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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, 29 April 2022

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. LIANG Hong, 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, Mr. WOO Ka Biu, Jackson, and Mr. JIANG Xuping.

Summary of Quarterly Solvency Report (Excerpts)

China Pacific Anxin Agricultural Insurance Co., Ltd.

1st Quarter of 2022

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	1.08 billion 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 (subject to approval by regulators as per relevant laws and regulations)
Business territories	Shanghai, Jiangsu Province, Zhejiang Province.
Contact person:	LI Mao
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I. Board and management Statement

The report has been approved by the chairman of the board of directors. The board and the senior management of the Company warrant that the contents of this report are true, accurate and complete and have fully comply 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.

China Pacific Anxin Agricultural Insurance Company Limited
April 2022

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		Change of shares or stake				End of reporting period	
	Shares or contribution	Percentage (%)	Shareholder injection	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%
Total	108,000	100%	0	0	0	0	108,000	100%

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	Shareholding percentage at the end of the reporting period (%)	Shares pledged or in lock-up
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 March 2022, the 4th Board of Directors of the Company has 8 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, 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. SUN Chaocai, born in January 1956, holds a bachelor's degree and the title of Level-2 Research Fellow. He has been serving as Independent Director of the Company since May 2016 (approval document CIRC Approval [2016] No. 391). Mr. SUN previously served as Deputy Director and Director of Institute of Crop Breeding and Cultivation of Shanghai Academy of Agricultural Sciences.

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 8th Baoshan District Political Consultative Conference, Law Enforcement Supervisor of Baoshan District Political and Legal Committee, and Member of Baoshan District Government Legal Adviser Think Tank. 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.

1.2 Supervisors

As of the end of March 2022, the 4th Board of Supervisors of the Company has 4 Supervisors:

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.

1.3 Senior management

As of the end of March 2022, the Company has 6 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). Ms. LI currently also serves as Supervisor of CPIC P/C. 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.

Mr. ZHUANG Yi, born in December 1969, holds a master's degree and the title of Accountant. He has been serving as Compliance Responsible Person of the Company

since January 2014 (approval document: CIRC Approval [2014] No. 6). Mr. ZHUANG is also Chief Risk Officer of the Company. He previously served as Deputy Director (in charge) of the Internal Audit Division, General Manager of the Auto Insurance Department, General Manager of Jing'an Sub-branch, and General Manager of the Customer Service Department of PICC Shanghai Branch, General Manager of the Auto Insurance Department, and General Manager of the Internal Audit Department and the Compliance and Legal Department/Risk Management Department of Anxin Agricultural Insurance Co., Ltd.

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.

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.

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

Position	Predecessor	Incumbent	Remarks
Director	YIN Wenqian	XING Zhibin	Departure upon term expiry
Supervisor	CEHN Yuanliang	-	Departure upon term expiry
Supervisor	XIA Haiying	-	Departure upon term expiry
Supervisor	WENG Yingchun	-	Departure upon term expiry
Employee supervisor	-	CEHNG Song	New appointment upon term expiry
Deputy general manager	HUANG Xiongfei	-	Departure

(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	Reporting quarter	Last quarter	Next quarter estimates
Admitted assets	5,153,890,439	5,209,326,305	5,674,063,721
Admitted liabilities	2,269,219,154	2,346,395,616	2,753,983,443
Actual capital	2,884,671,284	2,862,930,689	2,920,080,278
Tier-1 core capital	2,671,649,927	2,862,930,689	2,707,058,921
Tier-2 core capital	0	0	0
Tier-1 supplement capital	213,021,358	0	213,021,358
Tier-2 supplement capital	0	0	0
Minimum capital	764,638,084	672,977,207	816,624,436
Minimum capital for quantifiable risks	750,417,669	662,020,763	801,437,201
Minimum capital for life insurance risk	0	0	0
Minimum capital for non-life insurance risk	524,944,349	486,760,711	544,237,347
Minimum capital for market risk	232,074,398	162,123,250	255,512,184
Minimum capital for credit risk	337,483,220	230,445,694	374,444,222
Diversification effect for quantifiable risks	344,084,299	217,308,892	372,756,551
Loss absorption for special-type insurance contracts	0	0	0
Minimum capital for control risk	14,220,415	10,956,444	15,187,235
Supplement capital	0	0	0
Core solvency margin surplus	1,907,011,843	2,189,953,482	1,890,434,484
Core solvency margin ratio	349.40%	425.41%	331.49%
Comprehensive solvency margin surplus	2,120,033,201	2,189,953,482	2,920,080,089
Comprehensive solvency margin ratio	377.26%	425.41%	357.58%

