

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 March 2025

*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.*

# Summary of Quarterly Solvency Report (Excerpts)

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

**4th 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	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

## Contents

I. BOARD AND MANAGEMENT STATEMENT .....	4
II. BASIC INFORMATION .....	5
III. MAIN INDICATORS .....	11
IV. RISK MANAGEMENT CAPABILITIES .....	13
V. INTEGRATED RISK RATING (DIFFERENTIATED SUPERVISION) .....	24
VI. MANAGEMENT ANALYSIS AND DISCUSSIONS .....	26

## 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 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	✓		
ZHANG Weidong	✓		
ZHANG Yuanhan	✓		
CHEN Xiujuan	✓		
ZHOU Yanfang	✓		
Total	6		

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

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

## II. Basic information

### (I) Ownership structure and shareholders

#### 1. Ownership structure

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 and Director of CPIC. 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. 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 Chief Internal Auditor, General Counsel, Internal Audit Responsible Person of CPIC Group and Chairman of the Board of Supervisors of CPIC P/C and CPIC Life 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, Chief Risk Officer and Compliance Responsible Person and Acting Internal Audit Responsible Person of CPIC Group, Director and Board Secretary of CPIC P/C, CPIC Life and CPIC AMC respectively, and Director of Changjiang Pension.

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 of CPIC Group, Acting Chief Actuary of CPIC Life and Director of CPIC P/C. Mr. ZHANG 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, Chief Actuary of Sun Life Everbright Life Insurance Co., Ltd., Director of Sun Life Everbright Asset Management Co., Ltd, Chief Risk Officer and Chief Actuary of the Company, Director of CPIC AMC, Finance Responsible Person of CPIC Group and Director of CPIC Life.

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 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.

Ms. ZHOU Yanfang, born March 1980, holds a master's degree. She became a Director of the Company in November 2024 (approval document: NFRA [2024] No.706). Ms. Zhou currently serves as Director of Strategic Research Center of CPIC Group. Her previous roles include Deputy Director of Strategic Research Center of CPIC Group, Senior Deputy General Manager of CPIC Life Shanghai Branch, Deputy General Manager (in charge) and General Manager of Pacific Medical Health Management Co., Ltd.

## **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. She 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 Operation Department, Internal Audit Center of CPIC Group. Previously, Ms. HU served as Senior Manager of PricewaterhouseCoopers Business Consulting (Shanghai) Co., Ltd., Chief Auditor of Internal Audit Business Department and Chief Auditor of Internal Control Technology Department 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 head of Key Account Business Center of the Company. Previously, she served as Chairman of the Trade Union, 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 Manger 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, Acting Finance Responsible Person and Acting Actuarial Responsible Person of the Company.

Ms. SUN Min, born April 1977, holds a doctoral degree and the designation of Senior Auditor. She has been serving as Acting Internal Audit Responsible Person of the Company in December 2024 (pending approval). 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 and Deputy General Manager of Digital Audit Technology Department.

Note: In November 2024, Ms. ZHOU Yanfang began to serve as Director of the Company, and Mr. WANG Yong ceased to serve as Director of the Company; in December 2024, Ms. SUN Min began to serve as Acting Internal Audit Responsible Person of the Company and Mr. JIANG Honglang ceased to serve as Internal Audit Responsible Person of the Company.

**(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	Next quarter estimates
Admitted assets	1,208,889.71	1,198,667.03	1,276,344.85
Admitted liabilities	804,856.48	792,934.66	859,959.69
Actual capital	404,033.23	405,732.38	416,385.16
Tier-1 core capital	308,460.50	314,485.60	308,143.95
Tier-2 core capital	20,919.43	22,624.07	24,087.31
Tier-1 supplement capital	73,653.15	68,066.37	83,002.29
Tier-2 supplement capital	1,000.14	556.33	1,151.60
Minimum capital	171,623.68	154,189.72	180,736.47
Minimum capital for quantifiable risks	170,324.79	153,022.77	179,368.61
Minimum capital for control risk	1,298.89	1,166.95	1,367.86
Minimum capital for supplement capital	-	-	-
Solvency margin			
Core solvency margin	157,756.25	182,919.95	151,494.79
Comprehensive solvency margin	232,409.55	251,542.66	235,648.69
Core solvency margin ratio (%)	192	219	184
Comprehensive solvency margin ratio (%)	235	263	230

