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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*

Hong Kong, 28 August 2023

*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 are Mr. HUANG Dinan, Mr. WANG Tayu, Mr. WU Junhao, Mr. CHEN Ran, Mr. ZHOU Donghui, Ms. LU Qiaoling and Mr. John Robert DACEY; and the Independent Non-executive Directors are Ms. LIU Xiaodan, Mr. CHEN Jizhong, Ms. LAM Tyng Yih, Elizabeth, Ms. LO Yuen Man, Elaine, and Mr. JIANG Xuping.*

# Summary of Quarterly Solvency Report (Excerpts)

**China Pacific Anxin Agricultural Insurance Co., Ltd.**

**2nd Quarter of 2023**

## Company overview and contact information

Company name (Chinese):	太平洋安信农业保险股份有限公司
Company name (English):	China Pacific Anxin Agricultural Insurance Company Limited
Legal representative:	SONG Jianguo
Registered address	3651 Gonghexin Road, Shanghai, the PRC.
Registered capital	1.08bn yuan
Business license number	00000089
Date opening for business	September 2004
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 (business which requires approval to be conducted after such approvals are granted, subject to approval documents or permits)
Business territories	Shanghai, Jiangsu Province, Zhejiang Province.
Contact person:	LI Mao
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## I. Board and management statement

### (I) Board and management statement

The report has been approved by the board of directors of the Company. The board and senior management of the Company warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, and that there is no false representation, misleading statement or material omissions; and they severally and jointly accept responsibility for the contents of this report.

### (II) Status of review by the board

Below is the voting results by directors:

Name of directors	For	Against	Abstain
SONG Jianguo	√		
MAO Xiaojun	√		
SHI Jian	√		
XING Zhibin	√		
JIANG Shengzhong	√		
SHEN Chun	√		
ZHANG Qiao	√		
CHEN Sen	√		
ZHOU Li	√		
Total	9		

Note: Tick “√” in corresponding blanks according to opinions of directors.

There were no directors who can not warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, or harbour any doubts in this regard.

July 2023

China Pacific Anxin Agricultural Insurance Company Limited

## II. Basic information

### (I) Ownership structure and shareholders, and change during the reporting period

#### 1. Ownership structure and change

Types of shareholders	Beginning of reporting period		Shareholder injection	Change of shares or stake			End of reporting period	
	Shares or contribution	Percentage (%)		Transfer from capital reserve and share dividends distribution	Share transfer	Sub-total	Shares or contribution	Percentage (%)
State	0	0%	0	0	0	0	0	0%
State-owned legal person	108,000	100%	0	0	0	0	108,000	100%
Private legal person	0	0%	0	0	0	0	0	0%
Foreign	0	0%	0	0	0	0	0	0%
Others	0	0%	0	0	0	0	0	0%
<b>Total</b>	<b>108,000</b>	<b>100%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>108,000</b>	<b>100%</b>

Note:(1) Shares apply to joint-stock companies (unit: 10,000 shares), and stake applies to non joint-stock companies (unit: 10,000 yuan). (2) Ownership by state refers to the stake acquired by investment entities or departments on behalf of the state by way of capital contribution or following legal procedures. Such shares are registered by insurance companies as being owned by the entity or department. Ownership by state-owned legal persons refers to the stake acquired by state-owned enterprises, not-for-profit organisations and other entities by way of contributing capital to an independent insurance firm or acquired following legal procedures using assets legally in their possession. Such shares are registered by insurance companies as being owned by the state-owned enterprise, not-for-profit organisation and entity.

#### 2. Controlling shareholder or de facto controller

The Company has no de factor controller. China Pacific Property Insurance Co., Ltd. is the majority shareholder, holding 67.78% of the shares of the Company.

#### 3. Shareholders and related parties as at the end of the reporting period

Names of shareholders	Types of shareholders	Shares held at the end of the reporting period (10,000)	Shareholding percentage at the end of the reporting period (%)	Shares pledged or in lock-up
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shares)

China Pacific Property Insurance Co., Ltd.	State-owned	73,205.68	67.78%	0
Shanghai Agricultural Development Co., Ltd.	State-owned	7,718.03	7.15%	0
Shanghai Minhang Asset Investment (Group) Co., Ltd.	State-owned	5,365.19	4.97%	0
Shanghai Nongfa Asset Management Co., Ltd.	State-owned	4,201.72	3.89%	0
Shanghai Fengxian District State-owned Asset Operation Co., Ltd.	State-owned	3,653.35	3.38%	0
Shanghai Baoshan Fiscal Investment Company	State-owned	3,150.84	2.92%	0
Shanghai Jiading Guangwo Asset Management Co., Ltd.	State-owned	2,504.59	2.32%	0
Shanghai Songjiang State-owned Asset Investment Management Group Co., Ltd.	State-owned	2,025.88	1.88%	0
Shanghai Huinong Investment Management Co., Ltd.	State-owned	1,817.99	1.68%	0
Shanghai Qingpu Asset Management Co., Ltd.	State-owned	1,719.37	1.59%	0
Shanghai Jinshan Capital Management Group Co. Ltd.	State-owned	1,640.50	1.52%	0
Shanghai Chongming Asset Operation Co., Ltd.	State-owned	996.86	0.92%	0
Total	— —	108,000.00	100.00%	0
Related party relations among shareholders	None			

Note: Types of shareholders refer to “state-owned”, “foreign” and “natural persons”, etc.

