

# Summary of Solvency Report

**China Pacific Insurance (Group) Co., Ltd.**

**2020 Interim**

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## I. Basic information

### (1) Registered address:

1 Zhongshan Road (South), Huangpu, Shanghai, PRC.

### (2) Legal representative:

KONG Qingwei

### (3) 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.

### (4) Contacts for solvency information disclosure:

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## II. Group ownership structure and changes to member companies

Please refer to our 2020 Interim Report for detailed information.

## III. Key indicators

Items	As at the end of the reporting period	As at the beginning of the reporting period
Core solvency margin ratio	284%	288%
Core solvency margin (10K RMB)	39,994,337	37,509,764
Comprehensive solvency margin ratio	289%	295%
Comprehensive solvency margin (10K RMB)	32,435,999	30,635,692

## IV. Actual capital

Items	As at the end of the reporting period	As at the beginning of the reporting period
Actual capital (10K)	49,552,676	46,383,835
Tier 1 core capital (10K RMB)	48,552,676	45,383,835
Tier 2 core capital (10K RMB)	–	–
Tier 1 supplement capital (10K RMB)	1,000,000	1,000,000
Tier 2 supplement capital (10K RMB)	–	–

## V. Required capital

Items	As at the end of the reporting period	As at the beginning of the reporting period
Required capital (10K RMB)	17, 116, 677	15, 748, 143
Required capital for quantitative risks (10K RMB)	17, 116, 677	15, 748, 143
1)Required capital for parent company	–	–
2)Required capital for insurance member company	17, 116, 677	15, 748, 143
3)Required capital for banking member company	–	–
4)Required capital for securities member company	–	–
5)Required capital for trust member company	–	–
6)Required capital for quantifiable Group specific risks	–	–
7)Increase in required capital for risk aggregation effect	–	–
8)Decrease in required capital for risk diversification effect	–	–
Required capital for control risk (10K RMB)	–	–
Supplement capital (10K RMB)	–	–

Note: Detailed regulations are yet to be promulgated by the CBIRC regarding the required capital for quantifiable Group specific risks, increase in required capital for risk aggregation effect, decrease in required capital for risk diversification effect, required capital for control risk, and supplement capital.

## VI. Material events

During the reporting period, there was no material investment losses, no major guarantees for external parties, no financial crisis incurred by the Group's subsidiaries or associates, or their takeovers by regulators.

## VII. Group specific risks

### (1) Risk contagion

As per regulatory requirements, the Company has set up risk quarantine mechanisms for its business operation, personnel management, fund management, information systems and internal transactions, etc., to effectively prevent the spread of relevant risks within the Group and to minimize the risk of contagion.

### (2) Risk due to opaque organizational structure

As a listed insurance holding group, the Company boasts a clear ownership structure and sound corporate governance. The focus on insurance as its core business supplemented by other related business effectively prevents the risk of losses incurred by the Company as a result of opaque organizational structure.

### (3) Concentration risk

As per regulatory requirements, the Company and its member insurers identify, evaluate, supervise and report on the concentration risk of various types on a regular basis, including the concentration risk of investment and reinsurance counter-parties, that of insurance and non-insurance business and that of investment assets, which effectively prevented the aggregation of a single risk or risk portfolios at the Group

level, or a material threat to the Group's solvency and liquidity.

**(4) Non-insurance risk**

The Company takes non-insurance risk management very seriously and stays focused on the core business of insurance. In strict compliance with regulatory rules, it prudently manages investment in non-insurance areas, continuously tracks 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 a bid to safeguard policyholder's interests.

# Summary of Quarterly Solvency Report

**China Pacific Property Insurance Co., Ltd.**

**2<sup>nd</sup> Quarter of 2020**

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## I. Basic information

### (I) Registered address

South Tower, Bank of Communications Financial Building, 190 Middle Yincheng Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC

### (II) Legal representative

GU Yue

### (III) Business scope and territories

#### 1. Business scope

Property indemnity insurance; liability insurance; credit and guarantee insurance; short-term health and personal accident insurance; reinsurance of the above said insurance; insurance funds investment as approved by relevant laws and regulations; other business as approved by the CIRC.

#### 2. Business territories

The People's Republic of China (excluding Hong Kong, Macao and Taiwan)

### (IV) Ownership structure and shareholders

#### 1. Ownership structure

Equity categories	Shares or contributed amounts (10K shares)	Percentage (%)
Domestic shares held by legal entities	1,947,000	100
Domestic shares held by natural persons	-	-
Foreign shares	-	-
Others	-	-
Total	1,947,000	100

#### 2. Top 10 shareholders

Names of shareholders	Shares held as at the end of the reporting period	Percentage of shareholding (%)
China Pacific Insurance (Group) Co., Ltd.	19,178,214,743	98.50
Shenergy Group Co., Ltd.	90,874,742	0.47
Shanghai Haiyan Investment Management Company Limited	90,620,982	0.46
Yunnan Hehe (Group) Co.,Ltd.	59,586,361	0.31
Shanghai State-owned Assets Operation Co., Ltd.	50,703,172	0.26
Total	19,470,000,000	100



## (V) Controlling shareholder or de facto controller

China Pacific Insurance (Group) Co., Ltd. is the majority shareholder of the Company, holding 98.5% of its stake.

