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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, 27 March 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, Mr. WOO Ka Biu, Jackson, and Mr. JIANG Xuping.

Summary of Quarterly Solvency Report (Excerpts)

China Pacific Anxin Agricultural Insurance Co., Ltd.

4th 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	1.08bn 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 (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

(I) Board and management statement

The report has been approved by the board of directors of the Company. The board and the 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) 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: Mark “√” in corresponding blanks according to opinions of directors.

There are no directors who cannot guarantee or harbor any doubt about the truthfulness, accuracy, completeness or compliance of the contents of this report.

China Pacific Anxin Agricultural Insurance Company Limited

March 2023

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 Co., Ltd.	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 December 2022, 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 CIRC 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 Agriculture 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 8th Baoshan District Political Consultative Conference, 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.

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 December 2022, 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). 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 of Agricultural Insurance Co., Ltd., Vice-president, Deputy General Manager of Anxin Agricultural Insurance Co., Ltd. and Deputy Secretary of the Party Committee of Shanghai Branch of Anxin Agricultural Insurance Co., Ltd., General Manager of Anxin Agricultural Insurance Co., Ltd., and Deputy General Manager 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 Executive Director, General Manager of Shanghai Xingbo Supplies Co., Ltd.. Previously, she served as 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 December 2022, 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). 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. 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

Position	Predecessor	Incumbent	Remarks
Independent director	SUN Chaocai	ZHANG Qiao	Term expiry of predecessor

3. Information on compensation of directors, supervisors and senior management of headquarters

* Distribution of directors, supervisors and senior management of headquarters across different compensation levels

Compensation range	Number of directors	Number of supervisors	Number of senior executives
Above 10mn yuan			
5mn yuan-10mn yuan			

1mn yuan-5mn yuan	1	2	2
0.5mn yuan-1mn yuan		2	1
Below 0.5mn yuan			2
Total	1	4	5

Notes: 1). Non-monetized compensation is based on market or fair value, and is combined with monetized compensation for calculation of different compensation ranges.

2). Information on compensation of non-executive directors, non-executive supervisors and senior management who concurrently serves on other capacity is not available.

3). Ms. LI Shuhui started to receive compensation from the Company on March 1, 2022, and her compensation in 2022 only covered the period between March 1 and December 31.

4). Mr. WU Gang was appointed Compliance Responsible Person and Chief Risk Officer on June 24, and started to receive compensation from the Company on July 1, and therefore, his compensation for 2022 only covered the period between July 1 and December 31.

5). Mr. HUANG Xiaofeng was appointed Assistant General Manager of the Company on June 27, and started to receive compensation from the Company on July 1, and therefore, his compensation for 2022 only covered the period between July 1 and December 31.

* Highest compensation: 2.6538mn yuan

* Status of share option: None

* During the reporting period, there was no incentives linked to profits. The 2022 compensation does not include annual performance-based bonus, which is yet to be determined and paid, and includes performance-based bonus actually paid from earlier years.

(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	6,643,385,772	5,933,666,783	6,794,079,933
Admitted liabilities	3,623,058,056	2,990,124,799	3,731,115,309
Actual capital	3,020,327,716	2,943,541,984	3,062,964,624
Tier-1 core capital	2,758,927,929	2,708,795,879	2,801,564,838
Tier-2 core capital	-	-	-
Tier-1 supplement capital	261,399,786	234,746,105	261,399,786
Tier-2 supplement capital	-	-	-
Minimum capital	817,904,508	855,779,966	825,773,637
Minimum capital for quantifiable risks	802,701,069	839,872,487	810,423,924
Minimum capital for life insurance risk	-	-	-

