中国太平洋保险
China Pacific Insurance

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, 27 August 2026

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, Ms. WANG Yuhua, Mr. CHEN Ran, Mr. ZHOU Donghui and Mr. John Robert DACEY; the Independent Non-executive Directors are Ms. CHEN Xin, Ms. LAM Tyng Yih, Elizabeth, Ms. LO Yuen Man, Elaine, Mr. CHIN Hung I David and Mr. WONG Hin Wing; and the Employee Director is Ms. ZHOU Liyun.

Summary of Quarterly Solvency Report

(Excerpts)

Pacific Health Insurance Co., Ltd.

2nd Quarter of 2026

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	7th-9th Floor, No.1 Zhongshan Nan Road, Shanghai, the PRC
Registered capital	3.6 billion yuan
Business license number	00000117
Date opening for business	December 2014
Business scope	Health and personal accident insurance denominated in RMB yuan and foreign currencies; health insurance commissioned by the government or supplementary to state medical insurance policies; reinsurance of the above said insurance；health insurance-related agency and consulting business; insurance funds investment as approved by relevant laws and regulations; other business as approved by the CIRC.
Business territories	Shanghai, Beijing, Guangdong Province, Sichuan Province.
Contact person：	XIA Bing
Tel. number：	+86-21-33968652
Cell phone:	13761619886
Fax number:	+86-21-68870641
Email:	xiabing-003@cpic.com.cn

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I. BOARD AND MANAGEMENT STATEMENT

The report has been approved by the board of directors. The board and senior management of the Company warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, and that there is no false representation, misleading statement or material omissions; and they jointly and severally 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	√		
SHANG Jiaoyan	√		
MA Boyong	√		
JIANG Yifeng	√		
HE Yadong	√		
Total	5		

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

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

II. Basic information

(I) Ownership structure and shareholders

1. Ownership structure

Types of shareholding	Shares or contribution as at the end of the reporting period (unit: 10,000 shares)	Percentage (%)	Shares or contribution as at the beginning of the reporting period (unit: 10,000 shares)	Percentage (%)
Domestic legal 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 (5 in total)

Mr. MA Xin, born in April 1973, holds 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 and 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, Acting Responsible Person of the Company and Director of Changjiang Pension.

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), as Director of the Company since January 2026 (approval document: NFRA [2026] No.41). 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. MA Boyong, born in October 1967, holds a master’s degree and 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 (Information Security) 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, and head of the Preparatory Team and General Manager of IT Design Department of Chengdu R & D Centre.

Mr. JIANG Yifeng, born in January 1978, holds a doctoral degree, and has been serving as Director of the Company since May 2026 (approval document: NFRA [2026] No.240). Mr. JIANG currently serves as Deputy Director of Health and Elderly Care of CPIC Group. Mr. JIANG previously served as Assistant General Manager and Deputy General Manager of Human Resources Department of CPIC Life; General Manager of CPIC Life

Ningxia Branch and Shaanxi Branch, respectively; head of the Strategic Transformation Office of CPIC Group; General Manager of CPIC Life Zhejiang Branch, Director of the Party Organization Department, Director of the Party Office, General Manager of Human Resources Department, and General Manager of Southern Training Center of CPIC Life, and Assistant General Manager, Board Secretary and Deputy General Manager of CPIC Life.

Mr. HE Yadong, born in January 1978, holds a master's degree, and has been serving as Director of the Company since May 2026 (approval document: NFRA [2026] No.260). Mr. HE currently serves as General Manager of Legal & Compliance Department (Accountability Office, Consumer Rights Protection Department) of CPIC Group, and Director of CPIC Technology Co., Ltd. Mr. HE previously worked at Zhabei District Court, Shanghai Political and Legal Affairs Commission, and the Shanghai Municipal Committee of the Chinese People's Political Consultative Conference (CPPCC); he also served as Vice President of Shanghai Industrial Dongtan Investment Development (Group) Co., Ltd., Assistant Director of Shanghai Office and Chief Representative of Shanghai Representative Office of Taiping Insurance Group (Hong Kong), Deputy General Manager of Taiping Pension Shanghai Branch, Deputy General Manager of Taiping Property Insurance Shanghai Branch, and Deputy General Manager (in charge) of Legal & Compliance Department (Accountability Office, Consumer Rights Protection Department) of CPIC Group.