#### 4. Shareholding by directors, supervisors and senior management

None during the reporting period.

#### 5. Share transfer during the reporting period

None.

## **(II) Directors, supervisors and senior management**

### **1. Directors, supervisors and senior management**

#### 1.1 Directors

As of the end of June 2023, the 4th Board of Directors of the Company has 9 directors in total:

Mr. SONG Jianguo, born in December 1966, holds a master's degree. He has been serving as Chairman of the Company since February 2015 (approval document: CIRC Approval [2015] No. 143). Mr. SONG currently serves as Deputy General Manager of CPIC P/C and Dean of Tai'an Agricultural Insurance Research Institute. He previously served as General Manager of CPIC P/C Hainan Branch, General Manager of Property Liability Insurance Department of CPIC P/C, General Manager of CPIC P/C Shandong Branch, and Head of Sales of CPIC P/C.

Mr. MAO Xiaojun, born in March 1967, received junior college education and holds the title of Accountant. He has been serving as Non-executive Director of the Company since July 2015 (approval document: CIRC Approval [2015] No. 732). Mr. MAO currently serves as General Manager of Shanghai Shenlian Shengshi Enterprise Development Co., Ltd. He previously served as CFO of Shanghai Dalong Accounting Firm, and Head of Investment Management Department of Shanghai Minhang Asset Investment Management (Group) Co., Ltd.

Ms. XING Zhibin, born in June 1982, holds a bachelor's degree. She has been serving as Non-executive Director of the Company since February 2022 (approval document: CBIRC Approval [2022] No. 32). Ms. XING currently serves as Head of Assets Supervision Section of Shanghai Agricultural Development Promotion Center. She previously served as Deputy Manager of Administrative Affairs Department of Shanghai Kaibo Property Management Co., Ltd., Deputy Head of Organization and Personnel Section of Shanghai Modern Agriculture Open Training Center, and Director



of General Office of Shanghai Agricultural Development Promotion Center.

Mr. SHI Jian, born in November 1973, holds a bachelor's degree, and has been serving as Executive Director of the Company since September 2021 (approval document: CBIRC [2021] No. 680). Mr. SHI also serves as General Manager of the Company. Previously he served as Deputy General Manager (in charge) of Shanghai West Operation Management Office of Shanghai Branch of China Life Insurance Company, Deputy General Manager of Business Management Department, General Manager of Market Development Department, and General Manager of Product Development and Reinsurance Department of Shanghai Anxin Agricultural Insurance Co., Ltd. He also served as Assistant President, Vice President, Board Secretary, Executive Director, President (General Manager) of Anxin Agricultural Insurance Co., Ltd., as well as Deputy Head of Marketing and General Manager of Strategic Account Department of CPIC Group.

Mr. JIANG Shengzhong, born in July 1958, holds a doctoral degree. He has been serving as Independent Director of the Company since April 2018 (approval document: CBIRC Approval [2018] No. 4). Mr. JIANG is currently a professor and PhD supervisor of Nankai University. He also serves as Director of Agricultural Insurance Center of Nankai University Finance College, President of the Education Committee of the Insurance Society of China, Executive Director of China Society for Finance and Banking, Executive Director of Tianjin Insurance Society, and Honorary Director of Council of China Insurance News. Mr. JIANG was previously Dean of Insurance Department of Nankai University.

Mr. ZHANG Qiao, born in November 1962, holds a doctoral degree. He has been serving as Independent Director of the Company since December 2022 (approval document CBIRC Approval [2022] No. 851). Mr. ZHANG currently serves as Research Fellow of Agricultural Information Institute of the Chinese Academy of Agricultural

Sciences, executive member of the Agriculture Risk Management Council of China, Research Fellow of the National Research Centre on Agriculture and Rural Areas of China Agriculture University, and vice chair of the Panel of Monitoring and Early Warning of China Agricultural Institute. He previously served as Assistant Research Fellow, Deputy Research Fellow of Agricultural Information Institute of the Chinese Academy of Agricultural Sciences, and lecturer of Shanxi University of Finance and Economics.

Mr. SHEN Chun, born in August 1971, holds a bachelor's degree. He has been serving as Independent Director of the Company since January 2019 (approval document: CBIRC Approval [2019] No. 44). Mr. SHEN currently serves as Director of the Management Committee of Excellent Law Firm, Chairman of the China Democratic National Construction Association Baoshan Committee Wusong General Branch, Member of the Standing Committee of the 9th Baoshan District Political Consultative Conference, Law Enforcement Supervisor of the CPC Political and Legal Commission of Baoshan District, Legal Advisor of Government of Baoshan District. Mr. SHEN previously served as Deputy Head and Partner of Shanghai Zhengming Law Firm.

Mr. CHEN Sen, born in October 1970, holds a master's degree and membership of Society of Actuaries (SOA). He has been serving as Non-executive Director of the Company since March 2019 (approval document: CBIRC Approval [2019] No. 332). Mr. CHEN currently serves as Deputy General Manager, Finance Responsible Person, and Chief Actuary of CPIC P/C. He previously served as Senior Actuarial Analyst of Finance Department of Swiss Reinsurance Company (USA), Actuary of Analysis Department of Guy Carpenter & Company, Deputy General Manager, Chief Actuary, and Finance Responsible Person of China Property & Casualty Reinsurance Company.

