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中國太平洋保險(集團)股份有限公司

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

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

(Stock Code: 02601)

OVERSEAS REGULATORY ANNOUNCEMENT

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

The announcement is attached hereof for information purpose only.

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

Hong Kong, 28 October 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, Ms. LO Yuen Man, Elaine, and Mr. JIANG Xuping.

Summary of Quarterly Solvency Report (Excerpts)

Pacific Health Insurance Co., Ltd.

3rd Quarter of 2023

Company overview and contact information

Company name (Chinese):	太平洋健康保险股份有限公司
Company name (English):	Pacific Health Insurance Co., Ltd.
Legal representative:	MA Xin
Registered address	13th Floor, Building No. 1, 1229 Century Avenue, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC
Registered capital	3.6 billion yuan
Business license number	00000117
Date opening for business	December 2014
Business scope	Health and personal accident insurance denominated in RMB yuan and foreign currencies; health insurance commissioned by the government or supplementary to state medical insurance policies; reinsurance of the above said insurance; health insurance-related agency and consulting business; insurance funds investment as approved by relevant laws and regulations; other business as approved by the CIRC.
Business territories	Shanghai, Beijing, Guangdong Province, Sichuan Province.
Contact person:	XIA Bing
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I. Board chairman and management statement

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

II. Basic information

(I) Ownership structure and shareholders

1. Ownership structure

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

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

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

3. Shareholding by directors, supervisors and senior management

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

4. Share transfer during the reporting period

Did any share transfer occur during the reporting period? (Yes No)

(II) Controlling shareholder or de facto controller

China Pacific Insurance (Group) Co., Ltd.

(III) Directors, supervisors and senior management

1. Directors (6 in total)

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

Mr. WANG Mingchao, born in October 1976, holds a master's degree and title of Senior Human Resources Professional. He has been serving as Director of the Company (approval document: CBIRC [2019] No.856) since October 2019. Mr. WANG

currently also serves as Deputy Marketing Officer of CPIC Group. Previously, he served as Head of Cadre's Section of Human Resources Department of CPIC Life, Assistant General Manager of Human Resources Department of CPIC Life, Deputy Head and Head of Party Affairs Department/Organization and Cadre Department of CPIC Life, Senior Deputy General Manager of CPIC Life Shanghai Branch, General Manager of Cooperation Business Department, General Manager of Shanghai Branch (Business Centre) and Sales Director of the Company, Head of Individual Life Insurance Cooperation Business Centre (SBU) of the Company, Board Secretary of CPIC P/C, and Director of Board Office of CPIC Group.

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

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

Mr. ZHANG Yuanhan, born in November 1967, holds a master's degree and is a member of Society of Actuaries and American Academy of Actuaries respectively, and Director of China Association of Actuaries. He has been serving as Director of the Company since April 2021 (approval document: CBIRC [2021] No.280). Mr. ZHANG currently serves as Chief Actuary, Finance Responsible Person of CPIC Group, and Director of CPIC P/C, CPIC Life, and CPIC Capital, respectively. Mr. ZHANG previously

served as Chief Actuary, Acting Chief Actuary, Chief Risk Officer of the Company, Director of CPIC AMC, Deputy General Manager, CFO, Chief Actuary of Sun Life Everbright Life Insurance Co., Ltd., Director of Sun Life Everbright Asset Management Co., Ltd, Chief Actuary of Sino Life Insurance Co., Ltd., Chief Actuary, Deputy General Manager and Vice President of MetLife Insurance Company Limited (Shanghai), and Chief Actuary of Citi Group TRV-Citi Insurance headquarters.

Ms. PAN Yanhong, born in August 1969, holds a master's degree and title of senior accountant and is a Chinese CPA. She has been serving as Director of the Company since March 2015 (approval document: CIRC [2015] No.263). Ms. PAN currently serves as Chairman of CPIC Life, and Director of Changjiang Pension and CPIC AMC respectively. Ms. PAN previously served as Executive Vice President and Finance Responsible Person of CPIC Group, Director of CPIC P/C, and Deputy General Manager, General Manager of Finance Department of CPIC Life, Deputy CFO, Executive Member of Business Management Committee, CFO, Deputy General Manager, General Manager, and Vice Chairman of CPIC Life.