## (VI) Subsidiaries, joint or associate ventures

Name of companies	Number of shares (10K)	Percentage of the shareholding (%)
Shanghai Binjiang-Xiangrui Investment and Construction Co., Ltd.	1,071	35.70
Anxin Agricultural Insurance Co., Ltd.	36,490	52.13
Shanghai Juche Information Technology Co., Ltd.	148	25.20
Zhongdao Automobile Assistance Co., Ltd.	1,280	20.32
CPIC Euler Hermes Credit Insurance Sales Co., Ltd.	2,550	51.00
Shanghai Xingongying Information Technology Co. Ltd.	20	6.27
Shanghai Heji Business Management Partnerships ( LP)	20,000	99.00

## (VII) Contacts for solvency information disclosure

1. Contact person: CHEN Mo
2. Tel. number: +86-21-33966153

## II. Main indicators

Item	As at the end of this quarter/during this quarter	As at the end of last quarter/during last quarter
Core solvency margin ratio	221%	233%
Core solvency margin (10K RMB)	2,238,783	2,320,891
Comprehensive solvency margin ratio	275%	290%
Comprehensive solvency margin (10K RMB)	3,238,783	3,320,891
Latest IRR result	-	B
Premium income (10K RMB)	3,779,039	3,888,118
Net profit (10K RMB)	154,213	163,353
Net assets (10K RMB)	4,155,737	4,155,312

## III. Actual capital

Item	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	19,075,019	18,299,199
Admitted liabilities (10K RMB)	13,987,840	13,227,871
Actual capital (10K RMB)	5,087,179	5,071,328
Tier 1 core capital (10K RMB)	4,087,179	4,071,328
Tier 2 core capital (10K RMB)	-	-
Tier 1 supplement capital (10K RMB)	1,000,000	1,000,000
Tier 2 supplement capital (10K RMB)	-	-

#### IV. Required capital

Item	As at the end of this quarter	As at the end of last quarter
Required capital (10K RMB)	1,848,396	1,750,437
Required capital for quantitative risks (10K RMB)	1,875,402	1,776,011
1) Required capital for insurance risk (10K RMB)	1,367,546	1,323,594
2) Required capital for market risk (10K RMB)	414,433	387,729
3) Required capital for credit risk (10K RMB)	717,420	639,851
Required capital for control risk (10K RMB)	-27,006	-25,575
Supplement capital (10K RMB)	-	-
1) Counter-cyclical supplement capital (10K RMB)	-	-
2) Supplement capital of D-SIIs (10K RMB)	-	-
3) Supplement capital of G-SIIs (10K RMB)	-	-
4) Other supplement capital (10K RMB)	-	-

#### V. Integrated risk rating (IRR)

The Company was rated B in IRR for both Q1 of 2020 and Q4 of 2019.

#### VI. Risk management status

##### (I) The latest CBIRC Solvency Aligned Risk Management Requirements and Assessment (SARMRA) of the Company

In 2018, CBIRC(former CIRC) conducted Solvency Aligned Risk Management Requirements and Assessment (SARMRA) of the Company, and the result was 82.88 points: 16.73 points for risk management infrastructure and environment, 7.55 for risk management objectives and tools, 8.60 for insurance risk management, 8.32 for market risk management, 8.38 for credit risk management, 7.66 for operational risk management, 8.68 for strategic risk management, 8.28 for reputation risk management, and 8.68 for liquidity risk management.

##### (II) Measures taken to improve solvency risk management and the latest results in the reporting period

During the quarter, the Company took the following steps to further improve the risk management system and prevention of major risks.

First, it improved risk management policies and regulations: in order to enhance the Risk Appetite Framework and its management, the Company amended Provisions on Management of Risk Appetite Framework, specifying the formulation, transmission, monitoring and adjustment mechanisms of the RAF and relevant management processes, with a full review of the indicator system and formulation of reporting standards; to strengthen liquidity risk management capabilities, it amended and released Implementation Rules on Liquidity Risk Management, adding to contents relating to liquidity risk assessment and management.

Second, in a bid to forestall major risks, serve its business strategies, and promote healthy business development, it reviewed and upgraded the RAF and Risk Tolerance based on regulatory requirements, its strategic objectives and Group requirements on integrated risk control; furthermore, to leverage the role of the RAF as overall guidance and constraints, it revised the 2020 Risk Upper Limits and Risk Monitoring Indicators in light of its business and development programs.

Third, it conducted various self-assessments and risk screening activities: initiated risk and internal control self-assessment for 2020 to enhance foundation of internal control; launched the self-assessment and rectification of data security risk of corporate WeChat account and enhanced management of reputation and operational risks; closely monitored developments of material adverse events in the insurance and other sectors, and in response to the recent high-risk cases of its peers, organized full screening of related risks by the 1<sup>st</sup> and 2<sup>nd</sup> lines of defense, with intensified effort in internal control.

