中国太平洋保险(集团)股份有限公司
China Pacific Insurance (Group) Co.,Ltd.

Investor's Newsletter（January 11, 2021）

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CPIC（SH601601，HK02601, LSE CPIC）

Stock Data (ending Dec. 31, 2020)

Total equity base (in million)	9,620
A-share	6,845
H-share	2,775
Total Cap (in RMB million)	333,741
A-share	262,850
H-share (in HKD million)	84,230
6-month highest/lowest	
A-share (in RMB)	39.85/28.29
H-share (in HKD)	31.00/21.20
GDR(in USD)	29.75/18.20

IR Calendar

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Q &A

●Summary of Q&A on Digital Empowerment

1. Q: Digitalisation is one of the priorities of the Company's Transformation 2.0 strategy. What progress have you made so far on this front?

A: The year 2021 marks the conclusion of Transformation 2.0. On the digital side, the initiative focuses on 6 areas. **First** is enhancing the top-level design of technological innovation. To this end, a Technological Innovation and Consumer Protection Committee has been established under the Board of Directors. **Second** is accelerating the market-based reform of technology, mainly through the establishment of CPIC Fintech. **Third** is cooperating with leading technological firms and institutions of higher learning to build an ecosystem for technology. **Fourth** is facilitating on-line business operation, centering on the establishment of a technological empowerment platform to promote on-line migration of customers, operational processes, sales partners and business management. **Fifth** is improving capabilities in data and applications management, including putting in place a full-domain data lake. **Sixth** is recruiting leading experts and establishing the Data Intelligence Institute, with top-notch experts in technology helping enhance digital empowerment capabilities.

2. Q: You recently signed an agreement of strategic cooperation with Alibaba, for the purpose of "re-engineering a new generation of data middle platform. Exactly what are included in this data middle platform? You have also signed similar agreements with many other leading Internet firms. Could you elaborate on the areas of cooperation and the projects involved?

A: The building of the data middle platform will be in 3 steps. **First,** we will establish a full-domain data lake, mainly to incorporate all business and financial data into the lake for unified management. **Second,** on the basis of the data lake, we will establish a data warehouse to pave the way for data analysis, modelling and governance. **Third** is application via cooperation with our subsidiaries. For example, we are promoting the application in credit risk management, which aims to set up a set of models and a unified platform for the management of credit risk of both individuals and firms, thus supporting underwriting and claims management of our subsidiaries. So far, we have completed the first step and are proceeding with the second and third steps.

Another important way to enhance digital empowerment is to build a technological ecosystem. In 2020, we have entered into strategic cooperation with leading technological firms, outfits and institutions of higher learning such as Huawei, Alibaba, Shanghai Jiaotong University, Fudan University

and Shanghai Insurance Exchange. To be specific, we jointly launched an AI lab with Shanghai Jiaotong University, a block-chain lab with Shanghai Insurance Exchange, and a big data platform for production and operational maintenance in collaboration with Huawei. The deployment along those lines seeks to form cooperation based on each party's strengths, that is, the combination of their technological capabilities and our application scenarios. This, in turn, will strengthen our independent R&D capabilities, while providing our partners with platforms for on-the-ground application of their products. Ultimately, through these cooperation projects we expect to establish an independent R&D system which we can control and foster our own capabilities in related areas.

3. Q: You are in the process of incorporating a fin-tech subsidiary. Could you give us an update on the progress? What about the positioning and development strategies of the company?

A: In July and August 2020, the Board and the SGM of the Company passed the resolution on the establishment of CPIC Fintech. Currently, the preparatory work is nearly completed and we are now in the stage of test runs before obtaining regulatory approvals.

The incorporation of CPIC Fintech mainly aims to fulfill the transformation target of introducing market-based mechanisms for digital empowerment, and boost digital empowerment so that technology, data and people can become the key drivers of business development. The new entity gives priority to serving in-house clients within the Group, and seeks to improve the development for employees and allocation of resources as part of the effort to foster an enabling environment for digital service, innovation incubation and ecosystem building.

The roadmap can be summarized in 2 points: **first** is establishment of a collaborative relationship between the Group, its subsidiaries and CPIC Fintech for governance & management, R&D and application; **second** is the shift from "allocation" towards "payment", that is, getting paid for services instead of allocating expenses between users, and from "delivery" to "operation", i.e., continuing operation after product delivery, thus putting in place a market-based collaborative model for technology.

4. Q: What is your plan to ensure that CPIC Fintech can empower the core insurance business?

A： We have designed a path for CPIC Fintech to achieve empowerment of the core insurance business in 3 steps. **First** is to improve the efficiency and effectiveness of technology, that is, to enable the "enablers", i.e. the front-line IT people, so as to lower costs and enhance operational efficiency. **Second** is capacity-building, which involves 3 measures: building of an ecosystem for technological cooperation via partnerships with leading technology firms; recruiting top-notch experts on the market and founding

the Data Intelligence Institute; establishment of 4 middle platforms respectively for data, AI, technology and API to enhance capabilities. **Third** is extension of the value chain, that is, based on our technology capabilities and centering on insurance, we will move up and down the value chain, seeking to provide empowerment services to our clients, partners and suppliers, and may even to the insurance market at large in the long run.

5. Q: What is the organizational structure of CPIC Fintech?

A: Under current design, there are 5 business units, of which 3 are for front line and 2 are for middle platform. Front-line units are composed of Data Intelligence, which focuses on the development of AI and big data applications for insurance; Application Development, which is mainly responsible for development of application software for management, finance and assets; and Internet Operation, which, as its name suggests, centers on Internet. The 3 units form a closed loop from demand solutions to application development and on-line operation. The middle platform covers 2 units: Cloud Service, mainly for the provision of infrastructure service, and Shared Platforms, which will display product-type deliveries. The 2 units of middle platform will charge front line for their services, and they will also offer support to the IT departments of CPIC Life and CPIC P/C.

6. Q: What is the current status of recruitment for CPIC Fintech? What is your plan for the cultivation of technology people? How do you balance between in-house team capacity-building and outsourcing?

A: As for the progress of its establishment, first of all, all the 1000 or so employees of the previous IT department of the Group will migrate to CPIC Fintech, and on top of that, we are in the process of recruiting other people. The target headcount is subject to the development of the company.

As for the cultivation of technology professionals, we will follow 3 paths. **First** is fostering current employees. Earlier on, I mentioned the building of a technology ecosystem, and that aims to enhance our own capabilities. **Second** is to conduct cooperation with universities in the form of campus cultivation and recruitment, and this is what we have been doing recently. **Third** is continued recruitment of leading experts on the market for key areas or positions. And we have recently recruited several top-notch experts in their areas of specialisation. Of course, all the 3 areas will move ahead simultaneously.

As for third-party cooperation, we will adopt a differentiated approach towards R&D in systems and applications. For infrastructure or infrastructural products which have no direct bearing on insurance, we will choose to work with leading technology firms. But for those capabilities which have a direct impact on insurance or related areas, we prefer to do it in-house. Our partners, while providing support in infrastructure, will also contribute to our own in-house capacity-building. Such mutual support

mechanisms have been incorporated in the strategic cooperation agreements we signed, which, for example, explicitly set out arrangements for these technology firms to help foster big data engineers or AI engineers of CPIC.