Ms. ZHOU Li, born in March 1979, holds a bachelor's degree and the title of Accountant. She has been serving as Non-executive Director of the Company since June 2022

(approval document: CBIRC Approval [2022] No. 403). Ms. ZHOU currently serves as Manager of General Affairs Department of Agricultural Development Asset Management Center of Shanghai Pudong State-owned Assets Investment Management Co., Ltd. Previously, she served as Deputy Manager of Finance Department of Shanghai Agricultural Development Asset Management Center, Head of Audit Office of Shanghai Agricultural Development Asset Management Co., Ltd., Manager of General Affairs Department of Agricultural Development Asset Management Center of Shanghai Pudong State-owned Assets Investment Management Co., Ltd., etc.

## 1.2 Supervisors

As of the end of June 2023, the 4th Board of Supervisors of the Company has 6 Supervisors:

Mr. HUANG Xiongfei, born in March 1963, holds a bachelor's degree and the title of Accountant. He has been serving as Chairman of Board of Supervisors and Employee Representative Supervisor of the Company since July 2022 (approval document: CBIRC Approval [2022] No. 403). He concurrently serves as chairman of the Trade Union of the Company. Previously, Mr. Huang served as Manager of Personal Financial Services Department of Shanghai Rural Commercial Bank Pudong Branch, Deputy General Manager of Shanghai Pudong Sub-branch of Anxin Agricultural Insurance Co., Ltd., General Manager of Shanghai Nanhui Sub-branch of Anxin Agricultural Insurance Co., Ltd., member of the Party Committee, Vice-president, Deputy General Manager of Anxin Agricultural Insurance Co., Ltd. and Deputy Secretary of the Party Committee and General Manager of Shanghai Branch of Anxin Agricultural Insurance Co., Ltd., Deputy General Manager, member of the Party Committee, and Secretary of the Party Disciplinary Committee of China Pacific Anxin Agricultural Insurance Co., Ltd.

Ms. ZHANG Wenjuan, born in November 1983, holds a master's degree and national legal professional qualification. In December 2020, she became Employee Representative Supervisor of the Company (approval document: CBIRC [2020] No.

849). Ms. ZHANG also serves as Legal Responsible Person, Director of the Discipline Inspection Office, and General Manager of Legal Compliance Department/Risk Management Department of the Company. Previously, she served as Assistant General Manager, Deputy General Manager of Legal and Compliance Department of Anxin Agricultural Insurance Co., Ltd., Deputy General Manager (in charge) of Legal and Compliance Department of the Company, Deputy Director of the Discipline Inspection Office of the Company, Compliance Responsible Person of Shanghai Branch of the Company, and General Manager of Legal and Compliance Department of Shanghai Branch of the Company.

Mr. MIAO Huan, born in August 1983, holds a bachelor's degree. He became Supervisor of the Company in December 2021 (approval document: CBIRC Approval [2019] No. 973). Mr. MIAO currently serves as Deputy General Manager of Shanghai Huijia Venture Capital Co., Ltd. and Executive Director of Shanghai Jiading Guangwo Assets Management Co., Ltd. Mr. MIAO previously served as Business Assistant, and Business Manager of the Investment Management Department of Shanghai Jiading District State-owned Assets Management (Group) Co., Ltd., and Business Manager of Shanghai Jiading Venture Capital Management Co., Ltd.

Mr. GUO Zongjie, born in December 1968, holds a bachelor's degree. He became Employee Representative Supervisor of the Company in December 2020 (approval document: CBIRC [2020] No. 860). Mr. GUO is currently Head of the Office of the Board of Directors/Office of the Board of Supervisors, Head of the Party Building Department, and Director of the Party Committee Office of the Company. Previously, he served as Director of the General Office and Party Committee Office of CPIC P/C Shandong Branch, General Manager of the Intermediary Business Department of CPIC P/C Shandong Branch, and Director of the Administrative Office and General Manager of the Development Planning Department of the Company.

Mr. CHENG Song, born in November 1979, holds a master's degree. He became Employee Representative Supervisor of the Company in February 2022 (approval document: CBIRC [2022] No. 32). Mr. CHENG currently serves as General Manager of Finance Department and Asset Management Department of the Company. Previously, he served as Senior Manager of Accounting Center of Financial Management Department of CPIC Group, and Deputy General Manager of Financial Department of CPIC P/C.

Ms. ZHANG Wen, born in November 1984, holds a bachelor's degree. She has been serving as Supervisor of the Company since July 2022 (approval document: CBIRC Approval [2022] No. 403). Ms. ZHOU currently serves as Manager of Asset Management Department of Shanghai Kailun Investment Co. Ltd. She previously served as Executive Director, General Manager of Shanghai Xingbo Supplies Co., Ltd., General Manager of Business Development Management Department, Employee Representative Supervisor, and Director of General Office of Shanghai Fengxian SPD Rural Bank, Assistant President, Deputy President of Shanghai Fengxian Branch of Ningbo Bank.

### 1.3 Senior management

As of the end of June 2023, the Company has 7 members of senior management:

Mr. SHI Jian, born in November 1973, holds a bachelor's degree, and has been serving as General Manager of the Company since July 2021 (approval document: CBIRC [2021] No. 609). Mr. SHI also serves as Executive Director of the Company. Previously he served as Deputy General Manager (in charge) of Shanghai West Operation Management Office of Shanghai Branch of China Life Insurance Company, General Manager of Business Management Department, General Manager of Market Development Department, and General Manager of Product Development and Reinsurance Department of Shanghai Anxin Agricultural Insurance Co., Ltd. He also

served as Assistant President, Vice President, Board Secretary, Executive Director, President (General Manager) of Anxin Agricultural Insurance Co., Ltd., as well as Deputy Head of Marketing and General Manager of Strategic Account Department of CPIC Group.