#### (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)	3,776.21	-7,596.24
Retrospective adverse deviation ratio of net cash flows from operating activities (%)	37	172
Overall liquidity coverage ratio under base scenario (next 3 months)(%)	114	141
Overall liquidity coverage ratio under base scenario (next 12 months)(%)	105	107
Overall liquidity coverage ratio under stress scenario - mandatory (next 3 months)(%)	485	641
Overall liquidity coverage ratio under stress scenario - mandatory (next 12 months)(%)	201	213
Overall liquidity coverage ratio under stress scenario - self-assessment (next 3 months)(%)	481	558
Overall liquidity coverage ratio under stress scenario - self-assessment (next 12 months)(%)	258	283
Liquidity coverage ratio before asset disposal under stress scenario - mandatory (next 3 months)(%)	164	143

Liquidity coverage ratio before asset disposal under stress scenario - mandatory (next 12 months)(%)	98	97
Liquidity coverage ratio before asset disposal under stress scenario - self-assessment (next 3 months)(%)	217	174
Liquidity coverage ratio before asset disposal under stress scenario - self-assessment (next 12 months)(%)	185	195

### (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)	78,937.21	61,763.51
Comprehensive surrender ratio (%)	0.27	0.20
Net cash flows from participating/universal accounts	-	-
Written premiums year-on-year growth (%)	101.57	119.04
Share of cash and liquidity management tools (%)	3.67	3.37
Quarterly average financial leverage ratio (%)	2.48	2.25
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 (%)	18.11	17.89
Share of related party assets held (%)	5.13	5.27

### (IV) Key business metrics

Indicators	As at the end of the reporting quarter/during the reporting quarter	unit: 10,000 yuan As at the end of the reporting quarter/YTD
Gross written premiums	185,192.01	781,053.12
Net profits	-2,425.91	9,149.61
Total assets	1,001,021.88	1,001,021.88
Net assets	336,323.76	336,323.76
Insurance contract liabilities	506,424.03	506,424.03
Basic earnings per share (yuan)	-0.01	0.03
ROE (%)	-0.72	2.73
ROA (%)	-0.24	0.96
Investment yield (%)	0.87	3.63
Comprehensive investment yield (%)	0.49	4.92

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 aforementioned 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 3.33% and 3.58%, respectively.

### **IV. Risk management capabilities**

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

The Company was incorporated in December 2014. As of the end of December 2024, its total assets reached 12,230.4059 million yuan, with written premiums amounting to 3083.6364 million yuan in 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 Q4 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 steadily with 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. What was done in Q4 is as follows:

1. Conducted emergency drills on reputational and liquidity risk management; formulated the 2024 Emergency Drill Plan based on characteristics of its business operation; reviewed and familiarised itself with emergency response procedures, defined the division of responsibilities, thus providing strategies and tools for potential risk scenarios of the Company.
2. Conducted the 2024 risk management self-assessment, reviewed the development of its risk management system, and formulated a rectification plan to address weak areas in risk management for 2025.

In Q4 2024, the Company's risk management work proceeded smoothly as per relevant rules and processes, with normal operation of its risk management system and risk appetite framework. As such, no major risk events occurred in the quarter.

### **(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.

### **(IV) 2024 annual SARMRA self-assessment**

As per Article 30 of the Solvency Regulatory Standards of Insurance Companies No.18: Solvency Reporting, insurance companies shall comply with the risk management requirements set forth in Solvency Regulatory Standards of Insurance Companies No.12: Solvency-aligned Risk Management Requirement and Assessment and conduct self-assessment of risk management at least once a year to objectively evaluate their risk management capabilities, identify deficiencies and areas which need improving. The Company conducted a systematic review and assessment of its solvency risk management system and management capabilities; carried out a comprehensive, rigorous review of its solvency risk management work in 2024, proactively identified weaknesses in solvency risk management and promptly developed rectification plans for risk management regulations and processes. The following is the details of the 2024 risk management self-assessment.

