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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, 29 August 2022

*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. LIANG Hong, 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 Bui, Jackson, and Mr. JIANG Xuping.*

# **Summary of Solvency Report (Excerpts)**

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

2022 Interim

## 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:	IC2003002
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
Office Tel. number:	021-33968093
Cell phone:	13764517031

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Fax number: 021-58792445

E-mail: [huangdanyan@cpic.com.cn](mailto:huangdanyan@cpic.com.cn)

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## I. Board and management statement

We hereby declare that 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	✓		
Liang Hong	✓		
Lu Qiaoling	✓		
John Robert Dacey	✓		
Liu Xiaodan	✓		
Chen Jizhong	✓		
Lin Tingyi	✓		
Hu Jiabiao	✓		
Jiang Xuping	✓		
Total			

2. Are there directors who can not warrant that the contents of this report are true,

accurate and complete and have fully complied with applicable laws and regulations, or who have raised issues in this regard? (yes  no )

## II. Basic Information

### Shareholding structure, shareholders and change

#### 1. Shareholding structure (unit: share)

	Before change		Increase or decrease (+ or -)					After change	
	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%	2,772,506,227	-173,802	-	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.	6.09%	585,814,739	+1,702,400	-	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	1.93%	185,763,999	-11,964,542	-	A Share
Shanghai International Group	1.66%	160,000,000	-	-	A Share
Citibank, National Association	1.56%	149,838,515	-202,390	-	A Share
China Structural Reform Fund Corporation Limited	1.19%	114,913,440	-267,700	-	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.
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 29,967,703, which is 26.84% of the number of GDRs issued under approval by the China Securities Regulatory Commission.

### **III. Business Operation of Major Member Companies**

#### **(I) CPIC P/C**

In the first half of 2022, the subsidiary enhanced business quality control and reported rapid premium growth, with GWPs amounting to 91.571bn yuan, a year-on-year growth of 12.3%, and net profits of 4.320bn yuan, up 23.3% year-on-year.

As of the end of June 2022, net assets of CPIC P/C stood at 47.734bn yuan, down by 2.4% from the beginning of the year. Comprehensive solvency margin ratio was 225%, down by 63pt from the year beginning, mainly due to impact of adoption of C-ROSS II and business development. Of this,

(1) Available capital 57.115bn yuan, down by 693mn yuan, or 1.2% from the year beginning;

(2) Minimum capital 25.360bn yuan, up by 5.288bn yuan, or 26.3% from the year beginning.

#### **(II) CPIC Life**

In the first half of 2022, the subsidiary recorded steady premium growth, with GWPs amounting to 149.054bn yuan, a year-on-year growth of 5.4%, and net profits of 8.860bn yuan, down by 31.2% year-on-year.

As of the end of June 2022, net assets of CPIC Life stood at 100.591bn yuan, down by 0.5% from the beginning of the year. Comprehensive solvency margin ratio was 248%, up by 30pt from the year beginning, mainly due to impact of adoption of C-ROSS II and business development. Of this,

(1) Available capital 350.721bn yuan, down by 4.8%, or 17.850bn yuan from the year beginning;

(2) Minimum capital 141.372bn yuan, down by 16.3%, or 27.540bn yuan from the year beginning.

#### **(III) CPIC Health**

During the reporting period, the subsidiary realised GWPs of 2.518bn yuan, and net profits of 30mn yuan. In May 2022, it obtained the regulatory approval of capital injection, with registered capital rising to 3.6bn yuan, further enhancing its capital position.

As of the end of June 2022, net assets of CPIC Health stood at 3.342bn yuan, with comprehensive solvency margin ratio of 294%, up by 156pt from the year beginning, mainly due to impact of adoption of C-ROSS II, capital increase and business development. Of this,

- (1) Available capital 3.170bn yuan, up by 146.5%, or 1.884bn yuan from the year beginning;
- (2) Minimum capital 1.077bn yuan, up by 15.3%, or 143mn yuan from the year beginning.

#### **(IV) CPIC AMC**

During the reporting period, the company posted 603mn yuan in asset management fee income, a growth of 13.4% compared with the same period of 2021, with net profits of 300mn yuan, down by 3.9% year-on-year.

As of the end of June 2022, total assets of CPIC AMC amounted to 4.930bn yuan, rising 5.8% from the year beginning, with net assets of 3.908bn yuan, down by 0.2% from the year beginning.

#### **(V) Changjiang Pension**

During the reporting period, the subsidiary focused on pension asset management, and steadily conducted related business, and reported net profits of 183mn yuan. As of the end of June 2022, total assets of the company amounted to 6.167bn yuan, down by 2.3% from the year beginning, with net assets of 3.886bn yuan, down by 6.9% from the year beginning.

#### **(VI) Other member companies**

In the first half of 2022, CPIC Property recorded net profits of -1mn yuan. As of the end of June 2022, total assets of the company reached 124mn yuan, down by 2.6% from the year beginning, and total liabilities 6mn yuan, down by 28.3% from the year beginning, with net assets of 118mn yuan, down by 0.8% from the year beginning.

