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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China Pacific Insurance (Group) Co., Ltd., you should at once hand this circular and the accompanying proxy form and reply slip to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

**REPORTS OF THE BOARD OF DIRECTORS AND BOARD OF SUPERVISORS  
FOR THE YEAR 2012**

**ANNUAL REPORTS OF A SHARES AND H SHARES FOR THE YEAR 2012**

**FINANCIAL STATEMENTS AND REPORT FOR THE YEAR 2012**

**PROFIT DISTRIBUTION PLAN FOR THE YEAR 2012**

**PROPOSAL ON APPOINTMENT OF AUDITORS FOR THE YEAR 2013**

**DUE DILIGENCE REPORT OF THE DIRECTORS FOR THE YEAR 2012**

**REPORT ON PERFORMANCE OF INDEPENDENT DIRECTORS FOR THE YEAR 2012**

**PROPOSAL ON THE GENERAL MANDATE**

**RELATED PARTY TRANSACTIONS REGARDING THE TRADING OF  
DEBT SECURITIES PURSUANT TO THE SHANGHAI LISTING RULES**

**REPORT ON THE STATUS OF RELATED PARTY TRANSACTIONS AND  
THE IMPLEMENTATION OF MANAGEMENT  
SYSTEM FOR RELATED PARTY TRANSACTIONS FOR THE YEAR 2012**

**AND**

**NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the Annual General Meeting of China Pacific Insurance (Group) Co., Ltd. to be held at Sheraton Dameisha Resort, Shenzhen, the PRC on Friday, 31 May 2013 at 9:00 a.m. is set out on pages 29 to 33 of this circular.

Whether or not you are able to attend the Annual General Meeting, you are advised to read the notice of the Annual General Meeting carefully and to complete and return the enclosed proxy form at your earliest convenience in accordance with the instructions printed thereon. For holders of H Shares, the proxy form should be returned to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, in any event served by hand or by post not less than 24 hours before the time stipulated for convening the Annual General Meeting or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the Annual General Meeting or at any adjourned meeting thereof in person.

If you intend to attend the Annual General Meeting in person or by proxy, you are required to complete and return the reply slip to Computershare Hong Kong Investor Services Limited on or before Friday, 10 May 2013.

15 April 2013

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held at Sheraton Dameisha Resort, Shenzhen, the PRC on Friday, 31 May 2013 at 9:00 a.m.
“Articles of Association”	the articles of association of the Company, as amended from time to time
“A Share(s)”	domestic share(s) of RMB1.00 each in the share capital of the Company which are listed on the Shanghai Stock Exchange and traded in RMB
“Board” or “Board of Directors”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“CIRC”	China Insurance Regulatory Commission
“CSRC”	China Securities Regulatory Commission
“CPIC Life”	China Pacific Life Insurance Co., Ltd., a subsidiary of the Company
“CPIC Property”	China Pacific Property Insurance Co., Ltd., a subsidiary of the Company
“CPIC Asset Management”	Pacific Asset Management Co., Ltd., a subsidiary of the Company
“the Company”	China Pacific Insurance (Group) Co., Ltd., a joint stock company incorporated in the PRC with limited liability
“Director(s)”	director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Independent Director(s)” or “Independent Non-executive Director(s)”	independent non-executive Director(s) of the Company

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## DEFINITIONS

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“Non-executive Director(s)”	non-executive Director(s) of the Company
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this circular only, Hong Kong, Macau Special Administrative Region of the People’s Republic of China, and Taiwan region
“RMB” or “Yuan”	the lawful currency of the PRC
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Supervisor(s)”	supervisor(s) of the Company
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
“SSE”	Shanghai Stock Exchange

*Note: If there is any inconsistency between the Chinese and English versions of this circular, the Chinese version shall prevail.*

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LETTER FROM THE BOARD

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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)

*Chairman and Executive Director:*  
Mr. GAO Guofu

*Executive Director:*  
Mr. HUO Lianhong

*Non-executive Directors:*  
Mr. YANG Xianghai  
Mr. WANG Chengran  
Ms. FENG Junyuan, Janine  
Mr. WU Jumin  
Mr. WU Junhao  
Mr. YANG Xiangdong  
Mr. ZHENG Anguo  
Ms. XU Fei

*Independent Non-executive Directors:*  
Mr. XU Shanda  
Mr. CHANG Tso Tung Stephen  
Mr. LI Ruoshan  
Mr. XIAO Wei  
Mr. YUEN Tin Fan