The Company's Risk and Compliance Department formulated the 2024 annual risk management self-assessment work plan and collected necessary materials to perform the self-assessment.

#### **1. Self-assessment of risk management**

The self-assessment focused on two dimensions: soundness of rules and effectiveness of adherence. The result was 89.18 points out of a full mark of 100.

(1). Infrastructure and environment: 18.45 out of 20.

- (2).Objectives and tools: 8.26 out of 10.
- (3).Insurance risk management: 9.00 out of 10.
- (4).Market risk management: 8.89 out of 10.
- (5).Credit risk management: 8.76 out of 10.
- (6).Operational risk management: 8.72 out of 10.
- (7).Strategic risk management: 9.00 out of 10.
- (8).Reputational risk management: 9.04 out of 10.
- (9).Liquidity risk management: 9.06 out of 10.

Based on the feedback from the latest SARMRA regulatory assessment in 2022, the results of the SARMRA internal audit in 2023, and its own risk level and risk management status, the Company conducted a gap analysis of its solvency risk management system for 2024, and formulated a rectification work plan, defining the strategic objectives of its solvency risk management system and priorities of rectification. During the year, under the leadership of the Board of Directors and the Management Committee, and in line with the Group's integrated risk control framework, the Company stepped up remedial actions as per regulatory feed-backs of its solvency risk management system under C-ROSS II.

## 2.Solvency risk management status

In compliance with SARMRA requirements, under the guidance of C-ROSS II and based on its own risk profile and management needs, the Company set up a steering committee and work team for solvency risk management capacity-building, further improved the organizational structure and rules & policies of risk management, optimized risk management performance evaluation rules, and strengthened the execution of risk management processes. Under regulatory guidance and supervision, the Company further enhanced its risk management awareness and capability. The details of the SARMRA self-assessment for 2024 are as follows.

### (1).Infrastructure and environment

#### Soundness of rules:

In 2024, the Company revised and improved the Solvency Risk Management Policy. The organizational structure of the Company's risk management includes the Board of Directors, the board Risk Management Committee, the Board of Supervisors, the Management Committee, Risk Management Working Commission under the Management Committee, Assets and Liabilities Working Group and Risk and Compliance Departments of the Company and its branches.



In the year, the Company continued to improve the matrix-based organization structure of its risk management system, refining the vertical management structure (from the decision-making level to the execution level) and the horizontal management structure (from pre-incident to post-incident management). The vertical management structure refers to the risk governance structure of the Company, where the Board of Directors bears the ultimate responsibility and the Management Committee provides direct leadership, with the Assets and Liabilities Working Group being responsible for quantitative risk management, the Risk Management Working Commission for non-quantitative risk management, the Risk and Compliance Department as the lead department, and all headquarters departments and branches cooperating in risk control according to risk management requirements, covering all business units and branches.

In 2024, the system of infrastructure and environment conformed with regulatory standards, and the self-assessment indicated that in soundness of rules the Company was in full compliance with standards of the assessment.

#### Effectiveness of adherence

In 2024, the Company updated its annual risk appetite, risk management policies and risk management regulations for 7 major risk categories; prepared quarterly solvency reports and quarterly risk management reports in accordance with relevant requirements and strictly performed its risk management responsibilities; adopted a differentiated approach and designated different departments to lead the management of insurance, market, credit, operation, liquidity, strategic, and reputational risks; established risk management systems specific to risk categories and work processes, and such systems would specify the division of responsibilities for different risk categories, including risk identification, analysis, assessment, control, monitoring and reporting, etc.

The assessment indicated that in 2024, the Company's risk management organizational structure, risk exposure and corresponding solvency risk management systems are aligned with the requirements of SARMRA rules under C-ROSS II.

#### (2). Objectives and tools

Soundness of rules: The Company has formulated the Solvency Risk Management Policy and the Management Measures of Risk Appetite System, with stipulations on objectives

and tools covering all risk management processes required by C-ROSS II.