2. Senior management at head-office level (7 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), as director of the Company since January 2026 (approval document: NFRA [2026] No.41). 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 Chief Compliance Officer of the Company since March 2026 (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, and Compliance Responsible Person 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 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 currently serves as head of the Company's Health Research Institute. He 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), as Board Secretary of the Company since August 2022 (no second-time approval required) and as Deputy General Manager of the Company since March 2025 (approval document: NFRA [2025] No.160). 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, Acting Finance Responsible Person, Acting Actuarial Responsible Person and director of the Company.

Ms. SUN Min, born April 1977, holds a doctoral degree and the designation of Senior Auditor. She has been serving as Internal Audit Responsible Person of the Company since May 2025 (approval document: NFRA [2025] No.266). Ms. Sun currently serves as General Manager of the Internal Audit Operations Department of CPIC Group. Her previous positions include Deputy Section Chief of Internal Audit Department of CPIC Life; Senior Auditor of Internal Audit Center of CPIC Group; Deputy General Manager of Internal Audit Technology Department, Deputy General Manager of Digital Audit Technology Department of CPIC Group and Acting Internal Audit Responsible Person of the Company.

Ms. XUE Yongxian, born in November 1976, holds a master's degree. She has been serving as Assistant General Manager of the Company (approval document: NFRA [2025] No.324) since May 2025. Previously, she served as Employee Representative Supervisor of the Company, Chairman of the Trade Union, head of Key Account Business Center, Senior Director of Key Account Business Center, General Manager of Shanghai Branch, General Manager of Sales Management Department and General Manager of Individual Life Insurance Cooperation Business Centre (SBU) 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.

Notes:

1. Effective from 12 May of 2026, Mr. JIANG Yifeng began to serve as Director of the Company, and Ms. ZHOU Yanfang ceased to serve as Director of the Company.
2. Effective from 21 May of 2026, Mr. HE Yadong began to serve as Director of the Company, and Mr. ZHANG Weidong ceased to serve as Director of the Company.
3. Effective from 12 January of 2026, the Company no longer has a Board of Supervisors and all supervisors of the 3rd Board of Supervisors automatically ceased to hold office.

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

One associate venture: Shanghai Proton & Heavy Ion Hospital. The Company completed an investment of RMB100 million in the entity in January 2016, holding 20% of its shares.

There was no change during the reporting period.

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

None during the reporting period.

III. Main indicators

(I) Solvency margin ratios

unit: 10,000 RMB yuan

Items	As at the end of the reporting quarter	As at the end of the previous quarter on a comparable basis	Next quarter estimates
Admitted assets	1,531,147.30	1,404,607.33	1,594,534.41
Admitted liabilities	1,050,556.59	936,911.19	1,108,298.32
Actual capital	480,590.71	467,696.14	486,236.09
Tier-1 core capital	342,350.39	340,035.81	342,235.96
Tier-2 core capital	27,657.20	25,863.58	29,559.62
Tier-1 supplement capital	108,677.81	99,541.79	112,404.14
Tier-2 supplement capital	1,905.31	2,254.96	2,036.37
Minimum capital	235,327.64	217,946.41	248,161.51
Minimum capital for quantifiable risks	233,546.62	216,296.94	246,283.36
Minimum capital for control risk	1,781.02	1,649.47	1,878.15
Minimum capital for supplement capital	-	-	-
Solvency margin			
Core solvency margin	134,679.95	147,952.98	123,634.07
Comprehensive solvency margin	245,263.07	249,749.74	238,074.58
Core solvency margin ratio (%)	157	168	150
Comprehensive solvency margin ratio (%)	204	215	196

(II) Regulatory indicators for liquidity risk

Indicators	During/as at the end of the reporting quarter	During/as at the end of the preceding quarter
Actual net cash flow YTD (unit:10,000 RMB yuan)	14,695.25	-22,448.42
Retrospective adverse deviation ratio of net cash flows from operating activities (%)	-75	17
Overall liquidity coverage ratio under base scenario (next 3 months)(%)	135	117
Overall liquidity coverage ratio under base scenario (next 12 months)(%)	110	105
Overall liquidity coverage ratio under stress scenario - mandatory (next 3 months)(%)	519	482
Overall liquidity coverage ratio under stress scenario - mandatory (next 12 months)(%)	193	174
Overall liquidity coverage ratio under stress scenario - self-assessment (next 3 months)(%)	527	474
Overall liquidity coverage ratio under stress scenario - self-assessment (next 12 months)(%)	239	215
Liquidity coverage ratio before asset disposal under stress scenario - mandatory (next 3 months)(%)	166	121
Liquidity coverage ratio before asset disposal under stress scenario - mandatory (next 12 months)(%)	98	77
Liquidity coverage ratio before asset disposal under stress scenario - self-assessment (next 3 months)(%)	204	168
Liquidity coverage ratio before asset disposal under stress scenario - self-assessment (next 12 months)(%)	160	139