Mr. ZHENG Kai, born in August 1972, holds a master's degree. He has been serving as Deputy General Manager and Board Secretary of the Company since May 2016 (approval documents: CIRC Approval [2016] No. 391, and CIRC Approval [2016] No. 383 respectively). Mr. ZHENG is also Member of the Jing'an District Committee of CPPCC. Mr. ZHENG previously served as Deputy Head of Youth Work Department of Communist Youth League Shanghai Municipal Committee, Secretary-General of Shanghai Young Entrepreneurs Association, Deputy Director of Economy Division of Taiwan Affairs Office of Shanghai Municipal Government, Head of Exchange and Communication Division of Taiwan Affairs Office of Shanghai Municipal Government, Head of Coordination Division of Taiwan Affairs Office of Shanghai Municipal Government, and General Manager of Shanghai Sales Outlet of Anxin Agricultural Insurance Co., Ltd.

Ms. LI Shuhui, born in July 1972, holds a master's degree and the title of Senior Auditor, CPA, CIA and CCSA. She has been serving as Finance Responsible Person and Deputy General Manager of the Company since December 2019 (approval documents: CBIRC Shanghai Approval [2019] No. 984, and CBIRC Shanghai Approval [2019] No. 983 respectively). She previously served as Deputy General Manager of Internal Audit Center/Second Division, General Manager of Audit Technology Division of CPIC Group, Supervisor of CPIC Allianz Health, Internal Auditing Responsible Person of Changjiang Pension, Supervisor of CPIC Online Services, Supervisor of Anxin Agricultural Insurance Co., Ltd, and General Manager of Finance Department and Assets Management Department of CPIC P/C, Supervisor of CPIC P/C.

Mr. HUANG Xiaofeng, born in March 1971, holds a master's degree. He has been serving as Assistant General Manager of the Company (approval document: CBIRC [2022] No. 409) since June 2022. Previously, Mr. HUANG served as Deputy Head of Gaodong Township, Head of Heqing Township, Pudong New Area, Shanghai, Deputy Director of the Rural Affairs Office, Deputy Director of the District Agricultural Committee of the CPC Committee of Pudong New Area, Member of the CPC Committee of Anxin Agricultural Insurance Co., Ltd. and General Manager of its Shanghai Nanhui Sub-branch, Deputy Secretary of CPC Committee and Deputy General Manager of Shanghai Branch of Anxin Agricultural Insurance Co., Ltd., Member of CPC Committee, General Manager of Agricultural Insurance Market Development Department and General Manager of Agricultural Insurance Business Management Department of Pacific Anxin Agricultural Insurance Co., Ltd.

Mr. WU Kaibing, born in July 1968, holds a doctoral degree and the title of Senior Auditor. He has been serving as Internal Auditing Responsible Person since October 2017 (approval document: CIRC Approval [2017] No. 1191). Mr. WU currently serves as General Manager of the Internal Audit Department (South China) of CPIC Group. He previously served as Securities Research Head of the Shanghai Securities Department of SDIC Hainan, Assistant President of Shanghai Kaiquan Pump (Group) Co., Ltd., Deputy Director of the Financial Audit Division of CNAO's Shanghai Resident Office, Senior Auditor of the Second Division of the Internal Audit Headquarters of CPIC Group, Senior Auditor, and Deputy General Manager of the Internal Audit Business Department of the Internal Audit Center of CPIC Group.

Mr. WU Gang, born in August 1970, holds a bachelor's degree. He has been serving as Compliance Responsible Person, and Chief Risk Officer of the Company (approval document: CBIRC [2022] No. 403) since June 2022. Previously, Mr. WU served as Assistant General Manager, Deputy General Manager (in charge) and General Manager of CPIC P/C Ningxia Branch, General Manager of CPIC P/C Gansu Branch, and General Manager of the Legal Affairs and Compliance Department of CPIC P/C.

Ms. YANG Guotao, born in January 1981, holds a master's degree and membership of China Association of Actuaries and FRM qualification. She has been serving as Chief Actuary of the Company since January 2020 (approval document: CBIRC Shanghai Approval [2019] No. 1096). Ms. YANG currently serves as General Manager of Actuarial Department of the Company. She previously worked in the capacity of actuarial service with China Continent Insurance Co. Ltd., served as Actuarial Responsible Person and Deputy General Manager (in charge) of the Actuarial Department of Anxin Agricultural Insurance Co., Ltd.

## **2. Changes to directors, supervisors and senior management of head-office**

None.

## **(III) Subsidiaries, joint ventures or associate ventures**

None during the reporting period.

## **(IV) Breaches and administrative penalties during the reporting period**

### **1. Administrative penalties against insurance companies and their directors, supervisors, and senior management at head-office**

None.

### **2. Misconduct which triggered judicial proceedings by directors, supervisors, management at department-head level or above at headquarters or senior management of provincial branch offices**

None.

### **3. CBIRC regulatory measures against the Company**

None during the reporting period.