In the first half of 2022, CPIC Technology was established and recorded net profits of -56mn

yuan. As of the end of June 2022, total assets of the company reached 837mn yuan, and total liabilities 194mn yuan, with net assets of 644mn yuan.

#### IV. Solvency Statements

##### Solvency Statements of Insurance Holding Groups

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

(30 June, 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)	48,968,999	50,662,014
Tier 1 core capital	(2)	32,782,309	49,662,014
Tier 2 core capital	(3)	1,072,087	-
Tier 1 supplement capital	(4)	15,103,867	1,000,000
Tier 2 supplement capital	(5)	10,736	-
Minimum capital	(6) = (7) + (22) + (23)	16,881,817	19,079,389
Minimum capital for quantitative risks	(7) = (8) + (9) + (10) + (11) + (12) + (13) + (14) - (21)	16,881,817	19,079,389
Minimum capital for parent company	(8)	-	-

Minimum capital for insurance member companies	(9)	16,881,817	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%	25,413,488	40,122,319
Core solvency margin ratio	(25) = [(2) + (3)] / (6) × 100%	201%	260%
Comprehensive solvency margin	(26) = (1) - (6)	32,087,181	31,582,625
Comprehensive solvency margin ratio	(27) = (1) / (6) × 100%	290%	266%

Note: As per regulatory requirements, insurance groups began to adopt C-ROSS II in the first half of 2022, and figures as at the beginning of the reporting period were still based on C-ROSS I.

## **V. Management Analysis and Discussions**

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

As of the end of June 2022, Group core solvency margin ratio stood at 201%, down by 59pt from the year beginning; comprehensive solvency margin ratio was 290%, up by 24pt from the year beginning, mainly due to impact of adoption of C-ROSS II and business development. Of this,

- 1) Core capital amounted to 338.5bn yuan, down by 158.1bn yuan from the year beginning; available capital 489.7bn yuan, down by 16.9bn yuan from the year beginning.
- 2) Minimum capital 168.8bn yuan, down by 22.0bn yuan from the year beginning.

In short, Group solvency margin ratios stayed healthy and stable, 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.

## **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 the first half of 2022, the committee convened 3 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 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 strategy and procedure**

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, and advanced risk management mechanisms and tools.

The Group drafted, as per regulatory solvency regulations, its Risk Appetite Framework (RAF) which is reviewed annually and updated when necessary. In the first half of 2022, the overall execution status of the RAF of both the Group and its insurance subsidiaries was good.

### **(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 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 amended relevant business rules, incorporating risk quarantine requirements into business management processes and effectively preventing risk contagions across member companies.

#### **2. Risk due to opaque organisational structure**

This refers to the risk that an insurance group's shareholding structure, management structure, operation process, business type, 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 the first half of 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.

Member companies of the Group have developed an organisational structure



compatible with their own business strategies and business development, with clear boundaries and clear definition of responsibilities, which effectively prevents either overlapping or absence of roles, or over-concentration of powers, and have formed working mechanisms of coordination and checks and balances whereby each company performs its duties.

### **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 cause unexpected losses to the group. In accordance with relevant regulatory requirements, the Company regularly identifies, evaluates, monitors and reports on different types of concentration risks to minimise material adverse effects on its solvency or liquidity.

During the reporting period, the risk status is as follows: The Company sets Upper Limits of the concentration risk along various dimensions and evaluates the risk profiles along these dimensions on a regular basis. During the reporting period, there was no breach or early warning of the Upper Limits on all dimensions, with the risk overall under control. Based on its business realities, the Company focused on the concentration risk arising from investment counter-parties, evaluated the concentration of corporate/enterprise debt securities regularly and the credit risk and financial credit-worthiness of major counter-parties. In the first half of 2022, the concentration risk of investment counter-parties was under control, with credit-ratings of key counter-parties largely stable. There was no occurrence of concentration risk that may pose a substantial threat to its 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 risk exposure and impact. In strict compliance with regulatory rules, it formulated Provisional Regulations on Management of Non-insurance Member Companies, 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 the first half of 2022, the risk status is as follows:

First, in relation to investment by non-insurance affiliates, the Company strictly abides

by CBIRC rules, and has put in place a non-insurance equity investment governance system based on shareholding and corporate governance. There is an Investment Decision-making Committee under management Asset Liability Management Commission, responsible for coordination of major equity investments of member companies under the Group, so as to ensure a consistently clear shareholding structure of the Group and full compliance with the Risk Appetite and Risk Upper Limits in non-insurance areas. Non-insurance member companies would follow their respective governance procedures and equity investment approval processes, and submit proposals to competent decision-making bodies.

Second, in terms of non-insurance management, the Company closely follows Administrative Provisions on Supervision of Insurance Groups by CBIRC and other applicable rules and regulations, designates leading departments for management of non-insurance risks, regularly evaluates the risk exposure in this area and reports to the board. It intensified equity management and risk monitoring of its member companies, evaluates and adjusts the development strategies in non-insurance areas in a timely manner. It has also set up quarantine mechanisms in assets and liquidity so that investments in non-insurance member companies will not harm the interests of policyholders.