## VII. Liquidity risk

### (I) Liquidity risk management indicators

#### (1) Net cash flow

Item	During/as at the end of this quarter
Net cash flow (10K RMB)	-53,781

#### (2) Comprehensive current ratio

Item	Within 3 months	Within 1 year	Above 1 year
Comprehensive current ratio	67.6%	47.1%	242.4%

#### (3) Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio	494.5%	378.0%

### (II) Liquidity risk analysis and mitigation

#### (1) Cash flows

In this quarter, net cash outflow of the Company was RMB540 million. Of this, cash inflow from primary insurance premiums reached RMB37.95 billion, up 21.3%. Cash outflows from claims payout grew by 14.7% to RMB18.36 billion. Net cash flow from business activities in this quarter increased by RMB330 million from the previous quarter.

Net cash outflow from the Company's investment activities was RMB2.88 billion,

mainly due to asset allocation in bank deposits, bonds and equity securities.

Net cash inflow from the Company's financing activities was RMB310 million, mainly as a result of allocation in financial assets repurchase.

**(2) Liquidity indicator analysis**

The Company has allocated a certain proportion of highly liquid assets in its SAA to meet liquidity requirements. Therefore, its liquidity coverage ratio is 494.5% and 378.0% under stress scenario 1 and 2 respectively in the next quarter, enough to meet short-term cash flow requirements.

To mitigate liquidity risk, the Company attaches importance to daily cash flow management, coordinates cash flows from business, investment and financing activities to ensure sufficient liquidity to meet needs of surrenders, claims and other benefits payments. It will continue to monitor changes to its liquidity status and enhance risk management capabilities.

**VIII. Regulatory measures taken against the Company**

**(I) Regulatory measures taken against the company by CBIRC**

During the reporting period, CBIRC has not taken any regulatory measures against the Company.

**(II) Corrective measures taken by the Company**

None.

# Summary of Quarterly Solvency Report

**China Pacific Life Insurance Co., Ltd.**

**2<sup>nd</sup> Quarter of 2020**

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## **I. Basic information**

### **(I) Registered address**

1 Zhongshan Road(South), Huangpu , Shanghai, the PRC

### **(II) Legal representative**

PAN Yanhong

### **(III) Business scope and territories**

#### 1. Business scope

Life/health insurance denominated in RMB yuan and foreign currencies including life insurance, health insurance, personal accident insurance, etc.; reinsurance of the above said insurance; statutory life/health insurance; agency and business dealings with domestic and overseas insurers and organizations, loss adjustment, claims and other business entrusted from overseas insurance organizations; insurance funds investment as prescribed by The Insurance Law and relevant laws and regulations; international insurance activities as approved; other business as approved by the CIRC.

#### 2. Business territories

Beijing, Shanghai, Tianjin, Chongqing, Heilongjiang Province, Jilin Province, Liaoning Province, Hebei Province, Shanxi Province, Shandong Province, Anhui Province, Jiangsu Province, Zhejiang Province, Fujian Province, Jiangxi Province, Guangdong Province, Hainan Province, Guangxi Zhuang Autonomous Region, Hunan Province, Hubei Province, Henan Province, Yunnan Province, Guizhou Province, Sichuan Province, Shaanxi Province, Gansu Province, Xinjiang Uygur Autonomous Region, Ningxia Hui Autonomous Region, Inner Mongolia Autonomous Region, Qinghai Province.

### **(IV) Ownership structure and shareholders :**

#### 1. Ownership structure (10k shares or 10k RMB)

<b>Equity category</b>	<b>Shares as at the end of the reporting period</b>	<b>Percentage (%)</b>
Domestic shares held by legal entities	842,000	100
Domestic shares held by natural persons	-	-
Foreign shares	-	-
Others	-	-
Total	842,000	100

## 2. Top 10 shareholders (10k shares or 10k RMB)

Name of shareholders	Shares held at the end of the reporting period	Percentage of the shareholding (%)
China Pacific Insurance (Group) Co., Ltd.	827,621.84	98.292
Shenergy Group Co., Ltd.	4,597.90	0.546
Shanghai State-Owned Assets Operation Co., Ltd.	4,576.09	0.544
Shanghai Haiyan Investment Management Company Limited	3,140.45	0.373
Yunnan Hehe (Group) Co., Ltd.	2,063.72	0.245

### (V) Controlling shareholder or de facto controller

China Pacific Insurance (Group) Co., Ltd. is the controlling shareholder, holding 98.292% of the shares of the Company.

