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中國太平洋保險(集團)股份有限公司

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

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

(Stock Code: 02601)

Overseas Regulatory Announcement

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

The announcement is attached hereof for information purpose only.

By Order of the Board
China Pacific Insurance (Group) Co., Ltd.
FU Fan
Chairman

Hong Kong, 30 August 2024

As at the date of this announcement, the Executive Directors of the Company are Mr. FU Fan and Mr. ZHAO Yonggang; the Non-executive Directors are Mr. HUANG Dinan, Mr. WANG Tayu, Mr. CHEN Ran, Mr. ZHOU Donghui, Mr. XIE Weiqing, Ms. LU Qiaoling, Mr. CAI Qiang, John and Mr. John Robert DACEY; and the Independent Non-executive Directors are Ms. LIU Xiaodan, Ms. LAM Tyng Yih, Elizabeth, Ms. LO Yuen Man, Elaine, Mr. CHIN Hung I David and Mr. JIANG Xuping.

**Note: The appointment qualifications of Mr. XIE Weiqing and Mr. CAI Qiang, John are subject to the approval by the regulatory authorities.*

Summary of Quarterly Solvency Report (Excerpts)

Pacific Health Insurance Co., Ltd.

2nd 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	13th Floor, Building No. 1, 1229 Century Avenue, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC
Registered capital	3.6 billion yuan
Business license number	00000117
Date opening for business	December 2014
Business scope	Health and personal accident insurance denominated in RMB yuan and foreign currencies; health insurance commissioned by the government or supplementary to state medical insurance policies; reinsurance of the above said insurance; health insurance-related agency and consulting business; insurance funds investment as approved by relevant laws and regulations; other business as approved by the CIRC.
Business territories	Shanghai, Beijing, Guangdong Province, Sichuan Province.
Contact person:	XIA Bing
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I. BOARD AND MANAGEMENT STATEMENT

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

1. Voting results by directors

Name of directors	For	Against	Abstain
MA Xin	✓		
MA Boyong	✓		
WANG Yong	✓		
ZHANG Weidong	✓		
ZHANG Yuanhan	✓		
CHEN Xiujuan	✓		
Total	6		

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

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

II. Basic information

(I) Ownership structure and shareholders

1. Ownership structure

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 and Changjiang Pension respectively. He previously served as Manager of Individual Business Department and Assistant General Manager of CPIC Life Xi'an Branch, Deputy General Manager and General Manager of CPIC Life Shaanxi Branch, General Manager of the Strategic Planning Department, Head of Strategic Transformation Office, Transformation Director, and Board Secretary of CPIC Group, Director of CPIC P/C, and Acting Responsible Person of the Company.

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

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

Ms. CHEN Xiujuan, born in June 1971, holds a master's degree and has professional qualifications of a Chinese actuary. She has been serving as Director of the Company since October 2023 (approval document: NAFR [2023] No.362). 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 Vice President of Tencent WeSure, Marketing Director and General Manager of Individual Business Division of Ping An Health Insurance Company, Deputy General Manager (in charge) of Ping An Health Insurance Company Beijing Branch, and Head of Sales of Ping An Health Insurance Company Beijing Branch.

Mr. LI Jieqing, born in November 1968, holds a bachelor's degree. He has been serving as Deputy General Manager of the Company (approval document: CIRC [2016] No.450) since May 2016 and has been serving as Chief Risk Officer of the Company since August 2021 (no approval document), and Compliance Responsible Person of the Company since January 2024 (approval document: NAFR [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. ZHOU Bin, born in April 1966, has received a post-graduate education. He has been serving as Deputy General Manager of the Company (approval document: CIRC [2016] No.450) since May 2016. Mr. Zhou is currently Council Member of Shanghai Pacific Blue Charity Foundation. Previously, Mr. ZHOU served as General Manager of Human Resources and Comprehensive Management Department of Information Technology Center of CPIC Group, Deputy Head of Cadre and Personnel Division of Shanghai Municipal Commission of Financial Industry (on seconded basis), General Manager of Human Resources Department of CPIC Group and Chief Risk Officer of the Company.