*To the Shareholders*

Dear Sir or Madam,

**REPORTS OF THE BOARD OF DIRECTORS AND BOARD OF SUPERVISORS  
FOR THE YEAR 2012**

**ANNUAL REPORTS OF A SHARES AND H SHARES FOR THE YEAR 2012**

**FINANCIAL STATEMENTS AND REPORT FOR THE YEAR 2012**

**PROFIT DISTRIBUTION PLAN FOR THE YEAR 2012**

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**REPORT ON THE STATUS OF RELATED PARTY TRANSACTIONS AND  
THE IMPLEMENTATION OF MANAGEMENT**

**SYSTEM FOR RELATED PARTY TRANSACTIONS FOR THE YEAR 2012**

**AND**

**NOTICE OF ANNUAL GENERAL MEETING**

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

On behalf of the Board of Directors, I invite you to attend the AGM to be held at Sheraton Dameisha Resort, Shenzhen, the PRC on Friday, 31 May 2013 at 9:00 a.m.

The purpose of this circular is to provide you with the notice of the AGM and to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM.

### 2. BUSINESS TO BE TRANSACTED AT THE AGM

The business to be transacted at the AGM as specified in the notice of the AGM set out on pages 29 to 33 of this circular.

Ordinary resolutions to be proposed at the AGM for the Shareholders to approve include: (a) the report of the Board of Directors for the year 2012; (b) the report of the Board of Supervisors for the year 2012; (c) the annual report of A Shares for the year 2012; (d) the annual report of H Shares for the year 2012; (e) the financial statements and report for the year 2012; (f) the profit distribution plan for the year 2012; (g) the proposal on appointment of auditors for the year 2013; (h) the due diligence report of the Directors for the year 2012; and (i) the report on performance of Independent Directors for the year 2012.

Special resolution to be proposed at the AGM for the Shareholders to approve include: the grant of a general mandate to the Directors to issue new Shares.

A resolution will be proposed at the AGM only for holders of A Shares of the Company to approve the routine related party transactions regarding the trading of debt securities pursuant to the Shanghai Listing Rules. Such transactions are not subject to approval by the holders of H shares of the Company and the proposal is being included in this circular for information purposes only.

A report will be submitted at the AGM only for Shareholders' review and not for approval: the status of the routine related party transactions and the implementation of management system for related party transactions of the Company for the year 2012.

In order to enable you to have a better understanding of the resolutions to be proposed at the AGM and to make informed decisions upon obtaining sufficient and necessary information, we have provided detailed information in this circular, including explanatory information on the proposed resolutions to be approved and reviewed at the AGM (see Appendix I), the due diligence report of the Directors for the year 2012 (see Appendix II), the report on performance of Independent Directors for the year 2012 (see Appendix III), the report of the Board of Supervisors for the year 2012 (see Appendix IV), the proposal on the general mandate to authorize the Board of Directors to issue new Shares (see Appendix V), the routine related party transactions regarding the trading of debt securities pursuant to the Shanghai Listing Rules (see Appendix VI) and the report on the status of related party transactions and the implementation of management system for related party transactions of the Company for the year 2012 (see Appendix VII).

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## LETTER FROM THE BOARD

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### 3. THE AGM

The proxy form and the reply slip for the AGM are also enclosed herewith.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the proxy form in accordance with the instructions printed thereon. For holders of H Shares, the proxy form should be returned to Computershare Hong Kong Investor Services Limited, in any event served in hand or by post not less than 24 hours before the time stipulated for convening the AGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM or at any adjourned meeting thereof in person if you so wish.

If you intend to attend the AGM in person or by proxy, you are required to complete and return the reply slip to Computershare Hong Kong Investor Services Limited on or before Friday, 10 May 2013

### 4. VOTING BY POLL

According to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the chairman of the AGM will demand a vote by poll in relation to all the proposed resolutions at the AGM in accordance with the requirements of Article 91 of the Articles of Association.

### 5. RECOMMENDATION

The Board of Directors considers that all resolutions to be proposed at the AGM are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board of Directors recommends that the Shareholders vote in favour of all the resolutions to be proposed at the AGM.