### (VI) Subsidiaries, joint or associate ventures

Company name	Number of shares (10k shares)			Shareholding percentage (%)		
	As at the beginning of this quarter	As at the end of this quarter	Change amount	As at the beginning of this quarter	As at the end of this quarter	Change percentage
Changjiang Pension Insurance Co., Ltd.	186,486	186,486	-	62.162	62.162	-
City Island Developments Limited	0.1	0.1	-	100	100	-
Tianjin Trophy	35,369	35,369	-	100	100	-
Pacific Insurance Elderly Care Investment Management Co., Ltd.	300,000	300,000	-	100	100	-
Pacific Healthcare Management Co. Ltd.	50,000	50,000	-	100	100	-
CPIC Elderly Care Industry Development (Chengdu) Co. Ltd.	51,000	51,000	-	100	100	-
CPIC Elderly Care (Hangzhou) Co. Ltd.	35,000	53,000	18,000	100	100	-
CPIC Elderly Care (Xiamen) Co. Ltd.	27,000	29,000	2,000	100	100	-
Shanghai Dabao Guisheng Information Technology Co. Ltd.	1,020	1,020	-	34	34	-
Shanghai Rui Yong Jing Property Development Co. Ltd.	983,500	983,500	-	70	70	-
Llanren Healthcare Big Data Technology Co. Ltd.	50,000	50,000	-	25	25	-
Changjiang Pension-CHEMCHINA Infrastructure Debt Investment Scheme	2,142	2,142	-	71.4	71.4	-
Ningbo Zhilin Investment Management (LP)	241,632	241,632	-	90	90	-
Changjiang Pension-Sichuan Tietou Xugu High-speed Infrastructure Debt Investment Scheme	205	205	-	34.17	34.17	-
Changjiang Pension-Yun'nan Nengtou Infrastructure Debt Investment Scheme	3,565	3,565	-	93.82	93.82	-
Jiaxing Yishang Private Equity Investment Partners (LP)	95,000	95,000	-	94.81	94.72	-0.09
CPIC AMC Yongquan Yihao Customized Product	60,000	60,000	-	100	100	-



China Venture Capital Fund Equity Investment Plan	6,120	6,120	-	100	100	-
Guolian'An Zengfu One-year Term Open-ended Bond Security Investment Fund	500,000	500,000	-	99.8	99.8	-
Guolian'An Zengyu One-year Term Open-ended Bond Security Investment Fund	500,000	500,000	-	99.8	99.8	-
Shanghai Junhe Tongyi Start-ups Industrial Equity Investment Fund Partnerships (LP)	-	106,500	106,500	-	99.97	99.97
CPIC-Jiangsu Communications Holding Debt Investment Plan (Phase 1)	-	4,000	4,000	-	100	100
CPIC – Gansu HATG Debt Investment Plan	-	600	600	-	100	100

Note: Changjiang Pension-CHEMCHINA Infrastructure Debt Investment Scheme, Ningbo Zhilin Investment Management (LP), Changjiang Pension-Sichuan Tietou Xugu High-speed Infrastructure Debt Investment Scheme, Changjiang Pension-Yun'nan Nengtou Infrastructure Debt Investment Scheme, Jiaying Yishang Private Equity Investment Partners Enterprise (LP), CPIC AMC Yongquan Yihao Customized Product, China Venture Capital Fund Equity Investment Plan, Guolian'An Zengfu One-year Term Open-ended Bond Security Investment Fund, Guolian'An Zengyu One-year Term Open-ended Bond Security Investment Fund, Shanghai Junhe Tongyi Start-ups Industrial Equity Investment Fund Partnerships (LP), CPIC – Jiangsu Communications Holding Debt Investment Plan (Phase 1), CPIC – Gansu HATG Debt Investment Plan are structured entities.

## (VII) Contacts for solvency information disclosure

Contact person : XIAO Junshi

Office number: +86-21-33965144

Email address : [xiaojunshi@cpic.com.cn](mailto:xiaojunshi@cpic.com.cn)

## II. Main Indicators

Items	As at the end of this quarter/during this quarter	As at the end of last quarter/during last quarter
Core solvency margin ratio	242%	254%
Core solvency margin (10K RMB)	21,504,289	22,397,702
Comprehensive solvency margin ratio	242%	254%
Comprehensive solvency margin (10K RMB)	21,504,289	22,397,702
Latest IRR result	-	A
Premium income (10K RMB)	4,671,235	9,187,339
Net profit (10K RMB)	432,414	582,248
Net assets (10K RMB)	8,026,167	9,005,367

## III. Actual Capital

Items	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	139,307,482	134,516,525
Admitted liabilities (10K RMB)	102,707,178	97,562,139
Actual capital (10K)	36,600,304	36,954,386
Tier 1 core capital (10K RMB)	36,600,304	36,954,386
Tier 2 core capital (10K RMB)	-	-
Tier 1 supplement capital (10K RMB)	-	-
Tier 2 supplement capital (10K RMB)	-	-

