

*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*

Hong Kong, 31 October 2020

*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 of the Company are Ms. LIANG Hong, Ms. LU Qiaoling, Mr. John Robert DACEY, Mr. HUANG Dinan, Mr. WANG Tayu, Mr. WU Junhao, Mr. ZHOU Donghui and Mr. CHEN Ran; and the Independent Non-executive Directors of the Company are Ms. LAM Tyng Yih, Elizabeth, Ms. LIU Xiaodan, Mr. WOO Ka Biu, Jackson, Mr. CHEN Jizhong, and Mr. JIANG Xuping.*

\* *Note:* The appointment qualifications of Ms. LIANG Hong, Ms. LU Qiaoling, Mr. John Robert DACEY, Mr. ZHOU Donghui, Mr. CHEN Ran, Ms. LIU Xiaodan and Mr. WOO Ka Biu, Jackson are subject to approval by China Banking and Insurance Regulatory Commission.

# Summary of Quarterly Solvency Report

**Anxin Agricultural Insurance Company Limited**

**3<sup>rd</sup> Quarter of 2020**

## **Contents**

I. BASIC INFORMATION .....	<b>1</b>
II. MAIN INDICATORS .....	<b>2</b>
III. ACTUAL CAPITAL .....	<b>3</b>
IV. REQUIRED CAPITAL .....	<b>3</b>
V. INTEGRATED RISK RATING .....	<b>3</b>
VI. RISK MANAGEMENT STATUS.....	<b>3</b>
VII. LIQUIDITY RISK.....	<b>4</b>
VIII. REGULATORY MEASURES TAKEN AGAINST THE COMPANY .....	<b>6</b>

## 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 and accident insurance; other types of property insurance relating rural areas and farmers; reinsurance of the above said insurance; insurance agency business (subject to approval by regulators as per 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 Agricultural Development Co., Ltd.	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 Asset 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

The Company has no de facto controller. China Pacific Property Insurance Co., Ltd. is the majority shareholder, 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: +86-21-66988251
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 last quarter/during last quarter
Core solvency margin ratio	262%	274%
Core solvency margin surplus (10K RMB)	107, 781	109, 586
Comprehensive solvency margin ratio	262%	274%
Comprehensive solvency margin surplus (10K RMB)	107, 781	109, 586
Latest IRR result	--	A
Premium income (10K RMB)	23, 616	73, 241
Net profit (10K RMB)	1, 023	202
Net assets (10K RMB)	153, 654	152, 408

### III. Actual capital

Item	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	404, 646	417, 754
Admitted liabilities (10K RMB)	230, 296	245, 286
Actual capital (10K)	174, 351	172, 468
Tier 1 core capital (10K RMB)	174, 351	172, 468
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)	66, 570	62, 883
Required capital for quantitative risks (10K RMB)	65, 486	61, 859
1) Required capital for insurance risk (10K RMB)	52, 427	50, 233
2) Required capital for market risk (10K RMB)	10, 786	7, 410
3) Required capital for credit risk (10K RMB)	21, 151	21, 485
4) Diversification effect for quantitative risks (10K RMB)	18, 878	17, 268
5) Loss absorption for special-type insurance contract loss (10K RMB)	-	-
Required capital for control risk (10K RMB)	1, 084	1, 024
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. Integrated risk rating (IRR)

The Company was rated A at the IRR by CBIRC for both Q1 and Q2 of 2020.

### VI. Risk management status

#### (I) The latest CBIRC Solvency Aligned Risk Management Requirements and Assessment (SARMRA) of the Company

The Company scored 76.69 points in the last (2017) SARMRA assessment conducted by the CBIRC. 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 and the latest results in the reporting period**

The Company continued to take measures to step up its risk management in this quarter.

First, it amended Provisions on Risk Appetite Framework(RAF) of Anxin Agricultural Insurance Company Limited in order to improve the Company's management procedures for RAF. The amendment was based on Provisional Regulations on Risk Management of Insurance Companies and Standards on Solvency Supervision of Insurance Companies by CBIRC and Risk Management Policies of Anxin Agricultural Insurance Company Limited, and in view of latest amendments to the RAF management systems of its parent company as well as its own realities.

Second, it released the 2020 Risk Appetite Framework. In light of the requirements on RAF management systems of the parent company and its own realities, it updated the Risk Appetite Statement, Risk Tolerance and the 2020 Risk Upper Limits.

Third, as per PBoC requirements, the Company conducted the risk screening and self-assessment for the first half of 2020, with reporting on changes in solvency and reasons, major risks and mitigation, special risks and mitigation, impact of domestic and overseas economic environment and economic policies on its business operation.

Fourth, completed the filing of IRR data for Q2 2020, Risk Upper Limits, and finished the evaluation of risk management in major categories, while closely monitoring its risk status and taking timely steps to mitigate potential risks.

## **VII. Liquidity risk**

### **(I) Liquidity risk management indicators**

#### **1. Net cash flow**

<b>Item</b>	<b>During/as at the end of this quarter</b>
Net cash flow (10K RMB)	-2,815

## 2. Comprehensive current ratio

Item	Within 3 months
Comprehensive current ratio	110%

## 3. Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio	1190%	1001%

### (II) Liquidity risk analysis and mitigation

#### (1) Cash flows

In this quarter, net cash flow of the Company was -RMB28 million. Net cash flow from business activities in this quarter decreased by RMB118 million from the previous quarter to RMB114 million. Net cash flow from the Company's investment activities was -RMB70 million, a decrease of RMB18 million from the previous quarter. Financing activities generated -RMB71 million in net cash flow, up by RMB83 million from the previous quarter.

#### (2) Liquidity indicator analysis

As of the end of the reporting period, cash and cash equivalents amounted to RMB65 million, a decrease of RMB28 million from RMB93 million of the previous quarter, mainly because of increased outflow of cash for investment.

The comprehensive current ratio within 3 months and 1 year was 110.31% and 105.29% respectively, down by 18.18 and 6.24 percentage points respectively compared with the previous quarter. Of this, cash inflows on assets are projected to decrease by RMB223 million and RMB340 million respectively from the previous quarter. This is mainly due to impact of asset allocation, as cash inflows on bond securities holdings within 3 months and 1 year are projected to fall both by RMB180 million. As of the end of the reporting period, cash flows from securities for trading purpose within 3 months and 1 year declined both by RMB209 million from the previous quarter; projected cash flows on current liabilities in the next 3 months are expected to stay flat versus the previous quarter. The comprehensive current ratio beyond 1 year was 261.37%, up by 3.6 percentage points, enough to meet long-term cash flow requirements arising from business volatility.

The liquidity coverage ratio is 1189.90% and 1001.47% under stress scenario 1 and 2



respectively in the next quarter, up by 432.10 and 338.63 percentage points respectively from the previous quarter. Of this, high-quality liquid assets increased by RMB143 million, and net cash outflows decreased by RMB39 million and RMB40 million from the previous quarter under the 2 stress scenarios respectively.

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

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

The Company received no penalties from CBIRC during the reporting quarter.

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

Going forward, the Company will continue to pay close attention to risk issues high on the regulator's agenda and internal control, address the root causes of the issues, so as to improve its overall risk management capabilities.