#### **(IV) Other risks faced by the Group**

##### **1. Strategic risk**

The Company did not have any major strategic risk events in the first half of 2022, and the strategic risk management work was as follows:

Firstly, in terms of the construction of strategic risk management system, the Company established and improved the strategic risk management system and the strategic development planning management system in accordance with C-ROSS II rules, and further clarified the strategic risk management organisational structure and work responsibilities. Secondly, in terms of strategic planning management, the Company completed the evaluation report on the implementation of the development plan in 2021 and the implementation plan for the development plan in 2022. At the same time, the Group completed the review of the evaluation report on the implementation of the 2021 annual

development plan of its main member companies to ensure that the implementation of the plans of its main member companies is consistent with the overall strategic goals and implementation progress of the Group. Thirdly, in terms of strategic risk limits monitoring, the Company added a new strategic risk limit indicator of “Market rankings of property and life insurance companies by primary premium income” in the risk appetite system in 2022. According to the data on primary premium income disclosed by listed companies, no strategic risk exceeded the limit.

## **2. Reputational risk**

The Company strictly implemented the (Provisional) Measures for the Reputational Risk Management of Banking and Insurance Institutions, and in accordance with the new regulatory requirements such as the Measures for the Supervision and Administration of Insurance Group Companies and the Regulations on C-ROSS II of Insurance Companies, attached great importance to and continuously strengthened the overall reputational risk management within the Group, improved the reputational risk governance structure with sound organization and clear responsibilities, and further strengthened the construction of relevant mechanisms and systems.

In the first half of 2022, under the leadership of the Group, the Company’s branches/sub-branches at all levels actively promoted the implementation of the "seven measures" for reputational risk management in areas such as risk awareness, responsibility transmission, team building, system linkage, culture cultivation, communication channels, etc., to comprehensively cultivate the reputation risk control culture, which effectively enhanced the Group-wide reputational risk awareness as well as the capabilities for reputational risk prevention and control, and helped the construction of a whole-process closed-loop management system for reputation risk management. During the reporting period, the Company’s reputational risk remained stable, and it experienced no major reputational risk events with no reputational risk limit exceeded.

In the 4th (2021) China Financial Brand Case Annual Competition, the Group's whole-process closed-loop management system for reputational risk management won the "Reputation Management Case Annual Award". CPIC was the only insurance company among the winners of this award.

### **3. Liquidity Risk**

Under a unified comprehensive risk management framework, the Company established and improved the liquidity risk management system, revised its liquidity risk management measures and emergency plans, improved liquidity risk appetite and limit indicators, optimized management mechanisms and procedures, and regularly monitored liquidity risks, thus continuously improving its liquidity risk management.

Following the Group's integrated management and control model, member companies of CPIC formulated appropriate liquidity risk appetite, limit indicators and management systems based on their own conditions. At the same time, through daily liquidity monitoring and reporting mechanisms, they ensured that they met both the regulatory requirements and those of the Group for liquidity risk management. During the reporting period, the Group and all member companies enjoyed good liquidity performance, with no major liquidity risk event or breaching of liquidity limit.

### **4. Operational risk**

In accordance with the requirements of new regulatory rules, the Company revised the "Measures for Operational Risk Management" to further clarify the organisational structure and job responsibilities of the Group's operational risk management, as well as the operational risk management requirements for member companies, and completed the training for all staff on the operational risk management system. The Group and its subsidiaries carried out the 2022 annual risk and internal control self-assessment to identify and assess operational risks in their operation and management, while continuously improving the Group's internal control.

## **VII. Integrated Risk Rating**

### **(I) Results of the last 2 rounds of IRR**

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

### **(II) Remedial actions taken or to be taken**

Rectification measures taken during the reporting period and status included:

First, established a new Group risk management system which covers risk governance, risk strategies, management of major risk categories in line with new rules such as C-ROSS II and Administrative Provisions on Supervision of Insurance Groups. Based on its realities in risk management, the Company amended the Group Risk Management Policies and supportive rules and regulations for implementation, which further improved the closed-loop risk management processes of the Group and incorporated risk management requirements into business rules.

Second, optimised organisational structure for risk management. In the light of latest regulatory requirements, industry best practices, and its own situation, the Company further clarified roles and responsibilities of management of Group-specific risk and major risk categories, and put in place an all-encompassing organisational system with each participant playing its due role and also working together, boosting the integration of risk management and business management.

Third, improved Group risk appetite and limit management system. In a bid to achieve full coverage of risk management responsibilities, closed-loop management of risk appetite which can translate into effective constraints for business operation, the Company reviewed the risk indicators, completed the Risk Appetite Framework modelling under C-ROSS II, promoted the use of risk management in asset allocation, capital planning and all-round financial budgeting via enhanced risk appetite transmission and stress test models, so that the RAF can better facilitate key business decisions.