#### IV. Required Capital

Items	As at the end of this quarter	As at the end of last quarter
Required capital (10K RMB)	15,096,014	14,556,684
Required capital for quantitative risk (10K RMB)	15,328,237	14,780,610
1) Required capital for insurance risk (10K RMB)	4,545,116	4,443,761
2) Required capital for market risk (10K RMB)	15,443,892	15,082,141
3) Required capital for credit risk (10K RMB)	3,229,173	2,921,272
4) Diversification effect for quantitative risks (10K RMB)	4,051,382	3,820,174
5) Loss absorption effect for special-type insurance contracts (10K RMB)	3,838,561	3,846,390
Required capital for control risk (10K RMB)	(232,223)	(223,926)
Supplement capital (10K RMB)	–	–
1) Counter-cyclical supplement capital (10K RMB)	–	–
2) Supplement capital of D-SIIs (10K RMB)	–	–
3) Supplement capital of G-SIIs (10K RMB)	–	–
4) Other supplement capital (10K RMB)	–	–

#### V. Integrated risk rating (IRR)

The Company received an A rating for both Q1 of 2020 and Q4 of 2019, according to feedbacks from the regulator on the IRR results.

#### VI. Risk management status

##### (I) The latest CBIRC Solvency Aligned Risk Management Requirements and Assessment (SARMRA) of the Company

The Company's SARMRA score for 2017 was 83.03 points. To be specific, it received 16.12 points for risk management infrastructure and environment, 8.82 points for risk management objectives and tools, 8.36 points for insurance risk management, 8.00 points for market risk management, 8.00 points for credit risk management, 8.38 points for operational risk management, 8.96 points for strategic risk management, 8.33 points for reputation risk management, and 8.06 points for liquidity risk management.

In 2018 and 2019, the regulator conducted no SARMRA assessment of the Company.

##### (II) Measures taken to improve solvency risk management and the latest status in the reporting period

The Company attaches great importance to risk management. Although exempt from SARMRA assessment in 2018 and 2019, it continued to identify gaps in solvency risk management systems and took effective remedial actions based on an analysis of findings in relation to the regulatory assessment of its peers as well as those of its

own internal audits. Below is a summary of what was done in Q2.

First, improved risk management performance evaluation as per regulatory solvency requirements, with increased weighting of risk management for competent departments; defined the powers of the lead department in the performance evaluation of responsible departments which fall under its remit so as to enhance the effectiveness of risk management systems.

Second, in line with the Group project on “Integrated Risk Control”, continued to promote the transmission of Risk Upper Limits, while starting the design of risk management standards on product development and the optimization of stress testing.

Third, conducted SAMRA self-assessment, focusing on effectiveness of adherence; proceeded with the building of IRR systems and rectification of deficiencies, maintaining top ratings for 2 consecutive quarters in the year at regulatory evaluations; initiated an annual review of progress in “rectification of irregularities”, identified the key areas and functions of examination, and communicated the work plan throughout the entire organization.

Fourth, carried out research into business risks, and has completed a preliminary analysis of the key risk of “false business and false structure of the agency force” and its data protocols, which will be integrated into the risk screening campaign, especially for the supervision of branch offices.

In Q3 of 2020, the Company intends to focus on the following areas for its solvency risk management.

First, in light of the progress of C-ROSS Phase II, dynamically improve relevant risk management policies and rules as part of the effort to enhance Company system of rules and regulations.

Second, step up studies of the transmission of Risk Upper Limits, update Risk Upper Limits on product development, unify the stress testing system in line with that of the Group, and stringently control investment risks.

Third, complete the annual SAMRA self-assessment and filing with the regulator in a timely manner; enhance system building of IRR and rectification of deficiencies; push forward the screening and rectification of irregularities of the Company.

Fourth, strengthen the risk control system of business risks, and conduct studies of lapse of insurance policies in migration, enhance early warning, adopt a look-through approach towards risk monitoring and improve professional capabilities in risk control.

## VII. Liquidity Risk

### (I) Liquidity risk management indicators

#### 1. Net cash flow

<b>Item</b>	<b>During/as at the end of this quarter</b>
Net cash flow (10K RMB)	10,318,696

#### 2. Comprehensive current ratio

<b>Item</b>	<b>Within 3 months</b>
Comprehensive current ratio	105%

#### 3. Liquidity coverage ratio

<b>Item</b>	<b>Stress scenario 1</b>	<b>Stress scenario 2</b>
Liquidity coverage ratio		
-Company level	1609%	1943%

### (II) Liquidity risk analysis and mitigation

Liquidity risk is projected to be largely manageable in the next quarter. The Company has taken the following measures to pro-actively mitigate potential liquidity risk:

1. Introduce cash budgeting management which enables a planned coordination of cash surplus/ shortage. Cash budgeting management includes: cash in the treasury at the beginning of the period, projected cash inflows during the period and cash needed in the period. The mechanism enables the Company to know when there will be a shortage of cash, and how to address the issue; or when there will be cash surplus so that plans can be made for necessary investment.
2. Continue to boost business mix restructuring, formulate effective financial policies to boost the growth of profitable business, and in particular, protection and long-term regular pay business; at the same time optimize the mix of universal life business, adjust the sales strategy of participating insurance business from bancassurance, and control the surrender risk of unit-linked business.
3. Optimize asset mix, balance between asset liquidity and investment yield; keep a healthy gearing ratio and ensure long-term debt repayment capability; maintain healthy short-term debt repayment capability and enhance monitoring of the current ratio and quick ratio.
4. Closely follow the development of business surrenders, with review and analysis thereof on a regular basis; ensure rational asset allocation based on cash flows of the Company.
5. The impact on liquidity has been duly considered before the Company makes business plans, sells new products or withdraw products from the market, develop or adjust distribution channels, formulate policyholders' dividend policy for participating

insurance business and determine crediting rate for universal life insurance, conducts other insurance business activities such as policy surrenders, payment of benefits and claims and policy loans. The impact is reflected in the cash flow stress testing. The Company will ensure effective ALM based on the actual situation to mitigate the liquidity risk.