2. Supervisors (3 in total):

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

Ms. HU Shuangzhu, born in September 1980, holds a master's degree, is a certified internal auditor, certified information system auditor, financial risk manager, and has CRMA qualification. She has been serving as Supervisor of the Company since August 2016 (approval document: CIRC [2016] No.814). Ms. HU currently serves as Chief

Auditor of Audit Technology Division, Internal Audit Center of CPIC Group. Previously, Ms. HU served as Senior Manager of PricewaterhouseCoopers Business Consulting (Shanghai) Co., Ltd., and Chief Auditor of Internal Audit Business Division of Internal Audit Center of CPIC Group.

Ms. XUE Yongxian, born in November 1976, holds a master's degree. She has been serving as Supervisor (employee representative) of the Company (approval document: CIRC [2017] No.161) since February 2017. Ms. XUE currently serves as Chairman of Trade Union, and Senior Director of Key Account Business Center of the Company. Previously, she served as General Manager of Shanghai Branch, General Manager of Sales Management Department and General Manager of Individual Life Insurance Cooperation Business Centre of the Company; Deputy General Manager of Group Business Department Planning and Training Division of CPIC Life, Assistant General Manager of Group Business Department Accident Insurance Division of CPIC Life, Assistant General Manager and 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 (6 in total)

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

Mr. LI Jieqing, born in November 1968, holds a bachelor's degree. He has been serving as Deputy General Manager of the Company (approval document: CIRC [2016] No.450) since May 2016 and has been serving as Chief Risk Officer of the Company since August 2021 (no approval document). Mr. LI also serves as Head of Customer Service Centre of the Company, 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.

Mr. ZHOU Bin, born in April 1966, has received a post-graduate education. He has been serving as Deputy General Manager of the Company (approval document: CIRC [2016] No.450) since May 2016. Mr. Zhou is currently head of Health Care Eco-system Business Centre, head of Health Service Business Centre, and also Council Member of Shanghai Pacific Blue Charity Foundation. Previously, Mr. ZHOU served as General Manager of Human Resources and Comprehensive Management Department of Information Technology Center of CPIC Group, Deputy Head of Cadre and Personnel Division of Shanghai Municipal Commission of Financial Industry (temporary post), General Manager of Human Resources Department of CPIC Group and Chief Risk Officer of the Company.

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

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

Financial Management Department/Actuarial Department, and General Manager of Actuarial Department of CPIC Group, General Manager of Actuarial Department of CPIC Life, and Acting Finance Responsible Person and Acting Actuarial Responsible Person of the Company.

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

Note: Mr. TANG Rui no longer served as Acting Compliance Responsible Person of the Company on September 23, 2023.

(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	1,027,867.56	1,096,087.94	1,022,977.31
Admitted liabilities	686,553.73	760,000.95	681,708.26
Available capital	341,313.83	336,086.99	341,269.05
Tier-1 core capital	299,449.23	299,103.30	279,701.87
Tier-2 core capital	10,646.44	7,137.29	23,478.34
Tier-1 supplement capital	31,218.15	29,846.40	38,088.83
Tier-2 supplement capital	0.00	0.00	0.01
Minimum capital	126,967.78	136,469.63	140,671.94
Minimum capital for quantifiable risks	126,081.91	135,517.46	139,690.45
Minimum capital for control risk	885.87	952.17	981.49
Minimum capital for supplement capital	-	-	-
Solvency margin			
Core solvency margin	183,127.89	169,770.96	162,508.26
Comprehensive solvency margin	214,346.05	199,617.36	200,597.10
Core solvency margin ratio (%)	244	224	216
Comprehensive solvency margin ratio (%)	269	246	243

(II) Regulatory indicators for liquidity risk

Indicators	Reporting quarter	Previous quarter
Actual cash flow (unit:10,000 yuan)	87.82	7,145.94
Retrospective adverse deviation ratio of net cash flows from business activities (%)	245	25
Overall liquidity coverage ratio under base scenario (3 months)(%)	121	124
Overall liquidity coverage ratio under base scenario (12 months)(%)	105	105
Overall liquidity coverage ratio under mandatory stress scenario (3 months)(%)	645	623
Overall liquidity coverage ratio under mandatory stress scenario (12 months)(%)	176	146
Overall liquidity coverage ratio under self-assessment stress scenario (3 months)(%)	540	490
Overall liquidity coverage ratio under self-assessment stress scenario (12 months)(%)	212	203
Overall liquidity coverage ratio before asset disposal under mandatory stress scenario (3 months)(%)	168	179
Overall liquidity coverage ratio before asset disposal under mandatory stress scenario (12 months)(%)	64	60