Effectiveness of adherence:

In 2024, the Company further strengthened the application of the Company's risk appetite system through the Solvency Risk Management Policy and Measures for Risk Appetite System Management. All regulations and major decisions of the Company would be subject to risk appetite assessment before being submitted for approval to ensure that the risk appetite has a substantial restraining effect on the Company's business decisions, and risk control measures were taken without delay for matters that may have a negative impact on risk appetite. In 2024, the Company reviewed the Risk Appetite Statement for 2023 and the implementation of its risk appetite in 2023, assessed the effectiveness of the risk tolerance and risk limit indicators in 2023. Based on the assessment results and the Company's strategic objectives in 2024, it formulated the Risk Appetite Statement for 2024, where it made certain adjustment to the risk appetite statement and risk tolerance. The risk tolerance covers overall risks, quantitative risks and non-quantitative risks. The Risk Limit System 2024 was successively reviewed and approved by the Board of Directors and senior management of the Company. The management of the Company's risk appetite system was led by the Risk and Compliance Department, with collaboration by all departments, and no breach of risk tolerance occurred in the year. The overall risk exposure of the Company was under control and within the expected range. In 2024, the Company identified and monitored risks both qualitatively and quantitatively via all-around budgeting, ALM, capital planning, stress testing and contingency plans, and effectively managed overall risks. The self-assessment indicated that more work is needed to ensure the integration of the risk appetite system into the Company's business decision-making.

### (3). Insurance risk management

Soundness of rules:

The Company has formulated Measures on Insurance Risk Management, which specified the division of responsibilities for insurance risk management, including lead departments, functional department and supporting departments, as well as procedures for limits setting, measurement, monitoring and reporting of insurance risks. The Measures covered all the relevant regulatory requirements and the Company's actual needs for insurance risk management.

Effectiveness of adherence:

In 2024, the Company improved regulations in areas such as underwriting, post-sales

service, claims and reinsurance, with enhanced implementation. The Risk and Compliance Department conducted quarterly measurement, monitoring, evaluation and reporting of insurance risks. The self-assessment found that the Company needs further improving in terms of definition of responsible persons and approval processes, rules for implementation, insurance limits setting and handling of breaches, management of outstanding claims, sales policy, underwriting policy, and their adjustments according to retrospective reviews.

#### (4). Market risk management

Soundness of rules.

The Company has developed Measures on Market Risk Management, which aligned market risk management regulations with the nature, scale and risk characteristics of its business, based on its investment management model and size of investment assets. It specified the division of responsibilities for market risk management, including lead departments, functional department and supporting departments, as well as procedures and operational norms for risk limits management, internal control, risk measurement and monitoring, ALM, risk management work flows, interest rate risk management, equity price risk management, real estate price risk management and overseas asset price management, etc. In terms of soundness of rules, the Measures covered all relevant regulatory requirements and the Company's actual needs for market risk management.

Effectiveness of adherence:

In terms of effectiveness of adherence, the Company has set risk limits for each asset class within the constraints of risk appetite. The limits further break down into level-1 and level-2 limits. It has also developed and implemented methods for setting limits and procedures for adjustment and breach approval, etc. The Company outsources all its investment to third-party managers and conducts internal control of market risks in accordance with the Measures on Investment Management. It formulated supportive policies for market risk management such as Implementation Rules on Interest Rate Management. External investment managers strictly followed risk management processes relating to interest rates and equity. The Company, shouldering the primary responsibility, measured, monitored, evaluated and reported on market risks on a quarterly basis. The self-assessment found that the Company, to ensure adherence, studied macroeconomic conditions and monetary policies, analyzed the characteristics and patterns of interest rate risks using methods such as duration, convexity, residual maturity, scenario analysis and VAR, etc, while monitoring key stock market indexes, analysing market plunges and

assessing its impact. The investment manager plays an important role in market risk management, and given the investment outsourcing mode, it is difficult for the Company to fully control the effectiveness of market risk management on its own.