(II) Regulatory indicators for liquidity risk

LCR	Q1 2022		Q4 2021	
	Next 3 months	Next 12 months	Next 3 months	Next 12 months
LCR1 under base scenario	113.39%	103.08%	-	-
LCR2 under stress scenario – compulsory test	239.03%	130.90%	-	-
LCR2 under stress scenario-self test	210.21%	122.96%	-	-
LCR3 under stress scenario excluding asset disposal-compulsory test	118.89%	102.22%	-	-
LCR3 under stress scenario excluding asset disposal-self test	113.11%	100.98%	-	-
Retrospective adverse deviation ratio of net cash flows from operating activities	-18.08%		21.95%	
Net cash flows YTD (unit: 10,000 yuan)	-1,475.69		3,041.26	
Net cash flows in 2021 (unit: 10,000 yuan)	3,041.26		1,033.22	
Net cash flows in 2020 (unit: 10,000 yuan)	1,033.22		-457.80	

(III) Monitoring indicators for liquidity risk

unit: yuan

Indicators	Item	Q1 2022	Q4 2021
1. Net cash flows from operating activities	Amount	-138,443,811	114,631,660
	Cash inflow from operating activities YTD	201,183,210	1,790,611,840
	Cash outflow from operating activities YTD	339,627,021	1,675,980,180
2. Net cash flows from operating activities from each premium of 100 yuan	Amount	-36.17	7.2
	Net cash flows from operating activities YTD	-138,443,811	114,631,660

	Premiums YTD	382,738,829	1,592,634,243
3. Weight of cash outflow for certain business	Percentage	0.00%	-
	Claims for business of special types	0	-
	Incurred and reported outstanding claim reserves for business of special types	0	-
	Claims	180,605,229	-
	Incurred and reported outstanding claim reserves	-48,158,002	-
4. Total premiums growth year-on-year	Percentage	24.19%	15.66%
	Total premiums YTD	382,738,829	1,592,634,243
	Total premiums YTD at the same period of last year	308,186,970	1,377,040,758
5. Weight of cash and liquidity management instruments	Percentage	1.26%	3.74%
	The book value of cash and liquidity management instruments at the end of the period	64,454,625	196,211,537
	The ending balance of total assets	5,107,504,088	5,241,142,750
6. Quarterly average financial leverage ratio	Percentage	2.06%	8.52%
	Arithmetic mean of the ending balance of inter-bank lending, bond repurchase and other financing cash inflow at the end of each month during the quarter	106,666,667	446,318,333
	The ending balance of total assets	5,184,504,088	5,241,142,750
7. Weight of domestic fixed income assets rated AA and below	Percentage	0.00%	0.00%
	The book value of domestic fixed income assets rated AA and below at the end of the period	0	0

	The ending balance of total assets	5,107,504,088	5,241,142,750
8. Weight of investments in listed stocks with a stake of 5% or above	Percentage	0.00%	0.00%
	The book value of investments in listed stocks with a stake of 5% or above at the end of the period	0	0
	The ending balance of total assets	5,184,504,088	5,241,142,750
9. Proportion of receivables	Percentage	15.09%	15.01%
	Premium receivables	550,983,718	409,609,116
	Reinsurance receivables	231,525,995	376,842,962
	The ending balance of total assets	5,184,504,088	5,241,142,750
10. Proportion of related party assets held by the Company	Percentage	1.86%	1.72%
	Total investment assets of related parties held by the Company	96,348,200	90,000,000
	The ending balance of total assets	5,184,504,088	5,241,142,750

(IV) Key business metrics

Indicators	unit: yuan	
	As at the end of this quarter/during this quarter	As at the end of this quarter/YTD
Gross written premiums	382,492,568	382,492,568
Net profits	48,503,364	48,503,364
Total assets	5,184,504,088	5,184,504,088
Net assets	2,751,387,947	2,751,387,947
Insurance contract liabilities	1,756,654,076	1,756,654,076
Basic earnings per share	0.045	0.045
ROE	1.77%	1.77%
ROA	0.93%	0.93%
Investment yield	1.45%	1.45%

Comprehensive investment yield	0.45%	0.45%
Profitability indicators	--	--
Combined ratio	--	97.89%
Expense ratio	--	26.63%
Loss ratio	--	71.26%
Proportion of commission and brokerage expenses	--	3.57%
Proportion of operating and administrative expenses	--	18.33%
Scale indicators	--	--
Written premiums	382,738,829	382,738,829
Written premiums of auto insurance	-	-
Written premiums of top 5 non-auto insurance business lines	358,509,750	358,509,750
Largest non-auto business line	220,766,741	220,766,741
Second largest non-auto business line	60,715,927	60,715,927
Third largest non-auto business line	41,949,068	41,949,068
Fourth largest non-auto business line	18,257,190	18,257,190
Fifth largest non-auto business line	16,820,826	16,820,826
Average vehicle premium of auto insurance	-	-
Written premiums by channels	382,738,829	382,738,829
Agency	47,088,218	47,088,218
Direct	320,752,360	320,752,360
Brokerage	14,898,251	14,898,251
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 2021, its written premiums amounted to 1.593 billion yuan, and as of the end of 2021, total assets stood at 5.241 billion 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 76.21 points.

