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.
KONG Qingwei
Chairman

Hong Kong, 27 March 2023

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

Summary of Solvency Report (Excerpts)

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

2022

Company overview and contact information

Company name (Chinese):	中国太平洋保险（集团）股份有限公司
Company name (English):	CHINA PACIFIC INSURANCE (GROUP) CO., LTD.
Legal representative:	KONG Qingwei
Registered address:	1 Zhongshan Road (South), Huangpu District, Shanghai, PRC.
Registered capital:	RMB9.62 billion
Business license number:	000013
First date for registration:	May 13, 1991
Business scope:	Invest in controlling stakes of insurance companies; supervise and manage the domestic and international reinsurance business of the insurers under its control; supervise and manage the investments by the insurers under its control; participate in international insurance activities as approved.
Contact person：	HUANG Danyan
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I. Statement by the board and management

The report has been approved by the board of directors. The board 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 statements or material omissions; and they severally and jointly accept responsibility for the contents of this report.

1. Voting results by directors

Name of directors	For	Against	Abstain
KONG Qingwei	√		
FU Fan	√		
HUANG Dinan	√		
WANG Tayu	√		
WU Junhao	√		
CHEN Ran	√		
ZHOU Donghui	√		
LU Qiaoling	√		
John Robert Dacey	√		
LIU Xiaodan	√		
CHEN Jizhong	√		
LAM Tyng Yih, Elizabeth	√		
WOO Ka Biu, Jackson	√		
JIANG Xuping	√		
Total	14		

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

2. Are there any directors who cannot guarantee or harbor any doubt about the truthfulness, accuracy, completeness or compliance of the contents of this report? （yes□ no■）

II. Basic Information

(I) Shareholding structure, shareholders and change

1. Shareholding structure (unit: share)

	As at the beginning of the reporting period		Increase or decrease (+ or -) of shareholding during the reporting perio					As at the end of the reporting period	
	Amount	**Percentage (%)**	**New shares issued**	**Bonus shares**	**Transfer from reserves**	**Others**	**Sub-total**	**Amount**	**Percentage (%)**
1.Ordinary shares denominated in RMB	6,845,041,455	71.15	-	-	-	-	-	6,845,041,455	71.15
2.Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
3.Overseas listed foreign shares (H share)	2,775,300,000	28.85	-	-	-	-	-	2,775,300,000	28.85
4. Others	-	-	-	-	-	-	-	-	-
Total	9,620,341,455	100	-	-	-	-	-	9,620,341,455	100

2. Top 10 shareholders (unit: share)

Name of shareholders	**Percentage of shareholding**	**Total number of shares held**	**Increase or decrease (+ or -) of shareholding during the reporting period**	**Number of shares subject to pledge or lock-up**	**Type of shares**
HKSCC Nominees Limited	28.82%	2,772,530,227	-149,802	-	H Share
Shenergy (Group) Co., Ltd.	14.05%	1,352,129,014	+25,352,232	-	A Share

Hwabao Investment Co., Ltd.	13.35%	1,284,277,846	-	-	A Share
Shanghai State-Owned Assets Operation Co., Ltd.	6.34%	609,929,956	+25,817,617	-	A Share
Shanghai Haiyan Investment Management Company Limited	4.87%	468,828,104	-	-	A Share
China Securities Finance Co., Ltd.	2.82%	271,089,843	-	-	A Share
HKSCC	2.06%	198,109,633	+381,092	-	A Share
Shanghai International Group	1.66%	160,000,000	-	-	A Share
Citibank, National Association	1.55%	149,020,055	-1,020,850	-	A Share
China Structural Reform Fund Corporation Limited	1.19%	114,881,140	-300,000	-	A Share
Description of related relations or concerted actions among the aforesaid shareholder	HKSCC Nominees Limited and HKSCC are connected, as the former is a wholly-owned subsidiary of the latter. Shanghai State-Owned Assets Operation Co., Ltd. is a wholly-owned subsidiary of Shanghai International Group, and they act in concert. Other than this, the Company is not aware of any other connected relations or concerted actions among the above-mentioned shareholders.				