6. Closely monitor major events that might lead to liquidity risks, such as irregular concentration of surrenders, expected major maturity payments or survival benefit pay-outs, major claims events, severe investment losses, financial crisis incurred by major counter-parties, significant changes to the Company's credit-ratings, severe adverse publicity of the Company, and the loss of key distributional channels and other material events.

### **VIII. Regulatory Measures Taken Against the Company**

#### **(I) Regulatory measures taken against the Company by CBIRC**

The Company head-office received no administrative penalties from CBIRC in Q2 2020.

#### **(II) Corrective measures taken by the Company**

The Company will continue to enhance internal control, address the root-causes of risk issues, strengthen its overall compliance and risk management capabilities.

# Summary of Quarterly Solvency Report

**CPIC Allianz Health Insurance Co., Ltd.**

**2<sup>nd</sup> Quarter of 2020**

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## I. Basic information

(I) Registered address: 13<sup>th</sup> Floor, Building No. 1, 1229 Century Avenue, China  
(Shanghai) Pilot Free Trade Zone, Shanghai, the PRC

(II) Legal representative: SUN Peijian

### (III) Business scope and territories

#### 1. 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.

#### 2. Business territories:

Shanghai, Beijing, Guangdong Province, Sichuan Province

### (IV) Ownership structure and shareholders:

#### 1. Ownership structure

Equity category	Number of shares or contributed amounts (10K shares)	Percentage (%)
Domestic shares held by legal entities	130,986.70	77.05
Domestic shares held by natural persons	-	-
Foreign shares	39,013.30	22.95
Others	-	-
Total	170,000.00	100.00

#### 2. Top 10 shareholders

Name of shareholders	Shares held or amounts contributed as at the end of the reporting period (10K shares)	Percentage of the shareholding (%)
1. China Pacific Insurance (Group) Co., Ltd.	130,986.70	77.05
2. Allianz Group	39,013.30	22.95

### (V) Controlling shareholder or de facto controller:

China Pacific Insurance (Group) Co., Ltd.



## (VI) Subsidiaries, joint or associate ventures:

Company name	Number of shares held (10k shares)	Percentage of the shareholding (%)
Shanghai Proton & Heavy Ion Hospital	10,000	20

## (VII) Contacts for solvency information disclosure

1. Contact person: CHANG Zhi
2. Telephone number: +86-21-33963458

## II. Main indicators

Items	As at the end of this quarter/during this quarter	As at the end of last quarter/during last quarter
Core solvency margin ratio	124%	162%
Core solvency margin (10K RMB)	22,283.26	42,455.88
Comprehensive solvency margin ratio	124%	162%
Comprehensive solvency margin (10K RMB)	22,283.26	42,455.88
Latest IRR result	–	A
Premium income (10K RMB)	346,754.82	52,916.49
Net profit (10K RMB)	–755.76	3,013.86
Net assets (10K RMB)	123,393.52	119,328.09

## III. Actual capital

Items	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	988,915.90	764,598.34
Admitted liabilities (10K RMB)	874,738.13	653,928.04
Actual capital (10K RMB)	114,177.77	110,670.30
Tier 1 core capital (10K RMB)	114,177.77	110,670.30
Tier 2 core capital (10K RMB)	–	–
Tier 1 supplement capital (10K RMB)	–	–
Tier 2 supplement capital (10K RMB)	–	–

## IV. Required capital

Items	As at the end of this quarter	As at the end of last quarter
Required capital (10K RMB)	91,894.51	68,214.43
Required capital for quantitative risks (10K RMB)	91,419.13	67,861.55
1) Required capital for insurance risk (10K RMB)	80,576.89	59,012.91
2) Required capital for market risk (10K RMB)	18,151.37	12,832.62
3) Required capital for credit risk (10K RMB)	9,176.53	10,059.37
Required capital for control risk (10K RMB)	475.38	352.88
Supplement capital (10K RMB)	–	–
1) Counter-cyclical supplement capital (10K RMB)	–	–
2) Supplement capital of D- SIIIs (10K RMB)	–	–

3) Supplement capital of G-SIIs (10K RMB)	-	-
4) Other supplement capital (10K RMB)	-	-

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## **V. Integrated risk rating (IRR)**

The Company received an A rating for both Q1 of 2020 and Q4 of 2019 at the IRR.