(III) Other indicators for liquidity risk

Indicators	As at the end of /during the reporting quarter	As at the end of/ during the previous quarter
Net cash flows from operating activities (unit: 10,000 RMB yuan)	26,607.50	18,049.44
Comprehensive surrender ratio (%)	0.53	0.36
Net cash flows from participating/universal accounts	-	-
Written premiums year-on-year growth (%)	23.58	31.02
Share of cash and liquidity management tools (%)	4.68	2.50
Quarterly average financial leverage ratio (%)	0.22	0.32
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 (%)	19.69	17.99
Share of related party assets held (%)	4.27	4.82

(IV) Key business metrics

unit: 10,000 RMB yuan

Indicators	As at the end of/during the reporting quarter	As at the end of the reporting quarter/YTD
Gross written premiums	238,659.59	507,861.09
Net profit	18,153.08	24,133.34
Total assets	1,241,429.64	1,241,429.64
Net assets	384,616.03	384,616.03
Insurance contract liabilities	672,068.84	672,068.84
Basic earnings per share (RMB yuan)	0.05	0.07
ROE (%)	4.78	6.45
ROA (%)	1.51	2.02
Investment yield (%)	2.13	3.33
Comprehensive investment yield (%)	1.93	3.54
Residual margin	198,640.55	198,640.55
New business margin (%)	0.81	0.73
New business value	12,017.28	21,237.00
First-year regular premiums written on new policies	26,611.26	51,539.21
First-year regular premiums written on new policies with a coverage period of 10 years or above	25,098.65	48,865.74
Written premiums on renewed policies	44,002.13	81,627.58
Written premiums	133,856.16	268,685.68
1. Bancassurance channel	178.30	266.24
2. Agency channel	-	-
3. Group channel	51,530.12	115,315.95
4. Internet	68,899.94	131,541.18
5. Others	13,247.80	21,562.31
Number of agents as of the end of the reporting period	3	3
13-month persistency ratio (%)	81	81
Surrender ratio (%)	0.31	0.53
Average premium per policy of the agency channel	-	-
Average premiums per agent	-	-
Agent attrition rate (%)	0	0

Notes:

1. 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 aforementioned indicators.
2. Residual margin is recognised and measured in accordance with the Accounting Standards for Enterprises No. 25 — Primary Insurance Contracts and the Accounting Standards for Enterprises No. 26 — Reinsurance Contracts, both of which were issued by the Ministry of Finance in 2006, as well as the Regulations on Accounting Treatment of Insurance Contracts issued by the Ministry of Finance in 2009.
3. New Business Margin = Day One Gain of new business during the current period ÷ Total sum of premiums under the new business × 100%. Day One Gain refers to the residual margin recognised upon initial measurement of insurance contract reserves for financial reporting purposes. Total sum of premiums refers to the sum of first-year premiums and renewal premiums, calculated without considering factors such as surrender or discounting.
4. Information on the top five products and their written premiums during the first half of the year: 1) Individual Long-term Medical Insurance (Rate-adjustable, Internet) (Health Insurance): RMB357.6706mn; 2) Group Medical Insurance Rider (Type A) (Health Insurance): RMB342.0748mn; 3) Internet Fuxing Term Critical Illness Insurance (Health Insurance): RMB308.3621mn; 4) Group Medical Insurance Rider (Type B) (Health Insurance): RMB180.4795mn; 5) Group Supplemental Medical Insurance (Health Insurance): RMB154.9612mn. First-year regular premiums written on new policies and first-year regular premiums written on new policies with a payment period of ten years or more include health insurance policies with a coverage period not exceeding one year but containing a guaranteed renewability provision.
5. First-year regular written premiums for new policies, and first-year regular written premiums for new policies with a policy term of 10 years or above, include health insurance with a policy term of no more than one year that contains a guaranteed renewal clause.
6. New business value only includes long-term insurance business.

(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 3.53% and 5.02%, respectively.

IV. Risk management capabilities

(I) Company category

The Company was incorporated in December 2014. As at the end of Q2 2026, its total assets under new accounting standards reached 12,414.2964 million yuan, with written premiums amounting to 2,686.8568 million yuan during the first two quarters of the year. 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

The Company revised and finalised the 2026 annual risk appetite and risk tolerance. Based on its business realities, it adopted a risk-oriented approach and established its 2026 Annual Risk Appetite Framework (RAF) and Risk Upper Limits, with an aim to prevent major, systemic risks. The RAF covers all sorts of risks facing the Company across the entire business processes of insurance business, investment business and operational management, focusing on effective constraints on key business lines or areas.