By Order of the Board of Directors  
**China Pacific Insurance (Group) Co., Ltd.**  
**GAO Guofu**  
*Chairman*

Shanghai, the PRC  
15 April 2013

**1. REPORTS OF THE BOARD OF DIRECTORS AND THE BOARD OF SUPERVISORS FOR THE YEAR 2012**

According to the requirements of the Company Law of the PRC and the Articles of Association, the shareholders' general meeting has the right to examine and approve the reports of the Board of Directors and the Board of Supervisors. Pursuant to the Rules of Shareholders' Meeting of Listed Companies of the China Securities Regulatory Commission, the Board of Directors and the Board of Supervisors should issue a report with respect to their work in the preceding year at the AGM. The report of the Board of Directors for the year 2012 is set out in the section headed "Report of the Board of Directors" in the annual report of H Shares for the year 2012. The report of the Board of Supervisors for the year 2012 is set out in Appendix IV to this circular.

**2. ANNUAL REPORTS OF A SHARES AND H SHARES FOR THE YEAR 2012**

The Board proposes to approve the annual reports of A Shares and H Shares for the year 2012. The annual report of A Shares of the Company for the year 2012 was published on 25 March 2013 on the SSE website (www.sse.com.cn). The annual report of H Shares for the year 2012 was published on 7 April 2013 on the Hong Kong Stock Exchange website (www.hkexnews.hk).

**3. FINANCIAL STATEMENTS AND REPORT FOR THE YEAR 2012**

The financial statements and report for the year 2012 is set out in the Company's annual report for the year 2012.

**4. PROFIT DISTRIBUTION PLAN FOR THE YEAR 2012**

The Company intends to distribute a cash dividend of RMB0.35 per share (inclusive of tax) for the year 2012, amounting to RMB3.172 billion in aggregate, based on a total share capital of 9,062,000,000 shares. The remaining undistributed profits will be carried forward to the year 2013. No capitalization from capital reserve will be implemented for the current year.

**5. PROPOSAL ON APPOINTMENT OF AUDITORS FOR THE YEAR 2013**

The Board proposes to appoint Ernst & Young Hua Ming LLP<sup>1</sup> as the domestic auditor of the Company for the year 2013 and to appoint Ernst & Young as the overseas auditor of the Company for the year 2013. The Board will propose to the Shareholders at the AGM to authorize the Audit Committee of the Board to determine the principles of fixing the remunerations of the domestic and overseas auditors and to authorize the management to determine their actual remunerations based on the agreed principles.

**6. DUE DILIGENCE REPORT OF THE DIRECTORS FOR THE YEAR 2012**

In accordance with the requirements of CIRC, the Board shall conduct an annual due diligence appraisal of the Directors, and lay the due diligence report of the Directors before the Shareholders' general meeting and the Board of Supervisors. Such report is set out in Appendix II to this circular.

<sup>1</sup> Ernst & Young Hua Ming transformed to limited liability partnership in 2012 and renamed as Ernst & Young Hua Ming LLP.



**7. REPORT ON PERFORMANCE OF INDEPENDENT DIRECTORS FOR THE YEAR 2012**

Pursuant to the requirements of CIRC, Independent Directors shall issue a report in respect of the performance of their duties in the year 2012. Such report is set out in Appendix III to this circular.

**8. PROPOSAL ON THE GENERAL MANDATE**

The purpose of the proposed special resolution number 10 as set out in the notice of AGM dated 15 April 2013 is to seek approval from the Shareholders in the AGM to grant a general mandate to the Board of Directors to allot, issue and deal, with new A Shares and/or H Shares of the Company subject to the applicable laws, rules and regulations. The Board of Directors declares that the Company currently has no plan to issue A Shares and/or H Shares of the Company. Such proposal is set out in Appendix V to this circular.

**9. ROUTINE RELATED PARTY TRANSACTIONS REGARDING THE TRADING OF DEBT SECURITIES PURSUANT TO THE SHANGHAI LISTING RULES**

A resolution will be proposed at the AGM for holders of A Shares to approve the routine related party transactions regarding the trading of debt securities pursuant to the Shanghai Listing Rules. Based on the current status of business cooperation between the Company and its subsidiaries and related parties, and the trend of business growth in the future, the Company has prepared a forecast of the maximum amounts of debt securities trading transactions between the Company and such related parties for the year 2013. Such transactions are not subject to approval by the holders of H shares of the Company and the proposal is set out in Appendix VI to this circular for information purposes only.