Notes:

1. As at the end of the reporting period, the Company did not issue any preferred shares.

2. The shareholding of the top 10 shareholders is based on the lists of registered shareholders provided by China Securities Depository and Clearing Corporation Limited Shanghai Branch (A share) and Computershare Hong Kong Investor Services Limited (H share) respectively. The nature of A shareholders is the same as the nature of their accounts registered with China Securities Depository and Clearing Corporation Limited Shanghai Branch.

3. The shares held by HKSCC Nominees Limited are held on behalf of its clients. As SEHK does not require such shareholders to disclose to HKSCC Nominees Limited whether the shares held by them are subject to pledge or lock-up period, HKSCC Nominees Limited is unable to calculate, or make available such data. Pursuant to Part XV of the SFO, a Substantial Shareholder is required to give notice to SEHK and the Company on the occurrence of certain events including a change in the nature of its interest in shares such as the pledging of its shares. As at the end of the reporting period, the Company is not aware of any such notices from Substantial Shareholders under Part XV of the SFO.

4. HKSCC is the nominal holder of shares traded through Shanghai-Hong Kong Connect Programme.

5. Citibank, National Association is the depository of the Company's GDRs, and the underlying A shares of the Company represented by the GDRs have been registered under it; according to Citibank, National Association, as of the end of the reporting period, the remaining number of the GDRs is 29,804,011, which is 26.69% of the number of GDRs issued under approval by the China Securities Regulatory Commission.

6. Shanghai International Group obtained 207,938,200 H shares of the Company through Shanghai-Hong Kong Stock Connect which were registered under the name of HKSCC Nominees Limited. During the reporting period, Shanghai State-Owned Assets Operation Co., Ltd. increased its shares of the Company. For details, please refer to Announcement on Increase of Shares of the Company by Shareholders with over 5% of the Shares of the Company Reaching 1%, and Voluntary Announcement on Increase of Shares of the Company by Shareholders with over 5% of the Shares of the

Company published by the Company on May 23, 2022 and Oct. 17, 2022 respectively.

III. Business Operation of Major Member Companies

(I) CPIC P/C

In 2022, the subsidiary reported GWPs of 170.377bn yuan, a year-on-year growth of 11.6%, and net profits of 8.285bn yuan, up 30.4% year-on-year.

As of the end of 2022, net assets of CPIC P/C stood at 50.344bn yuan, up by 2.9% from the beginning of the year. Comprehensive solvency margin ratio was 202%, down by 86pt from the year beginning, mainly due to impact of adoption of C-ROSS II, capital market volatility, distribution of dividend to shareholders and business development. Of this,

(1) Available capital 55.154bn yuan, down by 2.654bn yuan from the year beginning, or 4.6%;

(2) Minimum capital 27.246bn yuan, up by 7.174bn yuan, or 35.7% from the year beginning.

(II) CPIC Life

In 2022, the subsidiary recorded GWPs of 225.343bn yuan, a year-on-year growth of 6.5%, and net profits of 16.479bn yuan, down by 12.8% year-on-year.

As of the end of 2022, net assets of CPIC Life stood at 103.332bn yuan, up by 2.2% from the beginning of the year. Comprehensive solvency margin ratio was 218%, the same as the year beginning, mainly due to impact of adoption of C-ROSS II, capital market volatility, and business development. Of this,

(1) Available capital 344.222bn yuan, down by 6.6%, or 24.348bn yuan from the year beginning;

(2) Minimum capital 157.802bn yuan, down by 6.6%, or 11.11bn yuan from the year beginning.

(III) CPIC Health

During the reporting period, the subsidiary realised GWPs of 5.285bn yuan, and net profits of 66mn yuan.

As of the end of 2022, net assets of CPIC Health stood at 3.305bn yuan, with comprehensive solvency margin ratio of 265%, up by 127pt from the year beginning, mainly due to impact of adoption of C-ROSS II and capital increase. Of this,

(1) Available capital 3.225bn yuan, up by 150.8%, or 1.939bn yuan from the year beginning;

(2) Minimum capital 1.216bn yuan, up by 30.2%, or 280mn yuan from the year beginning.

(IV) CPIC AMC

During the reporting period, the company posted 1.319bn yuan in asset management fee income, a growth of 20.4% compared with 2021, with net profits of 699mn yuan, up by 28.1% year-on-year.

As of the end of 2022, total assets of CPIC AMC amounted to 5.076bn yuan, rising 8.9% from the year beginning, with net assets of 4.279bn yuan, up by 9.3% from the year beginning.

