorously conducted communications with government agencies in charge of agriculture and finance at various levels, seeking to optimise the process of fiscal subsidy transfers so that it could receive the fund at an early date.

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

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

As at the end of Q3 2024, LCR under the base scenario (LCR1) for the next 12 months and LCR under the stress scenario (LCR2) for the next 12 months were both above 100%, indicating a sound status in liquidity risk.

4.2 Methods of liquidity risk assessment

Conducted calculation of liquidity coverage ratios, retrospective adverse deviation ratios of net cash flows from operating activities, with projection of net cash flows and stress testing of cash flows of the Company as per Solvency Regulatory Standards No. 13.

4.3 Process for liquidity risk assessment

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

liquidity.

4.4 Results of liquidity risk assessment

All regulatory indicators and results of cash flow stress testing pointed to sufficient liquidity to meet needs of the Company.

VI. Management analysis and discussions

(I) Changes to solvency margin ratios and reasons

As of the end of the quarter, the comprehensive and core solvency margin ratios of the Company was 333.00% and 300.89% respectively, maintaining a strong position, though down by 18.5pt and 15.6pt respectively from the preceding quarter.

Actual capital was 3.168bn yuan, a decrease of 23mn yuan from the previous quarter, mainly due to a net loss of 28mn yuan for the quarter as a result of underwriting losses caused by typhoons, an increase of 8mn yuan in catastrophe reserve for agricultural insurance, and an increase of 3mn yuan in non-admitted assets.

Minimum capital stood at 951mn yuan, an increase of 43mn yuan from the preceding quarter. Of this, minimum capital for insurance risk rose by 60mn yuan, largely due to the impact of typhoons in the quarter, which in turn led to increased minimum capital requirement for reserve risk; minimum capital for market risk climbed by 16mn yuan, mainly due to changes to asset allocation, which in turn led to changes in capital requirement for various asset classes; that for credit risk fell by 22mn yuan, mainly because of decrease in premium receivables, which means lower capital requirement for counter-party default risk; risk diversification effect increased by 7mn yuan.

(II) Changes to liquidity risk indicators and reasons

As of the end of the reporting quarter, cash and cash equivalents stood at 80.4106mn yuan, a decrease of 85.4752mn yuan from 165.8858mn yuan in the previous quarter. The decline was mainly due to higher cash outflow paid as claims under primary insurance contracts during the quarter.

LCRs of the next 3 months and next 12 months under base scenarios (LCR1) were 103.77% and 108.53%, respectively.

LCR2s, or LCRs of the next 3 months and next 12 months under stress scenario (mandatory) were 125.43% and 125.58%, respectively.

LCR2s of next 3 months and next 12 months under stress scenarios (self-testing) were 231.57% and 138.57%, respectively.

LCR3s, or LCRs of the next 3 months and next 12 months under stress scenarios

before asset disposal (mandatory) were 52.34% and 87.87%, respectively.

LCR3s of the next 3 months and next 12 months under stress scenarios before asset disposal (self-testing) were 102.94% and 104.04%, respectively.

The retrospective adverse deviation ratios of net cash flow from operating activities of the reporting and the previous quarters were 42.78% and 172.82%, respectively, close to estimates overall.

Net cash flow YTD was 5.8922mn yuan. That for the previous fiscal year was 15.2795mn yuan, and that for the year earlier was -19.8750mn yuan.

(III) Change to IRR and reasons

The Company was rated AAA at the IRR (differentiated supervision) by NFRA (former CBIRC) for both Q1 and Q2 of 2024.

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.