Mr. SONG Quanhua, born in February 1973, holds a master's degree. He has been serving as Deputy General Manager of the Company (approval document: CBIRC [2021] No.691) since September 2021. He previously served as secretary of the Secretariat of the General Administration Office of China Pacific Insurance Company, Deputy General Manager of CPIC Life Ningbo Branch, General Manager of CPIC Life Dalian Branch, Director of Party Affairs Department of CPIC Life, General Manager of New Channel Business Department of CPIC Life, General Manager of Corporate Channel Business

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

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

Mr. JIANG Honglang, born in November 1964, holds a doctoral degree and 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.

(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)

None during the reporting period.

III. Main indicators**(I) Solvency margin ratios**

unit: 10,000 RMB yuan

Items	As at the end of the reporting quarter	As at the end of the previous quarter	Next quarter estimates
Admitted assets	1,149,935.71	1,318,173.64	1,164,541.22
Admitted liabilities	774,419.92	953,809.30	778,207.37
Actual capital	375,515.80	364,364.34	386,333.85
Tier-1 core capital	298,770.24	290,143.52	301,177.84
Tier-2 core capital	19,633.27	18,070.24	24,129.65
Tier-1 supplement capital	57,055.03	56,150.57	60,955.99
Tier-2 supplement capital	57.26	0.00	70.37
Minimum capital	146,909.78	142,060.01	154,687.34
Minimum capital for quantifiable risks	145,797.93	140,984.86	153,516.63
Minimum capital for control risk	1,111.85	1,075.14	1,170.71
Minimum capital for supplement capital	-	-	-
Solvency margin			
Core solvency margin	171,493.73	166,153.76	170,620.15
Comprehensive solvency margin	228,606.02	222,304.33	231,646.51
Core solvency margin ratio (%)	217	217	210
Comprehensive solvency margin ratio (%)	256	256	250

(II) Regulatory indicators for liquidity risk

Indicators	During the reporting quarter	During the previous quarter on a comparable basis
Actual net cash flow (unit:10,000 yuan)	17,145.21	4,005.76
Retrospective adverse deviation ratio of net cash flows from operating activities (%)	271	-690
Overall liquidity coverage ratio under base scenario (next 3 months)(%)	134	106
Overall liquidity coverage ratio under base scenario (next 12 months)(%)	108	107
Overall liquidity coverage ratio under stress scenario - mandatory (next 3 months)(%)	594	667
Overall liquidity coverage ratio under stress scenario - mandatory (next 12 months)(%)	174	213
Overall liquidity coverage ratio under stress scenario - self-assessment (next 3 months)(%)	497	539

Overall liquidity coverage ratio under stress scenario - self-assessment (next 12 months)(%)	229	222
Liquidity coverage ratio before asset disposal under stress scenario - mandatory (next 3 months)(%)	202	168
Liquidity coverage ratio before asset disposal under stress scenario - mandatory (next 12 months)(%)	82	91
Liquidity coverage ratio before asset disposal under stress scenario - self-assessment (next 3 months)(%)	222	196
Liquidity coverage ratio before asset disposal under stress scenario - self-assessment (next 12 months)(%)	167	154

(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)	11,155.00	-10,837.43
Comprehensive surrender ratio(%)	0.17	0.10
Net cash flows from participating/universal accounts	-	-
Written premiums year-on-year growth (%)	92.12	102.75
Share of cash flow and liquidity management tools (%)	4.23	2.39
Quarterly average financial leverage ratio (%)	3.74	4.38
Share of domestic fixed income assets rated AA and below (%)	-	-
Share of investments in listed stocks where the Company holds a stake of 5% or above (%)	-	-
Share of receivables (%)	18.44	29.62
Share of related party assets held by the Company (%)	5.45	4.75

(IV) Key business metrics

unit: 10,000 yuan

Indicators	As at the end of the reporting quarter/during the reporting quarter	As at the end of the reporting quarter/YTD
Gross written premiums	180,821.14	389,440.32
Net profit	976.21	4,275.40
Total assets	959,555.01	959,555.01
Net assets	338,754.39	338,754.39
Insurance contract liabilities	445,868.41	445,868.41
Basic earnings per share (yuan)	0.00	0.01
ROE (%)	0.29	1.27
ROA (%)	0.10	0.46

Investment yield (%)	1.02	1.72
Comprehensive investment yield (%)	1.59	2.99

Note: Net profit, 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 June 2024, its total assets reached 11,649.3856 million yuan, with written premiums amounting to 1,569.5761 million yuan in the first half 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 Q2 2024, the Company's Board of Directors reviewed and approved amendments to the solvency risk management policy, as well as rules on the management of insurance, market, liquidity, operational, reputational, and strategic risks.