## **VI. Risk management status**

### **(I). The latest CBIRC Solvency Aligned Risk Management Requirements and Assessment (SARMRA) of the Company**

In 2017, the Company received 78.96 points in the regulatory SARMRA assessment. The same score, as per regulatory notice, was used as the result for 2020 SARMRA assessment. To be specific, 78.96 consisted of 14.07 points for risk management infrastructure and environment, 7.54 points for risk management objectives and tools, 8.02 points for insurance risk management, 8.00 points for market risk management, 8.00 points for credit risk management, 8.36 points for operational risk management, 8.08 points for strategic risk management, 8.22 points for reputation risk management, and 8.68 points for liquidity risk management.

### **(II). Measures taken to improve solvency risk management and the latest results in the reporting period.**

During the reporting period, the Company, as per regulatory requirements such as Insurance Company Solvency Regulatory Standards No. 11: Solvency Aligned Risk Management Requirements and Assessment, and based on its own risk profiles and risk status, mainly conducted 3 tasks to improve the solvency risk management systems: the issuance of Annual Program of Risk & Compliance Management, upgrading of Risk Upper Limits, and implementation of key processes of risk management.

## **VII. Liquidity risk**

### **(I) Liquidity risk management indicators**

1. Net cash flow

Items	During/as at the end of this quarter
Net cash flow (10K RMB)	4,990.45

## 2. Comprehensive current ratio

Items	Within 3 months	Within 1 year	1-3 years	3-5 years	Above 5 years
Comprehensive current ratio	173%	69%	262%	38,202%	–

## 3. Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio (%)	5,162%	4,807%

## (II) Liquidity risk analysis and countermeasures

The Company generated positive net cash flows under the baseline scenario and all stress scenarios, an indication of good liquidity.

## VIII. Regulatory measures taken against the Company

### (I) Regulatory measures taken against the Company by CBIR

CBIRC has not taken any regulatory measures against the Company.

### (II) Corrective measures taken by the Company

None.

# Summary of Quarterly Solvency Report

**Anxin Agricultural Insurance Company Limited**

**2<sup>nd</sup> Quarter of 2020**

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## I. Basic information

### (I) Registered address

Agricultural Insurance Building, 3651 Gonghexin Road, Shanghai, the PRC.

### (II) Legal representative

SONG Jianguo

### (III) Business scope and territories

#### 1. Business scope

Agricultural insurance; property indemnity insurance; liability insurance including mandatory liability insurance; credit and guarantee insurance; short-term health and accident insurance; other types of property insurance relating rural areas and farmers; reinsurance of the above said insurance; insurance agency business (subject to approval by regulators as per relevant laws and regulations);

#### 2. Business territories

Shanghai, Jiangsu Province, Zhejiang Province.

### (IV) Ownership structure and shareholders

#### 1. Ownership structure (10k shares or 10k RMB)

Equity category	Shares or contributed amounts	Percentage (%)
Domestic shares held by legal entities	70,000	100
Domestic shares held by natural persons	-	
Foreign shares	-	
Others	-	
Total	70,000	100

#### 2. Top 10 shareholders (10k shares or 10k RMB)

Names of shareholders	Shares held or amounts contributed at the end of the reporting period	Percentage of shareholding (%)
China Pacific Property Insurance Co., Ltd.	36,490.08	52.13%
Shanghai Agricultural Development Co. Ltd.	7,718.03	11.03%
Shanghai Minhang Asset Investment Co., Ltd.	5,365.19	7.67%
Shanghai Nongfa Asset Management Center	4,201.72	6.00%
Shanghai Baoshan Fiscal Investment Company	3,150.84	4.50%
Shanghai Jiading Guangwo Asset Management Co., Ltd.	2,504.59	3.58%
Shanghai Fengxian District State Asset Operation Co., Ltd.	2,368.95	3.38%
Shanghai Songjiang State Asset Investment Management Co., Ltd.	2,025.88	2.89%
Shanghai Huinong Investment Management Co., Ltd.	1,817.99	2.60%
Shanghai Qingpu Asset Management Co., Ltd.	1,719.37	2.46%

## (V) Controlling shareholder or de facto controller

The Company has no de factor controller. China Pacific Property Insurance Co., Ltd. is the majority shareholder, holding 52.13% of the shares of the Company.

## (VI) Subsidiaries, joint or associate ventures

None during the reporting period

## (VII) Contact person information

1. Contact person: HU Xiaolu
2. Tel. number: +86-21-66988251
3. Email: [huxl@aaic.com.cn](mailto:huxl@aaic.com.cn)

## II. Main indicators

Item	As at the end of this quarter/during this quarter	As at the end of last quarter/during last quarter
Core solvency margin ratio	274%	288%
Core solvency margin surplus (10K RMB)	109,586	111,560
Comprehensive solvency margin ratio	274%	288%
Comprehensive solvency margin surplus (10K RMB)	109,586	111,560
Latest IRR result	–	A
Premium income (10K RMB)	73,241	16,949
Net profit (10K RMB)	202	2,422
Net assets (10K RMB)	152,408	152,451