(V) Changjiang Pension

During the reporting period, the subsidiary reported net profits of 350mn yuan. As of the end of 2022, total assets of the company amounted to 6.340bn yuan, up by 0.4% from the year beginning, with net assets of 4.025bn yuan, down by 3.6% from the year beginning.

(VI) Other member companies

In 2022, CPIC Property recorded net profits of 17mn yuan. As of the end of 2022, total assets of the company reached 192mn yuan, up by 50.9% from the year beginning, with net assets of 136mn yuan, up by 14.7% from the year beginning.

In 2022, CPIC Technology recorded net profits of 2mn yuan. As of the end of 2022, total assets of the company reached 1.112bn yuan, with net assets of 702mn yuan.

IV. Solvency Statements

Solvency Statements of Insurance Holding Groups

Name：China Pacific Insurance (Group) Co. Ltd.

(31 December, 2022)

unit：10 thousand RMB yuan

Items	No. of lines	**As at the end of the reporting period** 1	**As at the beginning of the reporting period** 2
Available capital	（1）=（2）+（3）+（4）+（5）	47,907,342	50,662,014
Tier 1 core capital	（2）	31,950,386	49,662,014
Tier 2 core capital	（3）	1,291,004	-
Tier 1 supplement capital	（4）	14,658,632	1,000,000
Tier 2 supplement capital	（5）	7,320	-
Minimum capital	（6）=（7）+（22）+（23）	18,733,329	19,079,389
Minimum capital for quantitative risks	（7）=（8）+（9）+（10）+（11）+（12）+（13）+（14）－（21）	18,733,329	19,079,389
Minimum capital for parent company	（8）	-	-
Minimum capital for insurance member companies	（9）	18,733,329	19,079,389
Minimum capital for banking member companies	（11）	-	-
Minimum capital for securities member companies	（12）	-	-
Minimum capital for trust member companies	（13）	-	-
Minimum capital for quantifiable Group-specific risks	（14）=（15）+（16）	-	-
Minimum capital for risk contagion	（15）	-	-
Minimum capital for concentration risk	（16）=（17）+（18）+（19）-（20）	-	-
Minimum capital for concentration risk - counter parties	（17）	-	-
Minimum capital for concentration risk - industry	（18）	-	-
Minimum capital for concentration risk - customers	（19）	-	-
Risk diversification	（20）	-	-

Decrease in required capital for risk diversification effect	（21）	-	-
Minimum capital for control risk	（22）		
Supplement capital	（23）		
Core solvency margin	（24）=（2）+（3）—（6）×50%	23,874,725	40,122,319
Core solvency margin ratio	（25）=[（2）+（3）]/（6）×100%	177%	260%
Comprehensive solvency margin	（26）=（1）—（6）	29,174,012	31,582,625
Comprehensive solvency margin ratio	（27）=（1）/（6）×100%	256%	266%

Notes:

1. As per regulatory requirements, insurance groups began to implement Solvency Regulatory Standards (II) of Insurance Companies in the first half of 2022. Figures as at the end of the reporting period were based on new rules and figures as at the beginning of the reporting period were still based on previous solvency regime.
2. Decrease in required capital for risk diversification effect and supplement capital are yet to be defined by CBIRC.

V. Management Analysis and Discussions

(I) Analysis of solvency margin ratios movements during the reporting period

As of the end of 2022, Group core solvency margin ratio stood at 256%, down by 10pt from the year beginning; core solvency margin ratio was 177%, down by 83pt from the year beginning, mainly due to impact of adoption of C-ROSS II, shareholder profit distribution, capital market volatility and business development. Of this,

1) Available capital amounted to 479.1bn yuan, down by 27.5bn yuan from the year beginning; core capital 332.4bn yuan, down by 164.2bn yuan from the year beginning.

2) Minimum capital 187.3bn yuan, down by 3.5bn yuan from the year beginning.

In short, Group solvency margin ratios stayed solid, far above regulatory minimum levels.

(II) Analysis of changes to IRR and Group risk status during the reporting period

CBIRC is yet to issue rules on Integrated Risk Rating for insurance groups, and so there is no IRR results during the reporting period.