### III. Main indicators

#### (I) Solvency margin ratios

unit: yuan

Item	Q2 2023	Q1 2023	Next quarter estimates
Admitted assets	6,721,161,849	6,996,560,651	6,605,771,042
Admitted liabilities	3,643,640,882	3,911,201,838	3,572,399,373
Available capital	3,077,520,967	3,085,358,814	3,033,371,670
Tier-1 core capital	2,780,865,205	2,804,393,375	2,736,715,908
Tier-2 core capital	-	-	-
Tier-1 supplement capital	296,655,761	280,965,438	296,655,761
Tier-2 supplement capital	-	-	-
Minimum capital	837,155,853	826,375,340	894,534,270
Minimum capital for quantifiable risks	821,069,053	810,495,699	877,338,437
Minimum capital for life insurance risk	-	-	-
Minimum capital for non-life insurance risk	599,429,490	583,935,814	673,601,980
Minimum capital for market risk	332,048,718	345,260,995	326,662,680
Minimum capital for credit risk	264,300,512	254,031,196	259,177,947
Diversification effect for quantifiable risks	374,709,667	372,732,306	382,104,170
Loss absorption for special-type insurance contracts	-	-	-
Minimum capital for control risk	16,086,800	15,879,641	17,195,833
Supplement capital	-	-	-
Core solvency margin	1,943,709,353	1,978,018,035	1,842,181,638
Core solvency margin ratio	332.18%	339.36%	305.94%
Comprehensive solvency margin	2,240,365,114	2,258,983,473	2,138,837,400
Comprehensive solvency margin ratio	367.62%	373.36%	339.10%

#### (II) Regulatory indicators for liquidity risk

LCR	Q2 2023		Q1 2023	
	Next 3 months	Next 12 months	Next 3 months	Next 12 months
LCR1 (under base scenario)	109.10%	103.47%	125.69%	103.08%

LCR2 (under stress scenario)–mandatory	100.05%	115.44%	124.72%	110.65%
LCR2 (under stress scenario)-self-testing	150.61%	116.02%	180.65%	117.78%
LCR3 (under stress scenario before asset disposal)-mandatory	61.11%	101.40%	72.44%	90.76%
LCR3 (under stress scenario before asset disposal)-self-testing	97.51%	103.87%	124.58%	98.42%
Retrospective adverse deviation ratio of net cash flows from operating activities	-3.05%		-4.89%	
Net cash flows YTD (unit: 10,000 yuan)	-622.80		5770.82	
Net cash flows in 2022(unit: 10,000 yuan)	-1987.50		-1987.50	
Net cash flows in 2021 (unit: 10,000 yuan)	3041.26		3041.26	

### (III) Monitoring indicators for liquidity risk

unit: yuan

Indicators	Item	Q2 2023	Q1 2023
1. Net cash flows from operating activities	Amount	532,899,072	-181,928,808
	Cash inflow from operating activities YTD	1,503,571,039	264,642,569
	Cash outflow from operating activities YTD	970,671,967	446,571,377
2. Net cash flows from operating activities per 100 yuan in premiums	Amount	42.78	-41.45
	Net cash flows from operating activities YTD	532,899,072	-181,928,808
	Premiums YTD	1,245,615,820	438,914,428
3. Share of cash outflow for special types of business	Percentage	8.32%	0.12%
	Claims for business of special types	84,960,195	26,310

	Incurred and reported claim reserves for business of special types	-31,477,033	247,728
	Total claims pay-out	584,279,028	227,881,000
	Total incurred and reported claim reserves	58,265,045	2,203,471
4. Total premiums growth year-on-year	Percentage	9.91%	14.68%
	Total premiums YTD	1,245,615,820	438,914,428
	Total premiums YTD for the same period of previous year	1,133,339,733	382,738,829
5. Share of cash and liquidity management instruments	Percentage	3.90%	1.81%
	Book value of cash and liquidity management instruments at the end of the period	257,147,198	117,044,774
	Ending balance of total assets	6,600,296,678	6,463,995,390
6. Quarterly average financial leverage ratio	Percentage	2.82%	6.66%
	Arithmetic mean of the ending balance of inter-bank lending, bond repurchase and other cash inflow from financing at the end of each month during the quarter	190,666,667	468,000,000
	Ending balance of total assets	6,750,296,678	7,026,995,390
7. Share of domestic fixed income assets rated AA and below	Percentage	0.00%	0.00%
	Book value of domestic fixed income assets rated AA and below at the end of the period	0	0
	Ending balance of total assets	6,600,296,678	6,463,995,390
8. Share of investments in listed stocks with a stake of 5% or above	Percentage	0.00%	0.00%

	Book value of investments in listed stocks with a stake of 5% or above at the end of the period	0	0
	Ending balance of total assets	6,750,296,678	7,026,995,390
9. Proportion of receivables	Percentage	12.87%	22.29%
	Premium receivables	650,256,347	565,247,341
	Reinsurance receivables	218,563,586	1,001,326,058
	Ending balance of total assets	6,750,296,678	7,026,995,390
10. Proportion of related party assets held by the Company	Percentage	0.00%	0.00%
	Total investment assets of related parties held by the Company	-	-
	Ending balance of total assets	6,750,296,678	7,026,995,390

#### (IV) Key business metrics

unit: yuan

Indicators	As at the end of this quarter/during this quarter	As at the end of this quarter/YTD
Gross written premiums	847,708,594	1,293,752,176
Net profits	63,848,103	101,032,310
Total assets	6,750,296,678	6,750,296,678
Net assets	2,887,812,799	2,887,812,799
Insurance contract liabilities	2,756,869,153	2,756,869,153
Basic earnings per share	0.059	0.094
ROE	2.20%	3.52%
ROA	0.93%	1.51%
Investment yield	1.19%	1.98%
Comprehensive investment yield	0.84%	2.02%
Profitability indicators	--	--
Combined ratio	--	97.80%
Expense ratio	--	16.82%
Loss ratio	--	80.98%