**10. REPORT ON THE STATUS OF RELATED PARTY TRANSACTIONS AND THE IMPLEMENTATION OF MANAGEMENT SYSTEM FOR RELATED PARTY TRANSACTIONS FOR THE YEAR 2012**

Pursuant to the requirements of CIRC, the Board shall issue a report in respect of the status of related party transactions and the implementation of the management system for related party transactions for the year 2012 at the AGM. Such report will be laid before the AGM for Shareholders' review but no approval by the Shareholders is required. Such report is set out in Appendix VII to this circular for Shareholders' information.

## I. ATTENDANCE OF THE DIRECTORS AT BOARD MEETINGS

Name of Directors	No. of Board meetings requiring attendance	Attendance in person (no. of times)	Attendance by proxy (no. of times)	Absence (no. of times)	Remarks
GAO Guofu	7	7	0	0	
HUO Lianhong	7	7	0	0	
YANG Xianghai	7	7	0	0	
WANG Chengran	7	6	1	0	Absent from the 11th meeting of the 6th session Board of Directors due to business reasons and ZHENG Anguo, a Director, was appointed as his proxy to attend and vote at the meeting on his behalf.
FENG Junyuan, Janine	7	5	2	0	Absent from the 2nd extraordinary meeting of the 6th session Board of Directors for 2012 due to business reasons and GAO Guofu, the Chairman, was appointed as her proxy to attend and vote at the meeting on her behalf.
WU Jumin	7	4	3	0	Absent from the 10th meeting of the 6th session Board of Directors due to business reasons and YANG Xiangdong, a Director, was appointed as her proxy to attend and vote at the meeting on her behalf.  Absent from the 2nd extraordinary meeting of the 6th session Board of Directors for 2012 due to business reasons and GAO Guofu, the Chairman, was appointed as his proxy to attend and vote at the meeting on his behalf.
					Absent from the 10th meeting of the 6th session Board of Directors due to business reasons and GAO Guofu, the Chairman, was appointed as his proxy to attend and vote at the meeting on his behalf.

Name of Directors	No. of Board meetings requiring attendance	Attendance in person (no. of times)	Attendance by proxy (no. of times)	Absence (no. of times)	Remarks
WU Junhao	5	5	0	0	Absent from the 11th meeting of the 6th session Board of Directors due to business reasons and GAO Guofu, the Chairman, was appointed as his proxy to attend and vote at the meeting on his behalf.
YANG Xiangdong	7	6	1	0	Absent from the 11th meeting of the 6th session Board of Directors due to business reasons and FENG Junyuan, Janine, a Director, was appointed as his proxy to attend and vote at the meeting on his behalf.
ZHENG Anguo	7	6	1	0	Absent from the 2nd extraordinary meeting of the 6th session Board of Directors for 2012 due to business reasons and WANG Chengran, a Director, was appointed as his proxy to attend and vote at the meeting on his behalf.
XU Fei	7	7	0	0	
ZHOU Ciming	2	2	0	0	
XU Shanda	7	5	2	0	Absent from the 9th meeting of the 6th session Board of Directors due to business reasons and XIAO Wei, a Director, was appointed as his proxy to attend and vote at the meeting on his behalf.
CHANG Tso Tung	7	6	1	0	Absent from the 2nd extraordinary meeting of the 6th session Board of Directors for 2012 due to business reasons and XIAO Wei, a Director, was appointed as his proxy to attend and vote at the meeting on his behalf. Absent from the 10th meeting of the 6th session Board of Directors due to business reasons and LI Ruoshan, a Director, was appointed as his proxy to attend and vote at the meeting on his behalf.

Name of Directors	No. of Board meetings requiring attendance	Attendance in person (no. of times)	Attendance by proxy (no. of times)	Absence (no. of times)	Remarks
LI Ruoshan	7	7	0	0	
XIAO Wei	7	6	1	0	Absent from the 8th meeting of the 6th session Board of Directors due to business reasons and XU Shanda, a Director, was appointed as his proxy to attend and vote at the meeting on his behalf.
YUEN Tin Fan	7	7	0	0	

## II. THE CASTING OF VOTES AND COMMENTS BY THE DIRECTORS AT BOARD MEETINGS

In 2012, the Company held a total of 7 Board meetings, all Directors made appropriate decisions after having fully understood the situation and having expressed their opinions, and all resolutions of the Board meetings were passed by unanimous votes after serious consideration.

