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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, 27 October 2017

*As at the date of this announcement, the Executive Director of the Company is Mr. KONG Qingwei; 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**

**Third 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	7.67%
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. Key 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	288%	286%
Core solvency margin surplus (10K RMB)	96,327	91,210
Comprehensive solvency margin ratio	288%	286%
Comprehensive solvency margin surplus (10K RMB)	96,327	91,210
The latest comprehensive risks assessment	--	B
Premium income (10K RMB)	24,626	46,033
Net profit (10K RMB)	6,423	2,108
Net assets (10K RMB)	135,744	128,958

## III. Actual capital

Item	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	310,504	296,418
Admitted liabilities (10K RMB)	162,983	156,128
Actual capital (10K)	147,521	140,290
Tier 1 core capital (10K RMB)	147,521	140,290
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)	51,194	49,080
Required capital for quantitative risks (10K RMB)	51,079	48,970
1)Required capital for insurance risk (10K RMB)	44,974	42,279
2)Required capital for market risk (10K RMB)	8,805	10,495
3)Required capital for credit risk (10K RMB)	7,275	6,088
4)Diversification effect for quantitative risks (10K RMB)	9,975	9,893

5) Loss absorption for special-type insurance contract loss (10K RMB)	-	-
Required capital for control risk (10K RMB)	115	110
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 Q1 and Q2 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, it 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.

The Company convened the 3<sup>rd</sup> session of the Compliance and Risk Control Work Committee to deliberate on the Terms of Reference of the Compliance and Risk Control Work Committee and reviewed the Regulations on Participation of Compliance and Risk Control Representative in the Committee, in a bid to further strengthen the work mechanism for compliance and risk control. Based on gaps and risks identified during the SAMRA self-assessment, the Company started to work on and plan for the rectification, and will continue to review issues in risk control as identified by CIRC's SAMRA evaluation. In response to requirements of CIRC and the Group, it also heard reports on the status of the Campaign on Cracking down on Irregularities and Misconduct to Enhance Risk Control in an All-around Way, and pushed for the potential risks to be addressed in a timely manner.

The Board convened the 5<sup>th</sup> session of its Audit Committee to review The Second Quarter Solvency Report in 2017, and heard reports on the self-assessment of

solvency data integrity. The committee required that the Company continue to track its solvency and maintain its solvency at a healthy level. The committee was also updated on the status of risk management and results of differentiated regulatory assessment, with a review of risk management initiatives during the reporting period, and projections of future regulatory assessment. The committee recommended that gaps identified in the latest assessment should be corrected to stabilize and improve the Company's rating.

The Executive Office heard reports on the status of key risk management initiatives, and offered clear instructions on the next step, which, among other things, included submitting the Company's plans and measures for risk control in key areas to the Group. As required by the Group, the Risk Management Department will optimise the Company's risk limits on certain indicators, which will support the monitoring of the Company's Risk Appetite Framework in Q3. The department will continue to conduct risk monitoring, with reporting on investment on a monthly basis, on investment internal control percentages on a quarterly basis, on the 5-level risk classification of insurance assets and overall status of risk management.

## 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)	10,277

#### 2. Comprehensive current ratio

Item	Within 3 months
Comprehensive current ratio	459%

#### 3. Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio	490%	450%

### (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 are projected to account for more than 60% of the Company's total premiums for 2017, and fiscal subsidies would 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 in 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. In the reporting period, the Company intensified efforts in the collection of premium receivables following the principle of "addressing root-causes, increasing front-end responsibility and enhancing performance evaluation", in order to strengthen the management of premium receivables, improve collection rate and mitigate business risk.

The second is agricultural insurance risks associated with catastrophes. 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 Q3 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.