Proportion of commission and brokerage expenses	--	1.58%
Proportion of operating and administrative expenses	--	13.80%
Scale indicators	--	--
Written premiums	806,701,392	1,245,615,820
Written premiums of auto insurance	-	-
Written premiums of top 5 non-auto insurance business lines	790,564,518	1,198,149,333
Largest non-auto business line	596,256,429	859,593,710
Second largest non-auto business line	126,901,428	198,601,984
Third largest non-auto business line	42,147,700	89,321,355
Fourth largest non-auto business line	14,342,350	33,508,441
Fifth largest non-auto business line	10,916,612	17,123,843
Average vehicle premium of auto insurance	-	-
Written premiums by channels	806,701,392	1,245,615,820
Agency	34,348,725	76,829,335
Direct	760,577,955	1,143,195,299
Brokerage	11,774,713	25,591,186
Others	-	-

#### **IV. Risk management capabilities**

##### **(I) Company category**

The Company was incorporated in Shanghai in September 2004 as per approval of the former CIRC. In 2022, its written premiums amounted to 1.751bn yuan, and as of the end of 2022, total assets stood at 6.674bn yuan, with 3 provincial-level branch offices. According to Article 6 of Solvency Regulatory Standards of Insurance Companies No. 12: Solvency-aligned Risk Management Requirement and Assessment, the Company is in Category II.

##### **(II) The latest result of Solvency Aligned Risk Management Requirements and Assessment (SARMRA) of the Company**

The Company scored 76.69 points in the last on-site SARMRA assessment. As per Solvency Regulatory Standards of Insurance Companies No. 12: Solvency-aligned Risk

Management Requirement and Assessment of Solvency Regulatory Standards of Insurance Companies (II) (CBIRC Document [2021] No. 51), the final score of the Company was 76.08 points.

### **(III) Measures taken to improve solvency risk management and the latest status**

The Company scored 76.69 points in the last on-site SARMRA assessment. As per Solvency Regulatory Standards of Insurance Companies No. 12: Solvency-aligned Risk Management Requirement and Assessment of Solvency Regulatory Standards of Insurance Companies (II) (CBIRC Document [2021] No. 51), the final score of the Company was 76.08 points. During the reporting period, the Company took further steps to enhance risk management. To be specific:

In terms of insurance risk, we further improved our insurance risk management system by revising and strictly implementing rules such as Measures on Claims Management of Non-auto Commercial Insurance, Rules on Intermediary Business Management and so on; completed the assessment of and report on major products and strengthened risk monitoring of major products; continued with retrospective management of reserves, completed retrospective assessment and analysis of the Company's reserves in the previous two years, and ensured the adequacy and reasonableness of the Company's reserves; and further strengthened the risk management and control of our insurance business, carried out on-site inspection of disaster and loss prevention, and investigated the potential risks of the insured and made recommendations for rectification.

For market risk, we maintained communication with our investment manager on market risk management to prevent adverse impact on the Company's net profit and net assets as a result of concentrated exposure; carried out quantitative assessment of asset-liability management and quarterly analyses, in which we measured and analysed the impact on the return of the assets held due to market fluctuations, monitored the Company's cost-benefit ratio, and made forecasts on key indicators to achieve the goal of asset-liability management.

As for credit risk, we worked with asset managers to calculate our portfolio's credit risk exposure to local government financing platforms, and identified no significant credit risk; compiled a list of premiums receivables and devised settlement plans to deal with difficulties in receivables collection; formulated specific rules on assessing receivables collection performance in the second quarter to help collect receivables for the whole year; analysed and evaluated credit ratings of first-time reinsurance partners; and set out credit risk limits for guarantors and improved the risk limits on reinsurance ceding.

On operational risk, we revised and updated Measures on Operational Risk Management, Guidelines for Business Quality Retrospection, Rules on Money Laundering Risk Management and Measures on Anti-fraud Management; carried out the third "Risk Compliance Month" publicity campaign, and continued to improve our risk compliance management capability by organizing learning sessions on relevant regulations and cases, and risk and compliance knowledge contests; revised our internal control manual and developed the annual internal control self-assessment plan; issued a notice on the key work for 2023 relating to anti-money laundering to strengthen the Company's money laundering risk prevention and control; carried out the "Anti-illegal Fund Raising Month" publicity campaign to improve employees' anti-fraud awareness and self-protection; carried out anti-money laundering classification and rating and quarterly inspections; and conducted quarterly anti-fraud review and drafted the quarterly fraud risk analysis report.

As for liquidity risk, the Company continued to optimise cash flow projection modelling, enhanced retrospective review of net cash flows from operating activities, conducted review of cash flow budgets and analysed causes for adverse variance, evaluated the impact of future claims pay-out on cash flows in a timely manner, so as to ensure sufficient liquidity and stable cash flows; continued to communicate with CPIC AMC to ensure an asset allocation compatible with needs for cash flows; reviewed and optimised the risk matrix of investment liquidity, continuously monitored and assessed market liquidity and interest rate movements and their impact on liquidation of its investment assets; reviewed and improved IT systems for management of fiscal

subsidiaries so as to optimise the management process; sifted through long-standing arrears followed by collection.