In 2022, the Group enjoyed sound and stable operation overall with effective implementation of its risk appetite. All the risk indicators remained stable, with the overall risk under control. No risk events with significant impact occurred in the year. However, the Group still faced some uncertainties caused by internal and external environment factors during the reporting period, including:

First, macro-environmental risks. In the face of momentous changes, the Russian-Ukrainian conflict and industry transformation, the domestic business environment became increasingly complicated, with formidable challenges and greater uncertainty, which might impact the Group's operation and management, business development, and investment returns. In response, the Company carefully studied global macroeconomic environment and the internal and external economic situation, and seized development opportunities on the basis of prudent operation, constantly improving its ability to support national strategies and cope with risks.

Second, credit risks of investment. Affected by economic downturn, market credit-worthiness further diverged, with rising default risk. The Company attached great importance to credit risk management, continuously upgraded credit risk management on the investment side, optimized the unified credit-rating system, and enhanced counter-party access. It also strictly implemented credit risk limits and concentration management, continued to strengthen the monitoring, early warning and handling of credit risk of investment, and carried out risk prevention and control in a more active manner, constantly improving its ability to manage and control credit risk relating to investment business.

Third, risk of insurance business. In P/C business, due to the increase in SA and the regional distribution, the minimum capital requirement for catastrophe risk was raised. For life/health insurance, agents recruitment and sales promotion became more difficult. In the face of external uncertainties, the Company focused on its own capacity-building, recorded steady growth of embedded value and core business by grasping business opportunities in supporting national strategies, the real economy and people's pursuit of a better life. Maintaining a high level of risk awareness and following relevant C-ROSS II requirements, the Company upgraded its risk management system and optimized the Group's risk management and control mechanism, strengthened early warning and response to key risks, and consolidated its three lines of defence in risk management to improve the soundness and effectiveness of its risk management system, which greatly helped with the Company's sustainable development strategy and high-quality development.

VI.Risk Management Capabilities

(I) Group solvency risk governance

The Company has established a broad-based risk management framework in which all parties involved play their due role: the Board of Directors bears the ultimate responsibility, management provides direct leadership, risk management departments provide coordination, and the 3 lines of defense closely work together. The boards of directors of the Group and its subsidiaries are the supreme authority for the risk management of the organization, and bear the ultimate responsibility for their respective risk management systems and status of operation. The board Risk Management and Related Party Transactions Control Committee performs duties in risk management as is mandated by the board. In 2022, the committee convened 6 meetings to review relevant risk management matters and reports.

The Company's Management Committee is mandated to organize and execute the Company's risk management activities. It sets up the position of Chief Risk Officer, reports to the board Risk Management and Related Party Transactions Control Committee on the Company's risk positions and management measures on a quarterly basis. The Management Committee has under it a Working Group of Risk Management and Internal Audit, which serves as a professional decision-making body across functions and departments responsible for the review of risk management plans and policies, execution and oversight, and co-ordination.

The Group headquarters has set up a Risk Management Centre, under which there are Risk Management Department and Legal and Compliance Department, responsible for coordinating daily work in risk management, legal and compliance and internal control. All insurance member companies of the Group have set up Risk Management Departments, which coordinate and implement the various decisions made by the management in the field of risk management, and organize, direct and supervise other departments to execute the daily risk management tasks determined by management. All the other functional departments of the Group headquarters and insurance subsidiaries and their branches have appointed responsible persons for risk management and set up corresponding positions, who are responsible for the risk management work within his/her scope of responsibility and communication with the risk management department.

(II) Risk management strategies and implementation

1. Risk management strategies

The overall risk management strategy of the Group is: set reasonable risk management objectives based on development strategies, organisational structure and business features of the Company, and under the guidance of the objectives, support and promote fulfillment of business objectives and strategic planning of the Company via a sound risk management system, stringent risk management processes, advanced risk management mechanisms and tools, and enhanced transmission of risk targets and look-through management of the Group and its member companies.

Risk management is a core element of the Company’s operation and management. The Company takes a centralized approach to risk management - setting up one overarching risk management framework covering the whole Group, with centralised design of risk management organisational structure, unified risk management objectives, unified risk management policies and core risk measurement tools, and unified planning and building of risk management information systems to guide and supervise the Group's risk management work. While maintaining their independent risk governance and setting up necessary firewalls, each subsidiary is responsible for managing various risks within their business segment in accordance with the basic goals and policies, systems and processes, methods and tools of the Group's risk management.