Overall liquidity coverage ratio before asset disposal under self-assessment stress scenario (3 months)(%)	201	176
Overall liquidity coverage ratio before asset disposal under self-assessment stress scenario (12 months)(%)	148	142

(III) Other indicators for liquidity risk

Indicators	Reporting quarter	Previous quarter
Net cash flows from operating activities (unit: 10,000 yuan)	-21,773.06	-37,049.58
Comprehensive surrender ratio(%)	0.17	0.1
Net cash flows from participating/universal accounts	-	-
Gross premium income year-on-year growth (%)	61.22	55.33
Share of cash flow and liquidity management tools (%)	3.73	3.48
Quarterly average financial leverage ratio (%)	4.16	3.35
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 (%)	16.05	23.44
Share of related party assets held by the Company (%)	3.88	3.63

(IV) Key business metrics

Indicators	unit: 10,000 yuan	
	As at the end of the reporting quarter/during the reporting quarter	As at the end of the reporting quarter/YTD
Gross written premiums	148,675.25	441,506.42
Net profits	-2,596.05	3,917.62
Total assets	879,118.40	879,118.40
Net assets	333,387.96	333,387.96
Insurance contract liabilities	403,589.42	403,589.42
Basic earnings per share (yuan)	-0.01	0.01
ROE (%)	-0.78	1.18
ROA (%)	-0.30	0.45
Investment yield (%)	0.76	2.14
Comprehensive investment yield (%)	0.38	3.07

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

formula prescribed by Article 24 of Solvency Regulatory Standards of Insurance Companies No. 18 - Solvency Report, based on results of afore-mentioned indicators.

(V) Average return on investment and average comprehensive return on investment in recent three years

The company's average return on investment and average comprehensive return on investment in recent three years were 5.85% and 5.61%, respectively.

IV. Risk management capabilities

(I) Company category

The Company was incorporated in December 2014. As of the end of September 2023, its total assets reached 10,418.2642 million yuan, with written premiums amounting to 1134.3178 million yuan for the first 9 months of 2023. It has 4 provincial-level branch offices, and according to Solvency Regulatory Standards of Insurance Companies No.12: Solvency-aligned Risk Management Requirement and Assessment, the Company is in Category II.

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

In Q3 2023, as per Solvency Regulatory Standards of Insurance Companies No. 11: Solvency-aligned Risk Management Requirement and Assessment, based on regulatory feedback on the results of the 2023 SARMRA assessment, and taking into account of its own risk profiles and risk level, the Company effectively implemented its solvency risk management work and the remedial actions for inadequacies highlighted in the regulatory feedback, continuously improving its solvency risk management mechanisms.

In Q3, the Company strictly implemented the basic processes of daily risk management. Risk management measures adopted mainly include: first, it further optimised the risk limit system and diversify dimensions for monitoring of the combined ratio, and gradually broke down and cascaded risk management objectives to each business line; second, conducted an independent risk assessment of the alignment of its business planning and overall budgeting with the risk appetite based on risk tolerance in capital, value, profitability, liquidity and risk management, and to set forth risk control requirements for the combined ratio and internet business; third, it further improved its operational risk management tools

and established insurance fraud risk management models and systems.

In Q3, the Company organised drills of its response plans for solvency deterioration and liquidity crisis, based on stress scenarios in line with business realities of the Company, and updated and revised its solvency and liquidity contingency measures through the drills.

Under the framework of its solvency risk management and to meet its annual risk management targets, the Company identified, monitored and controlled all types of risks it faced, and took control measures to keep the risks under the thresholds in a timely manner. No major risk incidents occurred in this quarter.

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

The Company scored 80.15 points at the 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) The last two IRR results

The Company was rated BB at the IRR (differentiated supervision) by the regulator for both Q1 and Q2 of 2023, which met regulatory requirements in solvency, with low level of operational risk, reputational risk, strategic risk and liquidity risk.