Minimum capital for non-life insurance risk	582,798,827	600,673,365	583,929,033
Minimum capital for market risk	344,647,369	346,628,555	351,980,415
Minimum capital for credit risk	241,771,516	281,632,956	246,524,907
Diversification effect for quantifiable risks	366,516,643	389,062,389	372,010,431
Loss absorption for special-type insurance contracts	-	-	-
Minimum capital for control risk	15,203,439	15,907,479	15,349,713
Supplement capital	-	-	-
Core solvency margin surplus	1,941,023,422	1,853,015,913	1,975,791,201
Core solvency margin ratio	337.32%	316.53%	339.27%
Comprehensive solvency margin surplus	2,202,423,208	2,087,762,018	2,237,190,987
Comprehensive solvency margin ratio	369.28%	343.96%	370.92%

(II) Regulatory indicators for liquidity risk

	Q4 2022		Q3 2022	
	Next 3 months	Next 12 months	Next 3 months	Next 12 months
LCR				
LCR1 under base scenario	111.96%	104.27%	115.13%	108.29%
LCR2 under stress scenario – compulsory	182.80%	123.25%	168.43%	132.75%
LCR2 under stress scenario- self-testing	191.26%	117.77%	188.52%	129.26%
LCR3 under stress scenario excluding asset disposal- compulsory	99.30%	100.04%	113.11%	108.69%

LCR3 under stress scenario excluding asset disposal-self-testing	106.44%	99.59%	111.96%	107.84%
Retrospective adverse deviation ratio of net cash flows from operating activities	82.94%		164.52%	
Net cash flows YTD (unit: 10,000 yuan)	-1987.50		1496.88	
Net cash flows in 2021(unit: 10,000 yuan)	3041.26		3041.26	
Net cash flows in 2020 (unit: 10,000 yuan)	1033.22		1033.22	

(III) Monitoring indicators for liquidity risk

unit: yuan

Indicators	Item	Q4 2022	Q3 2022
1. Net cash flows from operating activities	Amount	375,967,335	415,075,594
	Cash inflow from operating activities YTD	1,838,478,503	1,355,841,460
	Cash outflow from operating activities YTD	1,462,511,167	940,765,866
2. Net cash flows from operating activities per 100 yuan in premiums	Amount	21.47	28.99
	Net cash flows from operating activities YTD	375,967,335	415,075,594
	Premiums YTD	1,751,481,988	1,431,585,711
3. Weight of cash outflow for certain business	Percentage	32.12%	26.72%
	Claims for business of special types	268,643,036	73,136,684

	Incurred and reported outstanding claim reserves for business of special types	-2,189,804	112,756,743
	Claims	882,120,466	527,493,340
	Incurred and reported outstanding claim reserves	-52,673,090	168,199,619
4. Total premiums growth year-on-year	Percentage	9.97%	9.80%
	Total premiums YTD	1,751,481,988	1,431,585,711
	Total premiums YTD at the same period of last year	1,592,634,243	1,303,795,832
5. Weight of cash and liquidity management instruments	Percentage	0.92%	5.38%
	The book value of cash and liquidity management instruments at the end of the period	59,336,576	315,504,917
	The ending balance of total assets	6,467,545,667	5,867,945,945
6. Quarterly average financial leverage ratio	Percentage	1.12%	1.95%
	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	74,666,667	116,333,333
	The ending balance of total assets	6,673,545,667	5,964,945,945
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	6,467,545,667	5,867,945,945
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	6,673,545,667	5,964,945,945
9. Proportion of receivables	Percentage	22.76%	14.79%
	Premium receivables	387,706,296	578,933,866
	Reinsurance receivables	1,131,333,088	303,331,950
	The ending balance of total assets	6,673,545,667	5,964,945,945
10. Proportion of related party assets held by the Company	Percentage	0.00%	0.12%
	Total investment assets of related parties held by the Company	-	7,099,800
	The ending balance of total assets	6,673,545,667	5,964,945,945