## III. WORK CONDUCTED BY THE DIRECTORS TO BETTER UNDERSTAND THE OPERATION AND MANAGEMENT OF THE COMPANY AND THEIR FEEDBACK TO THE COMPANY

### (1) Channels for the Directors to better understand the operation and management of the Company

1. The Directors may consider and discuss the operations and management of the Company at the meetings of the Board and Board committees.
2. Operations and management information and materials of the Company are provided to all members of the Board on a periodic and ad hoc basis through the management system for reporting information to the Directors. All Directors also enquire about and seek to understand the operations of the Company promptly by different methods such as e-mails and telephone.
3. When necessary, several Directors or individual Directors may have special discussions with the management on the issues relating to the operations and management that they are concerned about.
4. The Board secretary is responsible for overseeing the implementation of the resolutions of the Board and reporting specifically on the implementation of the resolutions passed at the previous meeting at each Board meeting. He also gives feedback on a timely basis in respect of any issues that draw the attention of the Directors or upon their request in order to help each Director keep abreast of the operations and management of the Company.

All members of the Board are of the opinion that with the various channels for understanding the operations of the Company, they can communicate smoothly, and exchange views and feedback in a timely manner, and that there are no obstacles in doing so.

**(2) Inspection and Studies by Directors**

In 2012, some Directors of the Company visited the Guangdong branches of CPIC Property and CPIC Life. The Directors conducted a study on the development of local insurance markets and the operations, management and growth of businesses of the branches to gain deeper understanding of the operation of local branches. During the inspection and study, the Directors reviewed the communications between branches and the head office and the progress of business expansion in local markets and expressed guiding opinions in some aspects including ideas regarding operations and development, business strategies and risk control of the branches.

**(3) The operation of the Board Committees**

The Board has established four committees, namely the Strategic and Investment Decision-Making Committee, the Audit Committee, the Nomination and Remuneration Committee and the Risk Management Committee. The chairmen of the three latter committees are all Independent Directors. In 2012, the committees studied the strategic planning, material capital operation, internal and external auditing, the appointment and performance assessment of senior management and risk control and management of the Company and provided professional advices for the decision-making of the Board. The Board and the Board Committees performed their respective duties properly by leveraging their respective expertise to ensure that the Board of the Company can make informed and appropriate decisions after considering various advises and suggestions. In 2012, the Strategic and Investment Decision-Making Committee held 4 meetings, the Audit Committee held 8 meetings, the Nomination and Remuneration Committee held 5 meetings, and the Risk Control Committee held 4 meetings.

**(4) Training of Directors**

In 2012, all of the Directors earnestly studied the latest laws and regulations, and supervisory rules issued by the CSRC, CIRC and the securities exchanges of the places of listing from time to time in order to further improve the standard of corporate governance as an insurance company and enhance their knowledge of the characteristics of the insurance market and operations development.

In 2012, all of the Independent Directors performed their duties faithfully, diligently and independently through actively attending the Board meetings and Shareholders' general meetings and carefully considering and expressing independent opinions on resolutions of the Board to protect the interests of the Company, insurants and minority shareholders. The report on the performance of the Independent Directors is set out below:

#### I. GENERAL INFORMATION OF INDEPENDENT DIRECTORS

The 6th session of the Board of Directors of the Company has five Independent Directors with expertise in the fields of finance, taxation, auditing and law. The number of Independent Directors consists of one thirds of the total number of the members of the Board, which is in compliance with the regulatory rules and the Articles of Association.

The Company's Independent Directors have the required expertise and experience and are able to perform their duties strictly in accordance with the requirements of the applicable laws and regulations, regulatory documents, the Articles of Association and the Terms of Reference for Independent Directors. They have provided comments and suggestions on, among other things, corporate governance, business operation, risk management and internal control. Independent Directors have played a meaningful role from an impartial and objective perspective, particularly when taking into consideration the legal interests of the minority shareholders, in the Company's decision making process. The details are as follows:

1. Mr. XU Shanda is currently the Chairman of the Chinese Certified Tax Agents Association, a member of the Chinese Economists 50 Forum, a member of its academic committee, an Independent Non-executive Director and a member of the National Committee of CPPCC. Mr. Xu was a deputy director-general of the State Administration of Taxation from December 1999 to December 2006. Prior to that, Mr. Xu also held various governmental positions, including the Deputy Director of the Policy Research Division of the State Administration of Taxation under the Ministry of Finance, the Director of the Research Office of the Taxation Science Research Institute under the State Administration of Taxation, the Deputy Director-general of the Department of Tax Reform, the Deputy Director-general of the Department of Policy and Legislation, the Director-general of the Department of Local Taxation and the Director-general of the Department of Auditing under the State Administration of Taxation. Currently, Mr. Xu also serves as an independent director of the Industrial and Commercial Bank of China Ltd., a company listed on the SSE and the Hong Kong Stock Exchange. Mr. Xu has a master's degree.
2. Mr. CHANG Tso Tung Stephen currently serves as an Independent Non-executive Director of the Company. Prior to his retirement from Ernst & Young in January 2004, Mr. Chang held various positions with Ernst & Young, including the Deputy Chairman of Ernst & Young Hong Kong and China, managing partner of Professional Services, and the Chairman of Ernst & Young Audit and Advisory Services. Mr. CHANG served as an independent non-executive director of GST Holdings Limited and Nam Hing Holdings Limited, both of which are listed on the Hong Kong Stock Exchange, as well as an independent director of China World Trade Center Company Ltd., a company listed on the SSE. Currently, Mr. Chang also serves as an independent non-executive director of Kerry Properties Limited, a company listed on the Hong Kong Stock Exchange. Mr. Chang holds a bachelor's degree in science. He is a senior fellow member of the Institute of Chartered Accountants in England and Wales.

3. Mr. LI Ruoshan currently works at the Accounting Department of the School of Management of Fudan University and is a professor and a mentor of doctoral students. Mr. Li is currently an Independent Non-executive Director of the Company, a member of the Experts Committee for Listed Companies of the SSE, a member of the Shanghai Committee of Judicial Accounting Appraisal and the Vice Chairman of the Shanghai Accounting Academy. Mr. Li served as an independent director of Shanghai Jinfeng Investment Co., Ltd., Fuyao Glass Group Industries Co. Ltd., Sinochem International Corporation and Shanghai Pudong Road & Bridge Construction Co., Ltd., all of which are listed on the SSE. Besides, Mr. Li also served as an independent director of the Zhejiang Wanfeng Auto Wheel Co.,Ltd., a company listed on the Shenzhen Stock Exchange. Currently, Mr. Li serves as an independent director of Zhejiang Guangbo Group Co., Ltd., a company listed on the Shenzhen Stock Exchange, and an independent director of Industrial Bank Co., Ltd., a company listed on the SSE. Mr. Li is a postgraduate with a doctorate degree.
4. Mr. XIAO Wei is currently the head, a founding partner and a lawyer of the Beijing Office of Junhe Law Firm, and an Independent Non-executive Director of the Company. Mr. Xiao was previously a lawyer at Beijing No. 7 Law Firm and China Legal Affairs Centre. He was a member of the Issuance Review Committee and the Review Committee for Major Reorganizations by Listed Companies of CSRC. He was also an independent director of Shenzhen Guangju Energy Co., Ltd., a company listed on the Shenzhen Stock Exchange. He is now also an independent director of Lombarda China Fund Management Co., Ltd., Wuhan Iron & Steel Co. Ltd. (a company listed on the SSE) and Changyu Pioneer Wine Co. Ltd. (a company listed on the Shenzhen Stock Exchange). Mr. Xiao is a postgraduate with a master's degree.
5. Mr. YUEN Tin Fan is currently the Vice-Chairman of Pacific Century Regional Developments Limited and an Independent Non-executive Director of the Company. He is also an independent non-executive director of China Foods Limited (a company listed on the Hong Kong Stock Exchange) and a member of Shanghai Committee of the National Committee of CPPCC. Mr. Yuen was previously the Chairman of Pacific Century Insurance Holdings Limited, the Vice-Chairman of Pacific Century Group and PCCW Limited, and the Chief Executive Officer of the Hong Kong Stock Exchange. Mr. Yuen holds a bachelor's degree in economics.