#### (5). Credit risk management

##### Soundness of rules:

The Company has formulated Measures on Credit Risk Management, which specified the division of responsibilities for credit risk management, including lead departments, functional department and supporting departments, with stipulations on the internal credit-rating system, credit risk limits management, investment counter-party management, reinsurance counter-party management, management of premiums receivables and other receivables, as well as the identification, measurement, monitoring and reporting of credit risks. The Measures covered all relevant regulatory requirements as well as the Company's actual needs for credit risk management.

##### Effectiveness of adherence:

Under its risk appetite, the Company set the overall credit risk limits, which further break down into level-1 and level-2 limits. It also specified methods for setting limits and procedures for adjustment and breach approvals, etc. It formulated and implemented supportive regulations of credit risk management including Interim Measures for Management of Investment-related Credit Risks, Measures for Reinsurance Counter-party Credit Management and Measures for Management of Receivables. The Investment Management Department measures, monitors, evaluates and reports on credit risk on a quarterly basis. The Financial Management Department continued to improve the premium receivables management platform and strengthen the IT systems for risk management. The self-assessment found that in terms of adherence of rules, the Company had difficulty in establishing its own database of counter-parties due to its outsourcing investment mode, and that it needs to further strengthen assignment of risk limits, risk early warning and performance appraisal of premium receivables collection.

#### (6). Operational risk management

##### Soundness of rules:

The Company has formulated Measures on Operational Risk Management, which specified the division of responsibilities such as lead departments and supportive departments for operational risk management and set out stipulations on management methods and processes, identification, analysis, monitoring and reporting mechanisms, management

norms and differentiated management standards, etc. In 2024, as per Provisions on Operational Risk Management of Banking and Insurance Institutions, it amended the Measures on Operational Risk Management to reflect the latest regulatory requirements. It also formulated the Internal Control Management Measures for Public Disclosure of Solvency Information covering all aspects of solvency information disclosure. These regulations can fully cover all relevant regulatory requirements and the Company's actual needs for operational risk management.

Effectiveness of adherence:

The Company organizes operational risk identification and analysis by departments through key risk limits and collection of operational risk loss events on a quarterly basis. The Risk and Compliance Department conducted risk reviews on operational risk matters, organized annual internal control and risk control self-assessment on operation, identified high-risk areas and significant business matters and worked out key control measures. Each department of the Company has developed its management policies and processes for their respective business lines in accordance with the basic guidelines for internal control. The Company has established the information system required for its operations, the HO-branch authorization system, and training and job-rotation rules. It measures, monitors, evaluates and reports on operational risk on a quarterly basis, and completes quarterly solvency reports, annual solvency reports and other information disclosures in a timely, comprehensive and accurate manner. The self-assessment found that in terms of adherence, the Company can't possibly identify all existing operational risks and therefore should reply on more diversified tools of risk identification to enhance risk management effectiveness, especially identifying and analyzing factors that may lead to operational risks such as business processes, personnel, systems and external events, collection and analysis of loss events, follow-up actions on gaps identified and increased control of high-risk areas. The Company will strictly enforce Provisions on Operational Risk Management of Banking and Insurance Institutions and continue to strengthen its operational risk management.

(7). Strategic risk management

Soundness of rules:

In accordance with C-ROSS II rules and requirements for integrated risk management of the Group, the Company revised Regulations on Strategic Risk Management in July 2024, which specified the management structure and division of responsibilities for strategic risk management, as well as management processes and workflow of strategy formulation and implementation. The Company formulated Policies on Management of Development

Planning, which specified the processes for formulation, implementation, evaluation and control of strategic planning, and set out the "eight elements" of development planning. In terms of soundness of rules, the aforementioned regulations covered all the relevant regulatory requirements and the Company's actual needs for strategic risk management. In 2024, the Company continued to improve policies and rules in employee performance management, business and investment, further strengthened talent development as well as strategic management of insurance and investments business.