(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	1,119,542,910	2,584,946,584
Net profits	76,559,943	213,455,694
Total assets	6,673,545,667	6,673,545,667
Net assets	2,860,278,539	2,860,278,539
Insurance contract liabilities	2,413,675,803	2,413,675,803
Basic earnings per share	0.071	0.198
ROE	2.71%	7.62%
ROA	1.21%	3.58%
Investment yield	1.33%	4.90%
Comprehensive investment yield	1.16%	3.40%
Profitability indicators	--	--
Combined ratio	--	98.72%
Expense ratio	--	36.10%
Loss ratio	--	62.62%
Proportion of commission and brokerage expenses	--	1.76%
Proportion of operating and administrative expenses	--	13.34%
Scale indicators	--	--
Written premiums	319,896,277	1,751,481,988
Written premiums of auto insurance	-	-
Written premiums of top 5 non-auto insurance business lines	311,373,315	1,672,914,760
Largest non-auto business line	239,895,959	1,173,352,149
Second largest non-auto business line	40,636,842	231,549,264
Third largest non-auto business line	12,089,579	151,128,489

Fourth largest non-auto business line	7,050,954	59,309,418
Fifth largest non-auto business line	11,699,980	57,575,440
Average vehicle premium of auto insurance	-	-
Written premiums by channels	319,896,277	1,751,481,988
Agency	27,375,813	148,217,245
Direct	280,219,132	1,552,107,787
Brokerage	12,301,332	51,156,956
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 76.21 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 76.21 points. During the reporting period, the Company took further steps to enhance risk management. To be specific:

In insurance risk, it formulated Regulations on Non-life Insurance Significant Risk Testing, Provisions on Spreadsheet Management of Actuarial Reserving, Standards of Internal Control on Non-life Reserve Management; amended Rules on Product Development and Management, drafted Provisions on Pricing of Agricultural Insurance; completed a pricing review report of all products on offer in the last 3 years; conducted a retrospective review of reserves of 2021 and the preceding year; started preparations for U/W and Claims Management Certification System, organised entry-level designation tests for U/W.

As for market risk, the Company maintained mechanisms for communication with investment managers over market risk facing investment assets, so as to prevent concentrated exposure and its adverse impact on the net profits and net assets of the Company.

In terms of credit risk, it formulated policies on business management of long overdue arrears, clarified rules on means of collection, established mechanisms for handling of long overdue funds receivables; followed developments of reinsurance counterparties to ensure stable and “manageable” credit risk outlook.

With regard to operational risk, it issued Management Measures on Underwriting, and Provisions on Outstanding Claims Cases to enhance soundness of regulations; carried out 2022 annual internal control self-review, which detected no major risks and confirmed the effectiveness of internal control; conducted review of regulations, with the completion of such a review for compliance and risk management in Q4; organised

risk management training, with publicity and communication over Regulations on Management of Operational Risk; launched self-review of anti-money laundering (AML) customer data security, organised risk screening by branch offices of customer identification, an issue likely to trigger regulatory penalties, and in light of findings of AML audits; organised a quarterly review of anti-fraud work by branch offices along the dimensions of risk distribution, insurance lines distribution, conduct distribution, amounts distribution and geographical distribution, with the drafting of quarterly report on insurance fraud risk.

As for liquidity risk, the Company continued to track the status of claims of agricultural insurance arising from natural disasters, and assessed their potential impact on cash flows in a timely manner so as to ensure sufficient liquidity at hand and stable and normal cash flows; reviewed and optimised the risk matrix of investment liquidity, continuously monitored changes to market liquidity and interest rate movements and assessed their impact on liquidation of its investment assets; collected premium receivables owed by governments to ensure fulfillment of annual targets and the effectiveness of the work; made an effort to resolve arrears arising from reinsurance business, focusing on accounts which met conditions for recoveries.

When it comes to reputational risk management, in Q4 the Company applied for and won the Insurance Ark Awards in Innovation Category and Rural Invigoration Category; participated in the Mayors Forum of the Yangtze River Delta Region on Rural Invigoration, the branding campaign of Tai An Gu. With the support and guidance from the Group, it promoted publicity of these activities which were covered by mainstream media such as Xinhua.com and Caijing.com, as well as the public Wechat of the Company. At the same time, it actively took part in joint programmes with Phoenix Satellite, and aired a video on “protecting supply of groceries”, which positively contributed to the market image and good name of the Company.