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

During the reporting period, the Company took further steps to enhance risk management. To be specific:

First, it vigorously promoted the implementation of C-ROSS II. As per Solvency Regulatory Standards of Insurance Companies No.12: Solvency-aligned Risk Management Requirement and Assessment, the Company formulated the list of tasks, setting out concrete implementation actions, responsible departments and time frames. In Q1, it focused on amendments to risk management policies, RAF management and Rules on Management of Key Risk Categories, so as to improve the completeness of rules and regulations. At the same time, in view of the “deductions” items in the last risk management self-assessment, it pushed for roll-out of remedial actions across functions, stepped up risk control of key areas and enhanced adherence.

Second, it amended and issued Policies on Management of Reinsurance Business, clarifying retained risk limits, inward and outward reinsurance rules, and management of reinsurance partners so that there would be clearer rules to follow in the business; amended and issued Rules on Underwriting and Claims Management of Agricultural Insurance, seeking to strengthen full-process U/W and claims management and prevent business risks. At the same time, it released Rules on Risk Unit Classification and Retained Risk Limit on Each Risk Unit, so as to improve the use of its underwriting capacity and step up business risk control.

Third, as per PBoC requirements, the Company conducted monthly and quarterly

risk screening & self-assessment. Monthly evaluations mainly cover basic financial status, business operation and insurance funds investment, while quarterly ones additionally review changes in solvency and cause analysis, major risks and mitigation, special risks and mitigation, impact of changes in economic environment.

Fourth, it completed the filing of IRR data for Q4 2021, 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.

V. Integrated risk rating (differentiated supervision)

(I) The last two IRR results

The Company was rated A at the IRR by CBIRC for both Q3 and Q4 of 2021.

(II) Measure taken or to be taken for improvement

In last quarter, the IRR result of the Company was A, and the comprehensive and core solvency margin ratios as of the end of this quarter was 377.26% and 349.40% respectively. In Q1, first, the Company continued to monitor factors which may impact its solvency positions to ensure sound and relatively stable solvency margin ratios, and strengthened its overall risk management levels; second, as for unquantifiable inherent risks, it amended Regulations on Operational Risk Management, Policies on Management of Reinsurance Business, Rules on Underwriting and Claims Management of Agricultural Insurance, while ensuring effective adherence on the ground; third, participated in on-line training of reputation risk management organised by the Group, which effectively enhanced its own reputation risk management system.

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

1. Operational risk

1.1 Operational risk status

In Q1 2022, the Company made plans for rectification based on new findings of

internal audits, and took vigorous steps to carry them out, with follow-up status tracking to ensure completion of rectification as scheduled. Second, as per requirements of C-ROSS II and based on its own realities, it amended Regulations on Operational Risk Management, Policies on Management of Reinsurance Business, Rules on Underwriting and Claims Management of Agricultural Insurance, while ensuring effective adherence on the ground, with operational risk overall under control.

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 screening 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, with clear ownership by departments or branch offices, and may conduct self-review if circumstances require. Third, departments or branch offices strengthened identification and analysis of operational risk, including time of occurrence or detection of operational risk incidents, branch offices or business lines involved, causes, types of losses, severity, incident descriptions and supportive documentation, which would be fed into the database for losses from operational risk.

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 risks arising from adjustment of lay-out of branch offices and strategic planning.

Second is the potential impact of full integration with CPIC P/C on its own strategic plans.

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.

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, regionally or by business lines, 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 Reputation risk

3.1 Status of reputation risk

In Q1, the Company followed up on reputation risk management during the pandemic, such as reporting of its measures to tackle the pandemic, roll-out of routine pandemic prevention measures and balance this with normal work, as per requirements of local government and pandemic control programmes of CPIC P/C. Given the resurgence of COVID-19 in Shanghai in March, it shouldered its responsibility in serving the nation and protecting people's livelihood, participated in social administration, contributed to social harmony and stability. In response to calls from the Shanghai Government for ensuring the supply of food, it set up a special task force, lobbied the policy-makers which released new policies on price index insurance for green leaves vegetables; linked systems with the government and realised on-line application for 8 types of green leaves vegetables insurance in Shanghai, providing comprehensive risk cover for vegetable farms, rural co-operatives and farmers. The Company joined hands with the Group and launched a publicity campaign, and renowned on-line media such as Xinhua, China Daily and Shanghai Securities all ran reports on this, helping to project a positive image of the Company, and promoting its

branding.