## II. ANNUAL DUTY PERFORMANCE OF INDEPENDENT DIRECTORS

## (I) Attendance at board meetings

In 2012, the Independent Directors actively attended Board meetings. Details are as follows:

Name of Independent Director	No. of Board meetings attended during the year	Attendance in person (no. of times)	Attendance by proxy (no. of times)	Absence (no. of times)	Remarks
XU Shanda	7	5	2	0	Absent from the 9th meeting of the 6th session Board of Directors due to business reasons and XIAO Wei, a Director, was appointed as his proxy to attend and vote at the meeting on his behalf.
					Absent from the 2nd extraordinary meeting of the 6th Board of Directors due to business reasons and XIAO Wei, a Director, was appointed as his proxy to attend and vote at the meeting on his behalf.
CHANG Tso Tung	7	6	1	0	Absent from the 10th meeting of the 6th session Board of Directors due to business reasons and LI Ruoshan, a Director, was appointed as his proxy to attend and vote at the meeting on his behalf.
LI Ruoshan	7	7	0	0	
XIAO Wei	7	6	1	0	Absent from the 8th meeting of the 6th session Board of Directors due to business reasons and XU Shanda, a Director, was appointed as his proxy to attend and vote at the meeting on his behalf.
YUEN Tin Fan	7	7	0	0	



**(II) Attendance at Shareholders' general meetings**

In 2012, the Independent Directors actively attended general meetings. Details are as follows:

Name of Independent Director	No. of Shareholders' general meetings attended during the year	Attendance in person (no. of times)	Attendance by proxy (no. of times)	Absence (no. of times)
XU Shanda	2	1	1	0
CHANG Tso Tung	2	2	0	0
LI Ruoshan	2	2	0	0
XIAO Wei	2	1	1	0
YUEN Tin Fan	2	2	0	0

**III. COMMENTS AND OPINIONS AT BOARD MEETINGS, INCLUDING VOTING AGAINST THE RESOLUTIONS OR ABSTAINING FROM VOTING AND THE REASONS THERETO, AND ABSTAINING FROM EXPRESSING OPINIONS AND THE REASONS THERETO**

The Board meetings and Shareholders' general meetings in 2012 were held in conformity with legal procedures. Material operational decisions were made in accordance with the required procedures and in compliance with the laws and regulations, and the Articles of Association. All of the Independent Directors voted for the resolutions with full understanding of all the matters considered by the Board of Directors during the reporting period after thorough discussions and prudent consideration of such matters. The Independent Directors did not raise any objection to the resolutions of the Board of Directors and relevant matters.

The management of the Company was able to provide responses and to implement relevant opinions, proposals and questions of the Independent Directors. No Independent Director was prevented from expressing his opinion and no opinion raised was rejected by the Company.

**IV. CHANNELS TO BETTER UNDERSTAND THE OPERATION AND MANAGEMENT OF THE COMPANY AND THE RELATED OBSTACLES**

Independent Directors understand the operations and management of the Company primarily through the following channels:

1. attending Board meetings and committee meetings in person to consider and discuss issues relating to the operations and management of the Company. The Independent Directors attended 7 Board meetings and participated in 21 various committee meetings of the Board of Directors separately during the year.

2. getting a clear picture of the operations and management of the Company by studying regulatory information, internal newspaper clippings and data, financial reports, solvency reports, internal control reports, risk compliance reports, audited consolidated reports, and various operational and management information provided by the Company either periodically or on an ad-hoc basis from time to time.
3. communicating with the management specifically on issues concerning the operation as and when necessary.

All Independent Directors were in the opinion that they were able to understand the operations of the Company through various channels freely with effective communication in a timely manner without obstruction.

## **V. MAJOR ISSUES IN REGARD OF THE ANNUAL DUTY PERFORMANCE OF INDEPENDENT DIRECTORS**

### **(I) Expression of independent opinions**

In 2012, all Independent Directors attended Board meetings in a timely manner in order to understand the operations and management of the Company. The Independent Directors conducted investigation and obtained information necessary for making decisions and made independent and clear judgement on and expressed independent opinions in favour of matters including material changes in accounting estimation, continuing connected transactions of debt securities trading, appointment of accounting firm, profit distribution, appointment of senior management and remuneration and performance assessment of senior management of the Company.

### **(II) External guarantee and misappropriation of funds**

In 2012, there is no external guarantee or misappropriation of funds of the Company.

### **(III) Use of proceeds**

In 2012, the use of proceeds of the Company was consistent with such usages as resolved and approved by the Shareholders' general meetings and the Board. The proceeds were used to replenish the working capital of the Company to support business growth.

### **(IV) Warnings and highlights of results**

On 13 July 2012, the Company issued the Announcement on Expected Decrease in the Interim Results of 2012 (Lin 2012-018), which estimated that the net profit attributable to equity holders of the Company for the interim period of 2012 may decrease by approximately 55% as compared to the corresponding period of the previous year.

