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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*

Shanghai, the PRC, 28 August 2017

*As at the date of this announcement, the Executive Directors of the Company are Mr. KONG Qingwei and Mr. HUO Lianhong; the Non-executive Directors of the Company are Mr. WANG Jian, Mr. WANG Tayu, Mr. KONG Xiangqing, Mr. ZHU Keping, Ms. SUN Xiaoning, Mr. WU Junhao and Mr. CHEN Xuanmin; and the Independent Non-executive Directors of the Company are Mr. BAI Wei, Mr. LEE Ka Sze, Carmelo, Mr. LAM Chi Kuen, Mr. ZHOU Zhonghui and Mr. GAO Shanwen.*

# Summary of Quarterly Solvency Report

**Anxin Agricultural Insurance Company Limited**

**Second Quarter of 2017**

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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 insurance and accident insurance; other types of property insurance relating rural areas and farmers; reinsurance of the above said insurance; insurance funds investment as approved by 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 Fulinong Investment Company	7,718.03	11.03%
Shanghai Minhang Asset Investment Co., Ltd.	5,365.19	7.66%
Shanghai Nongfa Asset Management Center	4,201.72	6.00%
Shanghai Baoshan Fiscal Investment Company	3,150.84	4.50%
Shanghai Jiading Guangwo Assets 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

China Pacific Property Insurance Co., Ltd. is the de facto controller, holding 52.13% of the shares of the Company.

## (VI) Subsidiaries, joint or associate ventures

None during the reporting period

## (VII) Contacts for solvency information disclosure

1. Contact person: HU Xiaolu
2. Tel. number: 021-66988251
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 lastquarter/during last quarter
Core solvency margin ratio	286%	296%
Core solvency margin surplus (10K RMB)	91,210	94,079
Comprehensive solvency margin ratio	286%	296%
Comprehensive solvency margin surplus (10K RMB)	91,210	94,079
The latest comprehensive risks assessment	--	B
Premium income (10K RMB)	46,033	14,626
Net profit (10K RMB)	2,108	1,947
Net assets (10K RMB)	128,958	132,098

## III. Actual capital

Item	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	296,418	267,440
Admitted liabilities (10K RMB)	156,128	125,421
Actual capital (10K)	140,290	142,019
Tier 1 core capital (10K RMB)	140,290	142,019
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)	49,080	47,939
Required capital for quantitative risks (10K RMB)	48,970	47,832
1)Required capital for insurance risk (10K RMB)	42,279	38,915
2)Required capital for market risk (10K RMB)	10,495	14,169
3)Required capital for credit risk (10K RMB)	6,088	5,792
4)Diversification effect for quantitative risks (10K RMB)	9,893	11,044

5) Loss absorption for special-type insurance contract loss (10K RMB)	-	-
Required capital for control risk (10K RMB)	110	108
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. Comprehensive risk assessment

The Company was rated B in comprehensive risk assessment by CIRC for both Q4 2016 and Q1 2017.

## VI. Risk management status

### (I) The latest CIRC solvency risk management assessment of the Company

The Company scored 79.55 points in the latest SARMRA risk assessment conducted by the CIRC. To be specific, we received 17.81 points for risk management infrastructure and environment, 7.57 points for risk management objectives and tools, 8.22 points for insurance risk management, 8.01 points for market risk management, 7.4 points for credit risk management, 7.06 points for operational risk management, 7.87 points for strategic risk management, 7.35 points for reputation risk management, and 8.27 points for liquidity risk management.

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

In this quarter, the Company adjusted the composition of the Compliance and Risk Control Working Committee to further strengthen the working mechanism for compliance and risk control. In order to implement the CIRC's *Administrative Rules on Compliance Management of Insurance Companies* and strengthen compliance and risk control management, the Company further improved the three-line-of-defense compliance systems, appointed a compliance officer in each department and branch office, set up a legal compliance department in branch companies and established corresponding compliance positions. The Company also issued the "Compliance Policy" and "Internal Control Policy" to further improve the Company's compliance and risk control management. It continued to improve its risk management system, and put in place a database function module for loss data to further strengthen the monitoring of operational risks.

Following the regulatory requirements, relevant departments of the Company carried out inspection, assessment and self-examination of risk prevention and control in key areas based on the actual situation of the Company, and rectified the issued identified in the self-assessment. Emergency drills were carried out to further test the effectiveness of the Company's risk prevention and control mechanism. The Risk Management Department adjusted and optimized the 2016 annual risk appetite and limits, and issued the 2017 annual risk appetite and limits. It carried out self-examination of SARMRA risk management while tracking the rectification plans of relevant departments. It continued to monitor risks and formulated monthly investment reports, quarterly reports on investment internal control and insurance asset risk classification reports, etc.

## 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)	38,568

#### 2. Comprehensive current ratio

Item	Within 3 months
Comprehensive current ratio	560%

#### 3. Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio	697%	498%

### (II) Liquidity risk analysis and mitigation

As an agricultural insurer, the Company mainly faces two kinds of liquidity risk: First, the time lag in the collection of agricultural insurance fiscal subsidy receivables. The Company's main business is agricultural insurance. Agricultural insurance premiums account for more than 60% of the Company's total premiums, and fiscal subsidies make up about 70% of the agricultural insurance premiums. In accordance with the Shanghai

Municipality Administrative Rules for Municipal Subsidies for Agricultural Insurance Premiums 2016-2018, the fiscal subsidies are to be allocated in the current year and settled the following year. Therefore, this time lag has a certain impact on the Company's cash flow. The Company has been actively communicating with the agricultural and financial governmental authorities to better determine the specific time-line for each subsidy, so that the subsidies can be received as soon as possible.

The second is agricultural insurance risks associated with catastrophe. The Company's agricultural insurance business is concentrated in Shanghai. Due to the concentration of the geographical coverage and the nature of agricultural insurance, the occurrence of a disaster would lead to enormous claims payment by the Company in a very short time. In response, the Company took various measures to closely track disasters in the second and third quarters (peak season for typhoon) for better early warning and disaster prevention and mitigation; in the case of catastrophes, the Company will implement contingency plans, deliver fast claims investigation and schedule funds to ensure normal and stable cash flows.

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

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

The Company did not receive any regulatory penalties from the CIRC in Q2 2017.

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

Going forward, the Company will pay continued attention to internal control and address the root causes of various issues, so as to improve its overall risk management capabilities.