On the front of strategic risk, it drafted Plans on Branch Offices Development for 2023, laying out concrete objectives and paths for expansion of service networks, which will

promote its presence in various region and enhance management of relevant risks; formulated Provisional Guidelines on Implementation of Green (Sustainable) Insurance Standards, establishing relevant standards to encourage the development of green insurance and facilitate China's carbon-peaking, carbon-neutrality economic transitioning.

(IV) Status of SARMRA self-assessment

In Q4, 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 Company completed SAMRA self-assessment, with scoring on soundness of rules (50%) and adherence effectiveness (50%). Given the realities of the Company, the process was led by risk management departments, with lead departments for major risk categories sharing the task, responsible departments filling in forms. The forms will be evaluated prudently by lead departments for major risk categories and then reviewed by risk management departments, and finally approved by Compliance and Risk Control Work Commission.

The score of the self-assessment was 92.17, an improvement from 2021, indicating continued enhancement of risk management capabilities. In 2022, the Company pushed for implementation of C-ROSS II risk management, amending relevant rules and policies, conducted dedicated training, optimised system tools, and strengthened the early-warning system; stepped up transmission of risk appetite, with risk monitoring covering smaller units, becoming more quantifiable and more targeted; enhanced emergency response, amended Master Contingency Plan for Emergencies to ensure that there are norms and processes in place to follow. Next, it will enhance capital planning and management, put in place management framework and process, and improve the system for capital planning; optimise investment outsourcing and revise relevant rules; strengthen the monitoring of credit risk, improve the system for data governance, and enhance rules on operational risk so as to further improve its risk management capabilities.

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 Q3 and Q4 of 2022.

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(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. At the end of this quarter, the Company's comprehensive solvency adequacy ratio was 369.28%, and core solvency adequacy ratio was 337.32%.

In the fourth quarter, first, we revised and issued relevant regulations including the Management Measures on Development Planning, Provisions on Development and Management of Insurance Products, Management Measures on Underwriting and Claims Management, Provisions on Management of Outstanding Claims Cases, Provisions on Management of Special Claims Cases, Management Measures on Insurance Loss Adjusters, Operational Standards on Insurance Policy Amendments, Management Measures on Bank Deposits; drafted and issued Operational Standards on Regulatory Filing and Registration of Insurance Products, Provisions on Cost Management of Advertisements, with strict implementation on the ground. Second, we conducted the filing of IRR for Q3. The management decided to further enhance frequency of monitoring of certain key metrics, such as settlement ratio of claims and claims payment turn-around for cases below 10,000 yuan, so as to be more pro-active in risk management.

(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 the auditing, carried out rectification work with regular progress tracking and urged relevant parties to complete the rectification on time regarding issues

covered in the rectification plan. Second, conducted the 2022 annual internal audit self-review, which examined risk items, control activities, and effectiveness of rectification and detected no major risks. Third, completed self-assessment of money-laundering and terrorist financing, which indicated a “Low Risk” status for inherent risk, and “Effective” for control measures, with the rest of risks being “Medium”. Fourth, revised and issued relevant regulations including Provisions on Development and Management of Insurance Products, Management Measures on Underwriting and Claims Management, Provisions on Management of Outstanding Claims Cases, with strict implementation in the entire process of business operation and continuous updating. The operational risk overall was under control. Fifth, conducted training of risk management, launched publicity programmes on Regulations on Management of Operational Risk, communicated on regulatory feed-backs on IRR, and the IRR modelling and monitoring results of level-3 branches, organised training on AML and terrorist financing self-assessment to raise employee awareness. Sixth, IRR in Q3 indicated a stable status, and we will continue to improve on metrics like settlement ratio of claims and claims payment turn-around for cases below 10,000 yuan. The progress of rectification will be reported to the senior management and the board on a regular basis.