(II) Measure taken or to be taken for improvement

In Q3 2023, the Company continued to focus on risk control measures as per findings of self-assessment with regard to operational risk and strategic risk indicators in accordance with Evaluation Criteria for Unquantifiable Risks of Insurance Companies. In terms of operational risk, the Company maintained the efficiency and quality of all its operational processes, and focused particularly on improving claims management turnaround. At the same time, it analysed causes of customer complaints and took targeted measures. As for

strategic risk, senior management was stable, with steady business development of the Company.

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

Liquidity risk of the Company mainly stems from claims and maturity payments on insurance contracts, daily expenditures and investment asset impairment losses. As of the end of Q3 2023, there were no incidents which may trigger liquidity risk. The Company maintained a high proportion of highly-liquid assets in investments, with the 5-day liquidation ratio at sound levels, which enabled it to meet various needs for liquidity. At the same time, the Company maintained a certain level of gear ratio and financing activities to ensure sufficient borrowing in the unlikely event of emergencies. Overall, the sources of liquidity outweigh needs for liquidity, indicating a low level of liquidity gap risk.

Operational risk: In terms of compliance and internal control, there were no breaches of regulations or administrative penalties from regulators in Q3 2023. There was zero violation of regulatory rules per 100 million yuan in standard premiums and zero regulatory penalty per 100 million yuan in standard premiums for the Company. On the IT side, all its core systems were 100% usable, and there was no financial losses incurred due to system failure. In terms of personnel, the workforce was relatively stable. There was no losses resulting from operational risk incidents in the area of sales, underwriting, POS, claims settlement or investment, or occurrence of insurance frauds in this quarter.

Reputational risk: The Company's media monitoring system includes CPIC Group's own system, and third-party monitoring services, which can effectively monitor, on a daily basis, negative publicity of the Company and its insurance and investment counter-parties. In daily work, the Company strictly implements various reputational risk management processes covering assessment, risk handling and post-crisis accountability. In Q3 2023, the Company did not experience any reputational risk events on mainstream or other types of media.

Strategic risk: The Company sets its strategic objectives based on macro-economic environment, market trends, its own positioning and competitive advantage, and the strategic objectives of the Group. In light of its 2021-2023 Development Plans and Annual Business Targets, the Company formulated strategic decisions aligned with the market environment to identify, assess and manage strategic risks by means of target breakdown, review of business performance on a regular basis, analysis of market conditions and its

own strengths and weaknesses. In Q3 of 2023, strategic risk management was proceeding in strict accordance with relevant regulations and rules of the Company. While serving the need of the board to supervise strategy implementation, it was intertwined with strategy implementation, covering the full range of assessment, monitoring and reporting, with no occurrence of incidents which may trigger strategic risk.

VI. Management analysis and discussions

(I) Solvency Analysis

1. Available capital

As of 30 September 2023, the Company's net assets was 3,413.1383 million yuan, an increase of 52.2684 million yuan from the previous quarter, which was mainly due to the increase in surplus of insurance policies and contribution from net profits.

2. Minimum capital

The minimum capital of the Company at the end of Q3 2023 was 1,269.6778 million yuan, down by 7% from the previous quarter, mainly due to impact of NAFR document No.5. To be specific, minimum capital for insurance risk of life business was 824.7711 million yuan, that for insurance risk of non-life business was 657.1729 million yuan, that for market risk 343.0593 million yuan, that for credit risk 320.4680 million yuan, diversification effect for quantifiable risk was 744.5612 million yuan, and that for control risk was 8.8587 million yuan.

3. Solvency margin ratios

As of 30 September 2023, the Company's core solvency margin was 1,831.2789 million yuan, and the core solvency margin ratio was 244%; comprehensive solvency margin was 2,143.4605 million yuan, and the comprehensive solvency margin ratio was 269%. In Q3 2023, the core and comprehensive solvency margin ratios rose by approximately 20pt and 23pt respectively from the previous quarter, mainly due to impact of NAFR document No.5.

(II) Liquidity risk

For this quarter, net cash flow was 1 million yuan, mainly because of large cash inflows from operating activities; the difference between actual net cash flow from operating activity and the estimate was 258 million yuan, meaning a retrospective adverse deviation ratio of 245%, in compliance with regulatory requirements. As of the end of Q3, all liquidity coverage ratios under various scenarios and all liquidity indicators for monitoring were within regulatory limits.

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