

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 April 2018

As at the date of this announcement, the Executive Directors of the Company are Mr. KONG Qingwei and Mr. HE Qing; 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

1st Quarter of 2018

Contents

I. BASIC INFORMATION	1
II. KEY INDICATORS	2
III. ACTUAL CAPITAL	2
IV. REQUIRED CAPITAL	2
V. COMPREHENSIVE RISK ASSESSMENT	3
VI. RISK MANAGEMENT STATUS	3
VII. LIQUIDITY RISK.....	4
VIII. REGULATORY MEASURES TAKEN AGAINST THE COMPANY	5

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 agency business; 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) Contact person information

1. Contact person: HU Xiaolu
2. Tel. number: 021-66988251
3. Email: 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	310%	310%
Core solvency margin surplus (10K RMB)	102,976	100,884
Comprehensive solvency margin ratio	310%	310%
Comprehensive solvency margin surplus (10K RMB)	102,976	100,884
Latest comprehensive risks assessment	--	A
Premium income (10K RMB)	16,180	27,871
Net profit (10K RMB)	2,317	3,169
Net assets (10K RMB)	139,374	136,713

III. Actual capital

Item	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	289,708	290,940
Admitted liabilities (10K RMB)	137,806	142,120
Actual capital (10K)	151,902	148,820
Tier 1 core capital (10K RMB)	151,902	148,820
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)	48,927	47,936
Required capital for quantitative risks (10K RMB)	48,130	47,156
1)Required capital for insurance risk (10K RMB)	42,665	42,005
2)Required capital for market risk (10K RMB)	8,127	7,003
3)Required capital for credit risk (10K RMB)	6,322	7,042
4)Diversification effect for quantitative risks (10K RMB)	8,984	8,894

5) Loss absorption for special-type insurance contract loss (10K RMB)	-	-
Required capital for control risk (10K RMB)	797	780
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. Comprehensive risk assessment

The Company was rated A in the comprehensive risk assessment by CIRC for Q3 and A for Q4 2017.

VI. Risk management status

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

The Company scored 76.69 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, 7.06 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 (if any) and the latest results in the reporting period.

During this quarter, the Company has further strengthened risk management and the main measures are as follows:

1. The Company reviewed and evaluated its risk management in 2017, drafted an annual risk assessment report, and reported to the board of directors and management.
2. The Company evaluated its existing risk management system, and made arrangements for the revision of the risk management system.
3. The Company carried out the compilation of internal control manual, and strengthened the design of its business process.
4. The Company implemented the requirements from the “1+4” series of documents issued by CIRC, mobilized a part-time compliance team, and carried out on-site inspection and rectification supervision.

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)	-2804

2. Comprehensive current ratio

Item	Within 3 months
Comprehensive current ratio	196%

3. Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio	440%	381%

(II) Liquidity risk analysis and mitigation

(1) Cash flows

In this quarter, net cash flow of the Company was –RMB 28.04 million. Net cash flow from business activities in this quarter was –RMB 84.07 million, a decrease of RMB 40.98 million compared with last quarter. Of this, cash inflow from primary insurance contracts decreased by RMB 159.61 million, and claim payout dropped by RMB 94.45 million.

Net cash flow from the Company’s investment activities was RMB 56.10 million, an increase of RMB 23.46 million from last quarter, mainly due to increased cash payments from financial asset 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 will be 440% and 381% under stress scenario 1 and 2 respectively in the next quarter, enough to meet short-term cash flow requirements.

VIII. Regulatory measures taken against the Company

(I) Regulatory measures taken against the Company by CIRC

During the reporting period, the directors, supervisors or senior management received no administrative penalties from either financial services regulators or other government agencies.

During the reporting period, there was no misconduct which was turned over to the justice authorities among directors, supervisors or management at the head-office department level or above, or management of provincial branches.

During the reporting period, the Company received the former CIRC Supervision Letter (Jianguanhan No. 24 in 2018), which pointed out that there were 77 products in our company with problems that are in violation of the "*Measures for the Administration of Insurance clauses and rates of Property Insurance Companies*" (CIRC Decree No. 3 in 2010) and the "*Guidelines for the Development of Insurance products of Property Insurance Companies*" (Baojianfa No.115, 2016). The supervision letter requires that:

1. The Company immediately stops using the defective products;
2. The Company is prohibited to file new insurance clauses and insurance rates (except for agricultural insurance products) within three months from the date of the issuance of this supervision letter;
3. The Company is required to carry out self-inspection and rectification targeting the management of product development;
4. The Company must submit self-inspection rectification report in a timely manner.

(II) Corrective measures taken by the Company

The Company attaches great importance to the implementation of the requirements of the letter of supervision, and has taken a series of measures as follows:

1. Stopped using the defective products immediately;
2. Established a special working group for product rectification;
3. Implemented weekly meeting mechanism;
4. Made a clear list of tasks with clearly defined responsibilities;
5. Initiated accountability system for the persons responsible.

The Company divided the problem products into three batches in terms of the nature, problem types, and the business demand of the products, carried out rectification for them, and re-filed them. Up to now, the Company has completed the rectification of

the first and the second batch, and re-reported to the regulatory authorities. The third batch will also be reported to the regulatory authorities in the near future.