In respect of reputational risk, we continued to improve the risk management mechanism, assisted our branches in formulating reputational risk management rules, and promoted the construction of a closed-loop whole process system for reputation management.

For strategic risk, each quarter we would evaluate how the quarterly development plan was executed to promote the implementation of the Company's strategies and the realisation of our development goals.

#### **(IV) Status of SARMRA self-assessment**

None during the quarter.

### **V. Integrated risk rating (differentiated supervision)**

#### **(I) The last two IRR results**

The Company was rated AAA at the IRR (differentiated supervision) by CBIRC for both Q4 of 2022 and Q1 of 2023.

As per Solvency Regulatory Standards No.11: Integrated Risk Rating (differentiated supervision) of Solvency Regulatory Standards of Insurance Companies (II) (CBIRC [2021] No. 51), the IRR(differentiated supervision) results will be in 4 categories, i.e., A, B, C, D, which can be further classified into AAA, AA, A, BBB, BB, and B, both by ascending order of risks.

#### **(II) Measures taken or to be taken for improvement**

The Company's integrated risk rating (IRR) for the last quarter was AAA.

In the second quarter, first, we communicated the results of IRR for Q1 within the Company. The Company performed well in reputational risk, liquidity risk, operational risk and strategic risk. But certain metrics of the insurance business need enhancing. The senior management took this seriously, convened meetings to communicate the results, made plans for remedial actions, and enhanced



frequency of monitoring of metrics so as to be more pro-active in risk management; second, revised and issued Rules on Non-auto Commercial Insurance Claims Management, Policies on Consumer Rights Protection, and Regulations on Intermediary Business Management, etc., with strict enforcement on the ground; third, set more specific KPIs for claims management of branch offices, drafted plans for monthly claims management evaluation, sorted out outstanding claims cases and enhanced claims process control; fourth, conducted training of compliance and risk management, enhanced both study and publicity of rules and implementation.

### **(III) Findings of self-assessment of operational, strategic, reputation and liquidity risks**

#### **1. Operational risk**

##### **1.1 Operational risk status**

In this quarter, the Company formulated rectification plans for various defects newly discovered in audits, carried out rectification with regular progress follow-up, urged relevant parties to complete rectification on time according to the rectification plan. Second, continuously conducted management of regulations, updated List of Internal Control Regulations for 2023 and followed up on Annual Plan of Regulations Management. Third, revised and issued rules on operational risk management, specifically on management of operational risk in loss of data, on anti-money laundering (AML) and insurance frauds management so as to cement the foundation of operational risk management. Fourth, IRR results of Q1 2023 indicated a stable overall status. The Company will continue to improve on certain metrics of the insurance business and brief the management regularly on the progress of rectification.

##### **1.2 Methods of operational risk assessment**

Conducted self-review by business lines and reporting of emergencies of major operational risk as per Solvency Regulatory Standards of Insurance Companies No.11.

##### **1.3 Process of operational risk assessment**

In this quarter, first, the Company conducted an assessment of IRR operational risk status, organised the screening by relevant departments of operational risk in misleading sales, frauds in claims, mis-handling in investment, erroneous financial information disclosure, money laundering, information security and system failures, with follow-up cross-departmental communications on mitigation measures, if necessary. Second, it monitored key indicators of operational risk in tandem with risk upper limits, management reports on operational risk and rectification of gaps, with clear ownership by departments or branch offices, and may conduct self-review if circumstances require.

#### 1.4 Results of operational risk assessment

The review indicated no serious flaws in operational risk.

### 2.Strategic risk

#### 2.1 Status of strategic risk

The strategic risk facing the Company mainly includes the following:

First is potential risks arising from concentration of business in Shanghai. Second is the potential strategic risk arising from differentiated business strategies for agricultural insurance of CPIC P/C .

#### 2.2 Methods of strategic risk assessment

Evaluation of market environment of industry strategic risk, the risk in strategic planning of the Company and the risk in implementation of its strategic planning, as per Solvency Regulatory Standards of Insurance Companies No.11.

#### 2.3 Process of strategic risk assessment

Collected and analysed information on a regular basis, enhanced oversight of implementation status of plans made at the year beginning, and communicated the gaps to company middle and senior management.

#### 2.4 Results of strategic risk assessment

Detected no serious mismatch between company strategies and market environment or its own capabilities.

### 3.Reputational risk

#### 3.1 Status of reputational risk

In the reporting quarter, the Company conducted screening of reputational risk, which showed that the risk was under control, and there was no occurrence of major risk incidents.

#### 3.2 Methods of reputation risk assessment

As per Solvency Regulatory Standards of Insurance Companies No.11, firstly, we monitored online public opinions through the Group's monitoring platform; secondly, our spokesperson and brand specialists joined the Group's brand management so that they can share and handle publicity information in a timely manner; thirdly, the Company issued the "Risk Early Warning" weekly reports to part-time reputational risk management staff to promptly identify and prevent potential risks and further enhance reputational risk management capability. We also conducted a company-wide screening of potential reputational risks, and continued to optimise and promote the establishment of a closed-loop entire-process reputational management system, so as to create a good reputational environment for the Company's sustainable, healthy and stable development.

#### 3.3 Process of reputational risk assessment

Filed sensitive words with the Group. Used Group platform for collection and statistical analysis of media reports containing such sensitive words, which would enable early responses or mitigation measures.

#### 3.4 Results of reputational risk assessment

During the reporting period, reputational risk of the Company was under control, and there were no incidents which were related to or might trigger reputational risk.