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, organising 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 risks arising from concentration of business in Shanghai. Second is the potential strategic risk arising from differentiated business strategies for agricultural insurance from 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

During the quarter, it closely followed business development, applied for and won the Insurance Ark Awards in Innovation Category and Rural Invigoration Category; participated in Mayors Forum of the Yangtze River Delta Region on Rural Invigoration, the branding campaign of Tai An Gu. With the support and guidance from the Group, it promoted publicity of these activities which were covered by mainstream media such as Xinhua.com and Caijing.com, as well as the public Wechat of the Company. At the same time, it actively took part in joint programmes with Phoenix Satellite, and aired a video on “protecting supply of groceries” , which positively contributed to the market image and good name of the Company.

3.2 Methods of reputation risk assessment

As per Solvency Regulatory Standards of Insurance Companies No.11, firstly, we monitor online public opinions through the Group’s monitoring platform; secondly, our spokesperson and brand specialists joined the Group’s brand management and spokesperson in the effort to share and handle public opinion information in a timely manner; thirdly, the Company issued the "Risk Early Warning" weekly reports to the part-time reputational risks management staff to promptly prevent and detect possible reputational risks. We also conducted a company-wide investigation of potential reputational risks, and continued to optimize and promote the construction 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 67% of total premiums, and of this, the share of fiscal subsidies was around 50%. 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 within a short period of time. In response to this, 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 a major disaster, the it will launch an emergency plan, timely claim investigation,

and coordinated funds planning by to ensure normal and stable cash flows.

As at the end of Q4, LCR1s of the next 12 months under base scenarios was 104.27%, and LCR2s of the 12 months under stress scenario was 123.25%, indicating sound status in liquidity risk.

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 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 369.28% and 337.32% respectively, maintaining a strong position, albeit down by 25.3pt and 20.8pt respectively from the preceding quarter.

Of this, actual capital was 3.020bn yuan, up by 77mn yuan from the previous quarter, mainly due to quarterly net profits of 77mn yuan, decrease of 7mn yuan in other comprehensive income, increase of 6mn yuan in catastrophe reserve for

agricultural insurance, and decrease in non-admitted assets of 1mn yuan.

Minimum capital was 818mn yuan, decreasing by 38mn yuan from the last quarter, as a result of decrease in minimum capital for insurance risk by 18mn yuan, mainly as a result of reduced claims reserve in Q4, in tandem with the diversification effect of ceded auto business, which offset the rise in premium reserve risk; decrease in minimum capital by 2mn yuan for market risk, mainly due to shortened bond duration and therefore lower interest rate risk, in tandem with increased allocation in equity assets, which increased the diversification effect; decrease in minimum capital by 40mn yuan for credit risk, mainly because of a further fall of premium receivables and therefore lower counter-party default risk in the quarter; and decrease by 23mn yuan in risk diversification effect.

(II) Change to liquidity risk indicators and reasons

As of the reporting quarter, cash and cash equivalents was 59.3366mn, up by 19.8317mn from 39.5049mn in the previous quarter. The increase in cash was mainly due to much higher cash inflows from financing activities as a result of more cash received under financial assets sold under repurchase during the quarter.

LCR1s of the next 3 months and next 12 months under base scenarios were 111.96% and 104.27%, respectively.

LCR2s of the next 3 months and next 12 months under stress scenario (compulsory for testing) were 182.80% and 123.25%, respectively.

LCR2s of next 3 months and next 12 months under stress scenarios (self-testing) were 191.26% and 117.77%, respectively.

LCR3s of the next 3 months and next 12 months under stress scenarios excluding asset disposal (compulsory for testing) were 99.30% and 100.04%, respectively.

LCR3s of the next 3 months and next 12 months under stress scenarios excluding

asset disposal (self-testing) were 106.44% and 99.59%, respectively.

The retrospective adverse deviation ratios of net cash flow from operating activities of the reporting and the previous quarters were 82.94% and 164.52%, respectively. The actual amounts of cash received as premiums under direct insurance contracts during the reporting quarter were higher than the projected amounts.

The net cash flow YTD was -19.8750mn. The net cash flow for the previous fiscal year was 30.4126mn, and 10.3322mn in the year earlier.

(III) Change to IRR and reasons

The Company was rated AAA at the IRR (differentiated supervision) by CBIRC for Q3 and Q4 of 2022.

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.