The Company utilised regulatory evaluations or ratings to identify gaps and step up rectification. It conducted forward-looking assessment and retrospective analysis based on the IRR and other regulatory indicators, cascaded risk management responsibilities down to responsible departments, so as to continuously enhance its overall risk management capabilities.

In Q2 2026, the Company's risk management system and all related activities were consistently implemented as per established risk management policies and procedures. Under the framework of the Company's risk management and risk appetite systems, no major risk events occurred during the reporting period.

(III) Results of Latest 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 BBB for both Q4 of 2025 and Q1 of 2026, which met regulatory requirements in solvency, with a low level of operational risk, reputational risk, strategic risk and liquidity risk.

(II) Measures taken or to be taken for improvement

In Q2 2026, 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 maintain current operational efficiency and quality, focusing particularly on improving claims payment turnaround, addressing insurance frauds and handling customer complaints. With regard to strategic risk, it maintained stability in senior management turnover and business development. As for reputational risk, it maintained the record of “zero media crisis” during the reporting period.

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

Liquidity risk: Liquidity risk of the Company mainly stems from claims and maturity payments on insurance contracts, daily expenditures on business activities and impairment on investment assets. As of the end of Q2 2026, there were no circumstances which may trigger liquidity risk. The Company maintained a high proportion of 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 gearing 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 detected no breaches and received no administrative penalties from the regulator in Q2 2026. 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 (Level-1 or Level-2) or other types of media.

Strategic risk: In light of its 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. Under the guidance of its own strategic objectives and those of the Group, the Company will strive for breakthroughs across all KPIs in the next three years to pursue high-quality development. It formulated strategic decisions based on market environment in a timely manner 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 Q2 of 2026, there was no occurrence of strategic risk incidents.

VI. Management analysis and discussions

(I) Solvency Analysis

1. Actual capital

As at 30 June 2026, actual capital of the Company amounted to 4,805.9071 million yuan, an increase of 2.8% from the end of the previous quarter, mainly due to contribution from investment income and growth in future surplus on insurance policies.

2. Minimum capital

Minimum capital of the Company as at the end of the reporting period was 2,353.2764 million yuan, up by 8.0% from the end of the previous quarter, mainly due to: growth in long-term business volume, which led to higher minimum capital requirement for life insurance risk; change to age structure of reinsurance fund receivables, increase in the scale of bank deposits and fluctuation of capital adequacy ratios of certain counter-party banks in Q2, which resulted in higher minimum capital requirement for credit risk. Of this, minimum capital for life insurance risk was 1,941.3893 million yuan, that for non-life business was 924.6371 million yuan, that for market risk 480.9758 million yuan, that for credit risk 351.3307 million yuan, diversification effect for quantifiable risk was 1,103.3704 million yuan, and that for control risk was 17.8102 million yuan.

3. Solvency margin ratios

As of 30 June 2026, the Company's core solvency margin was 1,346.7995 million yuan, with a core solvency margin ratio of 157%; comprehensive solvency margin was 2,452.6307 million yuan, with a comprehensive solvency margin ratio of 204%.

(II) Liquidity risk

In the first two quarters of the year, net cash flow of the Company was 147 million yuan, mainly due to cash inflows from operating activities; in the reporting quarter, the retrospective adverse deviation ratio of net cash flows from operating activities was -75%, largely because of the allocation of 200mn yuan in statutory deposit, which was not planned for and therefore not considered in the cash flow projection of Q1; excluding this factor, the ratio would be -17%; liquidity coverage ratios under various scenarios and other liquidity indicators were all 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.

(III) Analysis of changes to IRR

The Company's latest IRR result is BBB. Assessed against the Solvency Regulatory Standards No.11: Integrated Risk Rating (differentiated supervision), the company meets the regulatory requirements in solvency, with a low level of operational risk, strategic risk, reputational risk, and liquidity risk.

The changes in the IRR rating objectively reflect the challenges the Company encountered during its strategic transformation. With rapid growth of its proprietary business, the Company's overall risk exposure has increased, primarily manifested in heightened premium deviation and volatility, as well as in increased concentration risk in bancassurance following the launch of online business collaboration with banks.

We will systematically review and identify weaknesses in daily management, address existing challenges progressively, strengthen the closed-loop mechanism of risk governance, and continuously enhance our solvency risk management capabilities.