2.Risk appetite systems and objectives

Based on its rules on risk appetite system, the Company formulates the Group Risk Appetite System, which is reviewed and updated on an annual basis when necessary.

The Company adopts a “prudent” risk appetite, and cautiously manages various risks in business operation. The Company and its insurance subsidiaries maintain a sufficient level of solvency, and pursue stable profitability and sustainable value growth while maintaining appropriate liquidity, maintain a sound risk management status and market image, and continuously upgrade its risk control system so that it is more compatible with the Company’s status as a listed firm in SSE, SEHK, and LSE, thus becoming a leader in healthy and stable development of the industry.

The Company's risk appetite system includes five core dimensions: maintaining adequate capital, pursuing stable profitability, achieving sustained value growth, maintaining appropriate liquidity, and maintaining a sound risk management status and establishing a good market image. The Company has established overall risk limits and cascaded them to its subsidiaries. Based on their own business characteristics and needs, each subsidiary further breaks down the limits for various risks and applies them to daily business decisions, risk monitoring and early warning to achieve healthy interaction and balance between risk management and business development.

3. Risk management tools

The Company uses a wide range of risk management tools, including risk management information system, all-around budgeting, asset liability management, capital planning and stress testing, etc., to manage the risks within the business scope of the Group and its major member companies. The Group and all its member companies have clear risk management plans and processes, and regularly monitor and supervise their implementation to ensure effective application of the tools.

To be specific, first, the Company set up a risk management information system to monitor key risk indicators to gradually achieve the transmission of statements and data between business departments and branches. Second, it adopted comprehensive budgeting management and formulated scientific business plans to facilitate its medium and long-term development in light of overarching strategic plans, risk appetite, the goal of sustainable value growth and by means of budget preparation, implementation, analysis, adjustment and evaluation. The member companies effectively promote the implementation of the overall budget under the guidance of the Group. Third, based on internal asset liability management rules, the Company implements prudent asset-liability risk management as per risk appetite and other constraints; it continuously develops, implements, monitors, and refines its asset liability management framework and strategies. Fourth, the Company established a sound capital management system. In compliance with regulatory requirements, it assesses various risks and their capital requirements, putting in place a diversified capital replenishment mechanism to ensure that it is adequately capitalized to withstand risks and meet business development needs. The capital planning of each member company aligns with that of the Group. Fifth, the Company adopted a coordinated stress testing model with both unification and differentiation, whereby the Group Management Committee takes direct leadership, with clear division of responsibilities and close cooperation between relevant departments and member companies, ensuring highly-efficient implementation. The Group sets out unified objectives, methods and standards of stress testing, carries out stress testing for headquarters and the Group as a whole; while member companies are responsible for their respective stress testing work, as well as providing the required data and professional advice as per Group stress testing requirements.

(III) Identification and assessment of Group-specific risks

1.Risk contagion

Risk contagion means that the risk of a member company may spread to other member companies of the same group through internal transactions or other means, thus causing unexpected losses to the group or other member companies. CPIC strictly controls related party transactions (RPTs), enhances risk quarantine mechanisms to minimise the risk of contagion. During the reporting period, relevant measures and their implementation status are as follows:

In term of related party transaction management, as per relevant regulatory requirements, the Company established long-term mechanism for related party transaction management, improved internal control and risk management to curb intra-Group risk contagion, vigourously promoted IT system of RPT management so as to enhance the digitalisation, accuracy and data-processing capacity of the entire management chain. The Group's Risk Management and Related Party Transactions Control Committee is responsible for the identification of related parties, and the management, review, approval and risk control of related party transactions. During the reporting period, the Company revised relevant regulations and rules for RPT management, such as Provisions on Related Party Transactions Management, Rules on Implementation of Related Party Transactions Management, which clarified roles and responsibilities in related party transactions management, standardized the pricing and identification, internal review, reporting and disclosure of related party transactions, and strictly enforced them.

In risk quarantine, the Company formulated Rules on Management of Risk Quarantine, which seeks to establish a firewall in areas such as legal entity management, financial management, fund management, business operation, information system management, personnel management, branding & publicity, information disclosure, RPTs, and guarantee management, identify paths of contagion and put in place prudent risk quarantine measures. During the reporting period, the Company reviewed and amended relevant business rules, incorporating risk quarantine requirements into business management processes and effectively preventing risk contagions across member companies; drafted Provisions on Outsourcing of Information Technology, setting out policies and requirements in access, management, monitoring and reporting of IT outsourcing, with strict implementation.