## III. Actual capital

Item	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	417,754	375,810
Admitted liabilities (10K RMB)	245,286	205,014
Actual capital (10K)	172,468	170,797
Tier 1 core capital (10K RMB)	172,468	170,797
Tier 2 core capital (10K RMB)	0	0
Tier 1 supplement capital (10K RMB)	0	0
Tier 2 supplement capital (10K RMB)	0	0

## IV. Required capital

Item	As at the end of this quarter	As at the end of last quarter
Required capital (10K RMB)	62,883	59,236
Required capital for quantitative risks (10K RMB)	61,859	58,272
1)Required capital for insurance risk (10K RMB)	50,233	44,760
2)Required capital for market risk (10K RMB)	7,410	6,423
3)Required capital for credit risk (10K RMB)	21,485	24,791

4)Diversification effect for quantitative risks (10K RMB)	17,268	17,703
5)Loss absorption for special-type insurance contract loss (10K RMB)	-	-
Required capital for control risk (10K RMB)	1,024	964
Supplement capital (10K RMB)	-	-
1) Counter-cyclical supplement capital (10K RMB)	-	-
2) Supplement capital of D-SIIs (10K RMB)	-	-
3) Supplement capital of G-SIIs (10K RMB)	-	-
4) Other supplement capital (10K RMB)	-	-

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## V. Integrated risk rating (IRR)

The Company was rated A at the IRR by CBIRC for both Q1 of 2020 and Q4 of 2019.

## VI. Risk management status

### (I) The latest CBIRC Solvency Aligned Risk Management Requirements and Assessment (SARMRA) of the Company

The Company scored 76.69 points in the last (2017) SARMRA assessment conducted by the CBIRC. To be specific, it received 17.81 points for risk management infrastructure and environment, 7.06 points for risk management objectives and tools, 7.01 points for insurance risk management, 7.57 points for market risk management, 6.79 points for credit risk management, 7.38 points for operational risk management, 8.12 points for strategic risk management, 7.15 points for reputation risk management, and 7.81 points for liquidity risk management.

### (II) Measures taken to improve solvency risk management and the latest results in the reporting period.

The Company continued to take measures to step up its risk management in this quarter.

First, it implemented Group requirements concerning integrated risk control. In line with the spirit of Group Working Meeting on Integrated Risk Control, the Company drafted implementation plan, pushed for risk control responsibilities to go downstream to branches, upgrade risk control systems, and address chronic issues and deficiencies. It enhanced coordination with the corresponding function of CPIC P/C and received a visit by the Risk Management Department of CPIC P/C for exchanges of information and views on latest regulatory developments and discussions of the work plan for the second half of the year.

Second, it upgraded the 2020 Risk Appetite Framework (RAF). Based on the evaluation of the current risk control systems and the implementation status of the RAF in capital,



earnings, liquidity and risk management, it upgraded the 2020 RAF. In light of the requirements on RAF management systems of the parent company and its own realities, it amended the Risk Upper Limits for relevant indicators, which will be released in due course.

Third, as per PBOC requirements, the Company conducted the risk screening and self-assessment of Q1 2020, with reporting on changes in solvency and reasons, major risks and mitigation, special risks and mitigation, impact of domestic and overseas economic environment and economic policies on its business operation.

Fourth, completed the filing of IRR data for Q1 2020, Risk Upper Limits, and finished the evaluation of risk management in major categories, while closely monitoring its risk status and taking timely steps to mitigate potential risks.

## VII. Liquidity risk

### (I) Liquidity risk management indicators

#### 1. Net cash flow

Item	During/as at the end of this quarter
Net cash flow (10K RMB)	2,455

#### 2. Comprehensive current ratio

Item	Within 3 months
Comprehensive current ratio	128%

#### 3. Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio	758%	663%

### (II) Liquidity risk analysis and mitigation

#### (1) Cash flows

In this quarter, net cash flow of the Company was RMB24.5504 million. Net cash flow from business activities in this quarter increased by RMB335.7222 million from the previous quarter to RMB231.6457 million. Net cash flow from the Company's investment activities was -RMB52.6959 million, a decrease of RMB51.0739 million from the previous quarter. Financing activities generated -RMB154.3973 million in net

cash flow, down by RMB290.2787 million from the previous quarter.

**(2) Liquidity indicator analysis**

The comprehensive current ratio within 3 months was 128%, staying largely flat compared with the previous quarter.

The liquidity coverage ratio is 758% and 663% under stress scenario 1 and 2 respectively in the next quarter. The Company's high-quality liquid assets are enough to meet short-term cash flow requirements arising from business volatility.

**VIII. Regulatory measures taken against the Company**

**(I) Regulatory measures taken against the Company by CBIRC**

The Company received no penalties from CBIRC during the reporting quarter.

**(II) Corrective measures taken by the Company**

Going forward, the Company will continue to pay close attention to risk issues high on the regulator's agenda and internal control, address the root causes of the issues, so as to improve its overall risk management capabilities.