### 4. Liquidity risk

#### 4.1 Status of liquidity risk

The Company derives liquidity mainly from cash received from premiums, net investment income, sales or maturity of investment assets and financing activities. Demand for liquidity mainly stems from cash needed for payment of claims, daily

expenditures and dividends distributed to shareholders.

As a specialised agricultural insurance firm, it mainly faces two types of liquidity risk.

First is the time lag in settlement of agricultural insurance premium receivables by governments. The Company's main business is agricultural insurance, which accounted for 69% of total premiums, and of this, fiscal subsidies represented about 32% of agricultural insurance premiums. As per Provisions on Fiscal Subsidies of Agricultural Insurance Premiums of Shanghai Municipal Government, the subsidy would be accrued in advance and settled in the next year. Thus, the time lag may impact the Company's cash flows. To address this, it vigorously conducted communications with government agencies in charge of agriculture and finance at various levels, seeking to optimise the process of fiscal subsidy transfers so that it could receive the fund at an early date.

Second is agricultural insurance catastrophe risks. The agricultural insurance business of the Company is concentrated in the Yangtze River Delta, and given this geographical concentration and the characteristics of the business line, the occurrence of natural catastrophes could lead to huge outflows of cash for claims payments within a short period of time. In response, the Company put in place mechanisms to closely monitor likelihood of disasters, issue early warning and prepare for relief and damage-reduction effort; in the event of natural catastrophes, the Company will initiate the contingency plan, conduct claims investigation in a timely manner, coordinate funds planning to ensure normal and stable cash flows.

As at the end of Q2, LCR under the base scenario (LCR1) for the next 12 months was 103.47%, and LCR under the stress scenario (LCR2) for the next 12 months was 115.44%, indicating sound status in liquidity risk.

#### 4.2 Methods of liquidity risk assessment

Conducted calculation of liquidity coverage ratios, retrospective adverse

deviation ratios of net cash flows from operating activities, net cash flows and stress testing of cash flows of the Company as per Solvency Regulatory Standards No. 13.

#### 4.3 Process for liquidity risk assessment

On a quarterly basis, the Finance Department formulates comprehensive budgets for operating and investment activities in light of the strategic and business plans of the Company, projects cash flows on a rolling basis to evaluate the impact on its liquidity.

#### 4.4 Results of liquidity risk assessment

The assessment indicated that all regulatory indicators of liquidity risk and cash flow stress testing pointed to sufficient liquidity to meet needs of the Company.

## **VI. Management analysis and discussions**

### **(I) Change to solvency and reasons**

As of the end of the quarter, the comprehensive and core solvency margin ratios of the Company was 367.62% and 332.18% respectively, maintaining a strong position, down by 5.7pt and 7.2pt respectively from the preceding quarter.

Of this, available capital was 3.078bn yuan, a decrease by 8mn yuan from the previous quarter, mainly due to increase in dividends payable and decrease in other comprehensive income.

Minimum capital was 837mn yuan, increasing by 11mn yuan from the preceding quarter. Of this, minimum capital for insurance risk increased by 15mn yuan, mainly as a result of business growth, which led to increase in minimum capital for premiums and reserve risk; minimum capital for market risk fell by 13mn yuan, mainly as a result of changes of asset allocation, which led to lower capital requirement for interest rate risk, higher capital requirement for equity prices risk and increased diversification effect; minimum capital for credit risk increased by

10mn yuan, mainly due to increased allocation in alternative debt instruments, which led to increased minimum capital for counter-party risk; minimum capital for risk diversification effect increased by 2mn yuan.

## **(II) Change to liquidity risk indicators and reasons**

As of the end of the reporting quarter, cash and cash equivalents was 53.1552mn yuan, down by 63.8896mn yuan from 117.0448mn yuan in the previous quarter. The decrease in cash was mainly due to much higher cash outflows from investment which resulted in reduced net cash flows from investment activities during the quarter.

LCR1s of the next 3 months and next 12 months under base scenarios were 109.10% and 103.47%, respectively.

LCR2s of the next 3 months and next 12 months under stress scenario (mandatory) were 100.05% and 115.44%, respectively.

LCR2s of next 3 months and next 12 months under stress scenarios (self-testing) were 150.61% and 116.02%, respectively.

LCR3s of the next 3 months and next 12 months under stress scenarios before asset disposal (mandatory) were 61.11% and 101.40%, respectively.

LCR3s of the next 3 months and next 12 months under stress scenarios before asset disposal (self-testing) were 97.51% and 103.87%, respectively.

The retrospective adverse deviation ratios of net cash flow from operating activities of the reporting and the previous quarters were -3.05% and -4.89%, respectively. The actual amounts of cash paid as taxes during the reporting quarter were higher than projected.

The net cash flow YTD was -6.2280mn yuan. The net cash flow for the previous fiscal year was -19.8750mn yuan, and that for the year earlier was 30.4126mn yuan.

### **(III) Change to IRR and reasons**

The Company was rated AAA at the IRR (differentiated supervision) by CBIRC for both Q4 of 2022 and Q1 of 2023.

As per Solvency Regulatory Standards No.11: Integrated Risk Rating (differentiated supervision) of Solvency Regulatory Standards of Insurance Companies (II) (CBIRC [2021] No. 51), starting from Q1 2022, the IRR results will be in 4 categories, i.e., A, B, C, D, which can be further classified into AAA, AA, A, BBB, BB, and B, both by ascending order of risks.