2.Risk due to opaque organizational structure

This refers to the risk that an insurance group's shareholding structure, management structure, operational process, scope of business, etc. are excessively complex and opaque, which may cause losses to the group. The Company strictly abides by regulatory rules, and has drafted Provisional Measures on Management of Risk of Opaque Organisational Structure, which defines relevant management mechanisms and the regular evaluation system. In 2022, the status of the risk is as follows:

As a wholly-listed insurance group, the Company maintains a clear shareholding structure and there is no cross-shareholding and illegal subscription of capital instruments between insurance member companies and other affiliates under the Group, or between member companies under the Group.

Based on their strategic planning and business development, each member company has established suitable organizational structure with clear organizational boundaries and well-defined responsibilities and authority to avoid function overlapping or omission, or over-centralization of authority and responsibility, and formed a working mechanism whereby each of them performs its duties, assumes its responsibilities, and coordinates with each other.

3. Concentration risk

It refers to the risk that the aggregation of individual risks or risk portfolios of member companies at the group level may directly or indirectly threaten the solvency of the Group. In accordance with relevant regulatory requirements, CPIC regularly identifies, evaluates, monitors and reports on different types of concentration risks of the Group and its member companies along 4 dimensions (namely, counter-parties, industry distribution of investment assets, customers and business) and their sub-dimensions, to prevent major adverse effects of concentration risk on the solvency or liquidity of the Group.

CPIC has a risk limit indicators system for concentration risk, covering all the four dimensions and their sub-dimensions, and uses the system to regularly evaluate the concentration risk on each dimension. During the reporting period, there were no breaches of limits on these dimensions, nor events which may trigger early warning. The Company's overall concentration risk was under control.

Based on realities of its business operation, the Company focuses on the concentration risk relating to its investment counter-parties, and regularly assesses the concentration of investment assets with credit risk exposure, as well as the credit risk and financial situation of its major counter-parties. During the reporting period, the Company's major investment counter-parties maintained stable ratings, thus the related concentration risk was under control. During the reporting period, there was no concentration risk that posed a material threat to the Company's solvency or liquidity.

4. Non-insurance risk

CPIC stays focused on the core business of insurance, which dictates its investment in non-insurance sectors, with limited non-insurance risk exposure and impact. In strict compliance with regulatory rules, it prudently manages investment in non-insurance areas, pro-actively manages and prevents the adverse effect on the solvency of both the Group and its member insurers by the business operation of its non-insurance member companies.

In terms of investment by non-insurance member companies, CPIC has established an equity investment management system for non-insurance areas based on equity shareholding and corporate governance system, while in full compliance with relevant CBIRC regulations. The Company has set up an investment decision-making committee under its Assets and Liabilities Management Committee to organize and coordinate major equity investments of its member companies, which helps to ensure that the Company's shareholding structure remains clear and that those investments are aligned with CPIC's risk appetite and limits. Non-insurance investments shall follow equity investment approval process and seek approval from relevant authorities as per corporate governance structures.

In management of its non-insurance business, CPIC strictly complies with relevant CBIRC regulations, and designates lead departments for the management. The risk exposure of non-insurance investments is evaluated regularly, with results reported to the board. It also conducts effective equity management and risk monitoring of its member companies, as well as timely assessment and adjustment of the development strategies of its non-insurance business. The Company has also set up asset and liquidity quarantine mechanisms between its insurance and non-insurance member companies to ensure that investments in non-insurance member companies will not harm the interests of policyholders.

In 2022, in accordance with new regulations, the Company conducted a full review of existing management rules of its non-insurance member companies, with plans for optimisation, in a bid to improve mechanisms for capital constraints, post-investment management, and digital capability building, and further upgrade the differentiated management system for non-insurance areas.

(IV). Results of SARMRA assessment

In August 2022, CBIRC conducted SARMRA assessment of the Company, and the result is yet to be released.

VII. Integrated Risk Rating

(I) Results of the last 2 rounds of IRR

Not applicable. CBIRC is yet to carry out Integrated Risk Rating for insurance groups.

(II) Remedial actions taken or to be taken

Not applicable.