The board also approved the Company's 2024 risk appetite statement and risk tolerance, and formulated specific indicators and limits under the 2024 risk limit system based on the risk appetite framework and realities of the Company, so as to forestall major risks. The risk limit system covered all types of risks faced by the Company, the whole process of insurance business, health services, investment business, operational management and all personnel involved, focusing on imposing effective "constraints" on key businesses and key areas.

The Company carried out risk handling for indicators that breached the risk limits in Q1: risk control measures for cash-flow-related indicators included refining cash flow management

and improving the accuracy of cash flow forecasts, etc.; risks relating to the combined ratio were mitigated through premium adjustment, claims analysis, and optimisation of business mix.

In Q2 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

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

The Company was rated BB at the IRR (differentiated supervision) by the regulator for Q1 of 2024 and Q4 of 2023, which met regulatory requirements in solvency, with a low level of operational risk, reputational risk, strategic risk and liquidity risk.

(II) Measure taken or to be taken for improvement

In Q2 2024, in light of Assessment Criteria for Unquantifiable Risks of Insurance Companies, the Company took control measures focusing on those operational and strategic risk indicators which, according to the self-assessment, could be improved. In terms of operational risk, it continued to enhance operational efficiency while maintaining current levels of 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 Q2 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 in the unlikely event of emergencies. Overall, the sources of liquidity outweigh needs for liquidity, indicating a low level of liquidity deficit risk.

Operational risk: In terms of compliance and internal control, there were no breaches of regulations or administrative penalties from regulators in Q2 2024. There was zero violation of regulatory rules and zero regulatory penalty per 100 million yuan in standard premiums. On the IT side, the Company's core systems were 100% usable, and there was no financial losses incurred due to system failures. In terms of personnel, the workforce turnover was relatively low. There was no losses resulting from operational risk incidents in the area of 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 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 and investment counter-parties. In daily work, the Company strictly implements various reputational risk management processes covering prior 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 its 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, review of business performance on a regular basis, analysis of market conditions and its own strengths and weaknesses. In Q2 of 2024, there was no breach of limits on business metrics and no occurrence of strategic risk incidents.

VI. Management analysis and discussions

(I) Solvency Analysis

1. Actual capital

As at 30 June 2024, actual capital of the Company amounted to 3,755.1580 million yuan, an increase of 3.1% from the previous quarter, which was mainly due to increase in surplus of insurance policies and contribution from investment.

2. Minimum capital

The minimum capital of the Company as at the end of the reporting period was 1,469.0978 million yuan, up by 3.4% 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; decrease in minimum capital for equity price risk due to sharply reduced holdings of portfolio asset management products and funds; changes to age mix of other receivables, which led to increase in minimum capital for credit risk. Of this, minimum capital for insurance risk of life business was 1,025.7870 million yuan, that for non-life business was 760.6345 million yuan, that for market risk 328.7230 million yuan, that for credit risk 318.3782 million yuan, diversification effect for quantifiable risk was 813.5457 million yuan, and that for control risk was 11.1185 million yuan.

3. Solvency margin ratios

As of 30 June 2024, the Company's core solvency margin was 1,714.9373 million yuan, and the core solvency margin ratio was 217%; comprehensive solvency margin was 2,286.0602 million yuan, and the comprehensive solvency margin ratio was 256%.

(II) Liquidity risk

For the reporting quarter, net cash flow was 171 million yuan, mainly because of large cash inflows from settlement of reinsurance funds in the quarter; the difference between actual net cash flow from operating activity and the estimate was 161 million yuan, meaning a retrospective adverse deviation ratio of 271%, meeting regulatory requirements. As of the

end of Q2, all liquidity coverage ratios under various scenarios and all liquidity indicators for monitoring were in compliance with regulatory requirements.

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