At the same time, on the occasion of March 15 Consumer Rights Protection Advocacy Week in 2022, and in line with the theme of the event, i.e., empowering well-informed decisions by consumers, enhancing their risk awareness and sense of satisfaction, it conducted on-line publicity and education programmes via animated videos and posters to disseminate agricultural insurance knowledge, and to improve its overall service standards.

3.2 Methods of reputation risk assessment

First is to monitor on-line media through the platform of the Group; second, the news Spokesman, brand management professionals and reputation risk managers of the Company were integrated into the Group brand management system; third, established management system for correspondents, stepped up “mining” of materials of positive publicity. In-house correspondents in branches would ensure the reporting of significant events or major pandemic control measures, and other incidents which may constitute major reputation risk.

3.3 Process of reputation 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 reputation risk assessment

During the reporting period, there was no material adverse media publicity, and neither were there incidents which were related to or might trigger reputation 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 58% of total premiums, and of this, the share of fiscal subsidies was around 65%. 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 transfer 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 one natural catastrophe could lead to huge outflow of cash for claims payments in the short 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; it also paid close attention to potential disruption to cash flows by the pandemic, coordinated funds planning to ensure normal and stable cash flows.

4.2 Methods of liquidity risk assessment

Conducted liquidity coverage ratio, 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 would formulate comprehensive budgets for operating and investment activities in light of the

strategic and business plans of the Company, project cash flows on rolling basis to evaluate the impact on its liquidity.

4.4 Results of liquidity risk assessment

The assessment indicated that all liquidity risk indicators and cash flow stress testing pointed to sufficient liquidity 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 377.26% and 349.40% respectively, which fell by 48.2pt and 76.0pt respectively, and yet pointing to sound solvency positions. Of this, actual capital was 2.885 billion yuan, up by 22 million yuan from the previous quarter, mainly due to quarterly net profits of 49 million yuan, an increase of 9 million yuan in catastrophe reserve for agricultural insurance, and a reduction of 18 million yuan in other comprehensive income; minimum capital was 765 million yuan, rising by 92 million yuan from the last quarter, as a result of increase in minimum capital by 38 million yuan for insurance risk, by 70 million yuan for market risk, 107 million yuan for credit risk and by 127 million yuan in dispersion effect.

The calculation of minimum capital for various risks was based on The Notice of CBIRC on Adoption of Solvency Regulatory Rules II for Insurance Companies (CBIRC [2021] No. 51). The minimum capital for insurance risk changed mainly because as per Solvency Regulatory Rules II for Insurance Companies (hereinafter referred to as Rules II), risk factors for business lines were adjusted, leading to higher risk exposure in premiums and reserves; changes to minimum capital for market risk were mainly due to revised rules for calculation of minimum capital and new requirement for “look-through” measurement for assets under

Standards II; changes to minimum capital for credit risk stemmed mainly from higher default risk as a result of adopting “look-through” measurement for assets.

(II) Change to liquidity risk indicators and reasons

The ending balance of cash and cash equivalents of this quarter was 64.4546 million, down by 14.7569 million from 79.2115 million at the end of the last quarter. The decrease in cash was mainly due to lower net cash flows from operating activities as a result of less cash received from premium income from direct insurance contracts during the quarter.

LCR1s of the next 3 months and next 12 months under base scenarios were 113.39% and 103.08%, respectively.

LCR2s of the next 3 months and next 12 months under stress scenarios (compulsory assessment) were 239.03% and 130.90%, respectively.

LCR2s of next 3 months and next 12 months under stress scenarios (self-assessment) were 210.21% and 122.96%, respectively.

LCR3s of the next 3 months and next 12 months under stress scenarios excluding asset disposal (compulsory assessment) were 118.89% and 102.22%, respectively.

LCR3s of the next 3 months and next 12 months under stress scenarios excluding asset disposal (self-assessment) were 113.11% and 100.98%, respectively.

The retrospective adverse deviation ratios of net cash flow from operating activities of this and last quarter were -18.08% and 21.95%, respectively. The projected amount of claims on direct insurance contracts for this quarter was lower than the actual value. The projected amount of claims on direct insurance contracts for the last quarter was higher than the actual value.

The net cash flow YTD was -14.7569 million. The net cash flow for the last

financial year was 30.4126 million, and 10.3322 million in the previous.

(III) Change to IRR and reasons

The Company was rated A at the IRR by CBIRC for both Q3 and Q4 of 2021.