Effectiveness of adherence:

The Company has established a risk management framework specific to major risk categories which is compatible with profiles of strategic risks. It promoted effective implementation of the performance evaluation system based on regulatory guidelines and assessment feedback under the C-ROSS II; further improved management of business and investment strategies by clarifying the division of responsibilities for business strategies and enhancing communication with investment managers. The Company's strategic planning has always been in line with strategic goals of the Group. Under the guidance of the Group's healthcare strategy, it advanced strategic risk management in an orderly way through a comprehensive system of risk identification, assessment, monitoring and reporting. In 2024, the Company drafted the Development Plan for 2024-2026 and submitted it to regulators; there was sustained improvement across all business metrics and in capabilities for sustainable development; the strategic risk overall remained under control, and no strategic risk incidents occurred.

#### (8). Reputational risk management

Soundness of rules:

The Company has formulated Measures on Reputational Risk Management, which specified the reputational risk management responsibilities of the Board of Directors, Board of Supervisors, senior management, lead/supportive departments, other departments and branch offices. The Company has set up a full-process closed-loop management system for reputational risk management that covers pre-event assessment, risk monitoring, risk classification, response and handling, information reporting, appraisal and accountability, and constantly improves daily work mechanisms. The Measures on Reputational Risk Management covered all the relevant regulatory requirements and the Company's actual needs for reputational risk management.

Effectiveness of adherence:

The Company carries out real-time media monitoring through third-party service suppliers and CPIC Group, organises risk screening and evaluation on a regular basis to effectively prevent reputational risks. The Company has established a reputational risk monitoring team consisting of part-time reputational risk managers from all functional departments and units, carries out training and drills to enhance reputational risk awareness of the first line of defense and strengthen response and handling capabilities. In 2024, no level-1 or level-2 reputational risk events occurred, and no major potential reputational risks were found in the Company. Media publicity of the Company was mainly positive or neutral. Self-assessment indicated that, in terms of adherence, the Company failed to conduct stress testing on reputational risk as a separate, stand-alone dimension, and did not fully consider its impact.

#### (9). Liquidity risk management

Soundness of rules:

The Company has formulated Measures on Liquidity Risk Management, which specified the liquidity risk management responsibilities of the Board of Directors, senior management and relevant lead/functional/supportive departments, as well as stipulations on liquidity risk appetite and limits management, performance appraisal and accountability, daily cash flow management, liquidity assessment for insurance business, financing, investment business, reinsurance business and for various other risks, significant matters assessment, cash flow stress testing, liquidity contingency plan, and identification, analysis, monitoring, assessment and reporting of liquidity risks. The Measures covered all relevant regulatory requirements and the Company's actual needs for liquidity risk management. In 2024, the Company improved mechanisms for coordinating liquidity risk stress testing and clearly defined the paths of information circulation and analytics, so as to ensure increased coordination in monitoring and management of liquidity risk.

Effectiveness of adherence:

The Company's Board of Directors and senior management approved Measures on Liquidity Risk Management and the Liquidity Risk Appetite, assumed their respective responsibilities for liquidity risk management, followed liquidity risk assessment results through various channels such as solvency information, IRR information and financial statements on a quarterly basis, and approved information disclosure of liquidity risk. In 2024, the senior management organized the handling of breaches of liquidity risk limits. Liquidity risk management is led by the Financial Management Department with collaboration of relevant departments. What was done in Q4 mainly included cash flow monitoring, liquid

assets ratio control, reinsurance tools application, quarterly cash flow stress testing, updating of liquidity contingency plan and organising of drills, etc. The Company measures, monitors, evaluates and reports on liquidity risks on a quarterly basis. The self-assessment found that, in terms of adherence, the Company has improved in areas such as the building of the liquidity management information system, daily cash flow needs forecast, early-stage liquidity risk assessment for insurance, investment and financing business, liquidity risk assessment of correlation between different risks and of significant matters. The risk was overall under control, and there was no occurrence of risk events.

### 3. Rectification plan for 2025

Self-assessment indicates that the risk management system of the Company is essentially in line with requirements of C-ROSS II. Next, the key is to enhance effectiveness of adherence. Based on gaps identified in the self-assessment, the Company formulated an initial rectification plan to enhance solvency risk management capabilities in 2025.

