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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, 30 March 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**

**4th 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) Contact person information

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 last quarter/during last quarter
Core solvency margin ratio	310%	288%
Core solvency margin surplus (10K RMB)	100,884	96,327
Comprehensive solvency margin ratio	310%	288%
Comprehensive solvency margin surplus (10K RMB)	100,884	96,327
Latest comprehensive risks assessment	--	B
Premium income (10K RMB)	27,871	24,626
Net profit (10K RMB)	3,169	6,423
Net assets (10K RMB)	136,713	135,744

## III. Actual capital

Item	As at the end of this quarter	As at the end of last quarter
Admitted assets (10K RMB)	290,940	310,504
Admitted liabilities (10K RMB)	142,120	162,983
Actual capital (10K)	148,820	147,521
Tier 1 core capital (10K RMB)	148,820	147,521
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)	47,936	51,194
Required capital for quantitative risks (10K RMB)	47,156	51,079
1)Required capital for insurance risk (10K RMB)	42,005	44,974
2)Required capital for market risk (10K RMB)	7,003	8,805
3)Required capital for credit risk (10K RMB)	7,042	7,275
4)Diversification effect for quantitative risks (10K RMB)	8,894	9,975

5) Loss absorption for special-type insurance contract loss (10K RMB)	-	-
Required capital for control risk (10K RMB)	780	115
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 the comprehensive risk assessment by CIRC for Q2 and A for Q3 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.

The Company convened the 4<sup>th</sup> session of the Compliance and Risk Control Work Committee. 1). It heard the report updating the strategic integration of compliance and risk management, recognized the work in 2017 and pointed out that compliance and risk management capabilities improved considerably in the year. 2). It reviewed and passed the annual plan for compliance and risk management for 2018 to ensure continued integration between compliance and risk management going forward and improved business management as a whole. 3). In response to guidelines on risk control from CIRC and the Group, and to consolidate progress in the area, it appointed Responsible Persons for major tasks, with the setting of quantitative indicators to enhance tracking and monitoring. The implementation status was reported to the Committee quarterly. 4). To further strengthen the risk early-warning system, the Company improved the co-ordination in the monitoring of risk appetite framework and issued the notice on risk early-warning, which mechanism was also reported to

the Committee.

The Board convened the 6<sup>th</sup> session of its Audit Committee in the fourth quarter. 1). It reviewed and approved The 3<sup>rd</sup> Quarter Solvency Report in 2017, which highlighted the sound solvency the Company maintained in line with its reality. 2). It heard reports on the risk management status and the results of differentiated CIRC assessment and reviewed the work in risk management. The Committee pointed out that the CIRC rating for Q3 was A, which was the result of hard work of all departments, and urged the Company to continue with improvement and rectification in a bid to achieve a stable and even better rating in future CIRC assessments. 3). It reviewed and passed The Report on 5-tier Classification of Insurance Assets for the First Half of 2017 to step up risk monitoring of assets. 4). It heard reports on results of CIRC governance assessment and the rectification status and made relevant recommendations to further improve governance.

As requested by the Group, and mandated by the Board of Directors, the Group Internal Auditing Service conducted an internal audit of the Company. We actively followed up on remedial actions in light of the audit findings. The Risk Management Department conducted the risk appetite framework monitoring for the fourth quarter, which is a quarterly exercise, and drafted monthly investment reports, quarterly investment internal control limits reports and risk management bulletins.

## 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)	9, 228

#### 2. Comprehensive current ratio

Item	Within 3 months
Comprehensive current ratio	177%

#### 3. Liquidity coverage ratio

Item	Stress scenario 1	Stress scenario 2
Liquidity coverage ratio	670%	668%

## **(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 65% of the Company's total premiums for 2018, 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. 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 seasons for typhoons) 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**

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

However, our Zhejiang Branch received The Notice on Decision of Administrative Penalties ( Zhebaojianfa No. 9 in 2017). According to the document, the branch failed to implement or use insurance terms & conditions or insurance rates as filed with or approved by CIRC, withheld important information relating to insurance contracts from applicants. LI Wei, the branch general manager, was found to be the "directly responsible person in management" and FANG Liming, assistant general manager of the branch and head of the Taizhou Sub-branch, a "directly responsible person".

We strictly held the responsible people to account and have meted out punishments



in the light of the Company's accountability system and polices. We also requested all functional departments and branch offices to learn from the mistake, pay closer attention to deficiencies in business management as highlighted by the incident, continue to enhance capabilities in risk identification and control and further improve the compliance culture so as to ensure long-term and healthy development of the Company.

To raise the awareness of the entire organization and deter misconduct, we issued The Notice (Anxinnongbao No.405 in 2017) on Internal Accountability and Punishment regarding Responsible People under Zhebaojianfa No. 9 in 2017 on November 10, 2017, to communicate the incident and the follow-up penalties to all employees. 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.

**(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.