#### (1).Infrastructure & environment

The Company will continuously refine its risk management organizational structure and system in line with the evolving need of its transformation and reform, optimize the performance evaluation system for risk management and strengthen normalised training mechanisms of solvency risk management.

#### (2).Objectives & tools

The Company will further optimise its risk appetite system, continuously push for its integration into business decision-making, leverage the role of ALM in business operation, step up use of stress testing results and enhance capability for capital planning.

#### (3). Insurance risk management

The Company will refine the setting of insurance risk limits, enhance implementation of insurance risk management measures. In the meantime, it will adjust sales and underwriting policies based on ongoing analysis of claims and costs of products on offer.

#### (4).Market risk management

The Company will improve in internal control processes for market risk, asset liability risk management and overall coordination in market risk management.

#### (5).Credit risk management

The Company will further enhance execution of credit risk management, particularly the credit risk management system for funds receivables.

#### (6). Operational risk management

The Company will, as per latest regulatory requirements, further enhance efforts to identify operational risk exposures and loss events; conduct even more comprehensive and



in-depth assessment of risk exposures across all business lines, strengthen oversight of the implementation of corrective measures for identified issues and control measures of high-risk areas.

**(7). Strategic risk management**

The Company will revise Regulations on Strategic Risk Management and Policies on Management of Development Planning in accordance with requirements of the Group, and intensify efforts in implementing the new 3-year development plan; continue to strengthen strategic risk management for both insurance and investment business, and improve mechanisms for risk identification, analysis, monitoring and reporting on a daily basis.

**(8). Reputational risk management**

The Company will further strengthen assessment of correlation between reputational risk and other risks and develop thresholds for stress-testing.

**(9). Liquidity risk management**

The Company will improve the information systems for liquidity risk management. At the same time, it will further refine the way business centres and functional departments are involved in the liquidity risk management process, ensure management precision, particularly effective implementation of management philosophies and sound liquidity assessment of insurance business, investing/financing activities and significant matters.

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

### **(I) IRR results in the previous two quarters**

According to regulatory feedback on IRR results, the Company was rated AAA for Q2 and Q3 2024 respectively, 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 Q4 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, handling of insurance claims and customer complaints. With regard to strategic risk, it maintained stability in senior management turnover and business development. As for reputational risk, it conducted the 2024 annual emergency response drill for reputational risk to forestall media

crisis.

### **(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 Q4 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 no administrative penalties from the regulator in Q4 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 (level-1 or level-2) of media.

Strategic risk: In light of its 2024-2026 Development Plan and 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 in 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 Q4 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 31 December 2024, actual capital of the Company amounted to 4,040.3323 million yuan, a decrease of 0.4% from the previous quarter, mainly due to lower net profit and decrease in fair value of AFS financial assets in a volatile equity market.

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

Minimum capital of the Company as at the end of the reporting period was 1,716.2368 million yuan, up by 11% from the end of the previous quarter, mainly due to: business growth and business mix change, and re-calibration of liability assessment assumptions based on actual experience, which led to increase in minimum capital requirement for life insurance risk; increase in position under Hong Kong Stock Market Connect, which led to higher minimum capital requirement for market risk; refinement of the accounts receivable aging structure in Q4, which led to lower minimum capital for credit risk. Of this, minimum capital for insurance risk of life business was 1,329.0605 million yuan, that for non-life business was 799.6029 million yuan, that for market risk 323.4638 million yuan, that for credit risk 307.8073 million yuan, diversification effect for quantifiable risk was 867.4368 million yuan, and that for control risk was 12.9889 million yuan.

#### **3. Solvency margin ratios**

As of 31 December 2024, the Company's core solvency margin was 1,577.5625 million yuan, with a core solvency margin ratio of 192%; comprehensive solvency margin was 2,324.0955 million yuan, with a comprehensive solvency margin ratio of 235%.

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

For the reporting quarter, net cash flow was 38 million yuan, mainly because of increased

cash received from operating activities; the difference between actual net cash flow from operating activities and the estimate was 46 million yuan, with a retrospective adverse deviation ratio of 37%, meeting regulatory requirements. As of the end of Q4, 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.