### **(V) Performance of commitments of the Company and the Shareholders**

In 2012, the Company has no discloseable commitments.

**(VI) Information disclosure**

In 2012, the information disclosure of the Company was true, accurate and complete and made in a timely manner. The Company has not failed to disclose any discloseable information.

**(VII) Implementation of internal control**

The Company is committed to establishing a sound internal control system in order to provide reasonable assurance of the achievement of internal control objectives, including the legal compliance of our operation and management, assets security and reliability, truthfulness and completeness of financial reports and related information, improvement of operation efficiency and implementation of development strategies for the sustainable development of the Company. In 2012, the Company continued to improve the efficiency and implement reforms of internal control. The Company conducted self-assessment of risk and internal control with a focus on the measures on coping with new risks and the rectification of defects in internal control. Major procedures were modified and the Measures on Internal Control were issued and updated from time to time. The risk identification, evaluation, solution and supervision of internal control were improved, thereby strengthening the internal control system of the Company. The Company has conducted self-assessment of internal control as of 31 December 2012 and an audit report was issued by the auditor.

**(VIII) The operation of the Board and the Board Committees**

In 2012, the Company held a total of 7 Board meetings, all Directors made appropriate decisions after having fully understood the situation and having expressed their opinions, and all resolutions of the Board meetings were passed by unanimous votes after serious consideration.

The Board has established four committees, namely the Strategic and Investment Decision-Making Committee, the Audit Committee, the Nomination and Remuneration Committee and the Risk Management Committee; the chairmen of the three latter committees are all Independent Directors. In 2012, the committees reviewed the strategic planning and material capital operation, internal and external audits, engagement and performance assessment of the senior management, and risk control and management, and provided professional advice to the Board as reference for decision-making. The Board and its committees of the Company performed their duties properly with their expertise to ensure proper decision making of the Board based on adequate information and upon considering various suggestions and opinions. In 2012, the Strategic and Investment Decision-Making Committee held 4 meetings, the Audit Committee held 8 meetings, the Nomination and Remuneration Committee held 5 meetings, and the Risk Control Committee held 4 meetings.

**VI. OTHER WORK AND CONTRIBUTIONS FOR IMPROVING THE OPERATION AND MANAGEMENT OF THE COMPANY**

All of the Independent Directors have the necessary professional knowledge and experience to put forward considerable constructive opinions and recommendations regarding the strategic planning, corporate governance, financial management, appointment of senior management, internal control and risk compliance of the Company based on their own professional expertise and practical experience.

By being actively involved in the research and studies of the subsidiaries at the lower level, the Independent Directors took the opinions and recommendations made by the subsidiaries seriously, and better understood the actual operations of the Company, which laid a solid foundation for independent judgment and decision-making capabilities.

In the course of auditing the annual reports, the Independent Directors listened specifically to the reporting by the Company on its financial position and results of operation for the year, attended annual report discussion meetings, and maintained timely and thorough communication with the external auditor, which helped the audit of annual reports being carried out legally and in compliance with relevant rules and regulations.

#### **VII. ANNUAL SELF-ASSESSMENT AND THE ASSESSMENT OF THE BOARD AND MANAGEMENT**

All of the Independent Directors are of the view that they have duly performed their functions and duties, and fulfilled their obligations to acting with integrity and diligently pursuant to the laws and regulations, and the provisions under the Articles of Association during the reporting period. They actively attended Board meetings and meetings of the Board committees and participated independently and objectively in the decision-making of the Company on significant issues. In particular, they were concerned about the legal rights of the minority shareholders. All of the Independent Directors made objective and impartial judgments on the issues to be resolved by the Board. They also performed due diligence reviews on the appointment, removal, and performance appraisal of Directors and senior management, and any other issues which might significantly affect the interests of insured parties and the minority shareholders. This helped promote the scientificity and objectivity of the Board's decisions, and helped maintain the sustainable, healthy and stable growth of the Company.

All of the Independent Directors are of the view that the Board of the Company has duly performed their functions and duties under the laws and regulations, and the provisions under the Articles of Association during the reporting period. Due to its effectiveness and high standards, the Board effectively plays a central role in the Company's decision-making. In view of the challenging internal and external environments, under the leadership of the Board, the Company implemented the development strategies to focus on insurance as its core business, achieved sustainable value growth and launched business transformation based on customers' demands. The Company maintained steady and sound business development, continued to enhance its overall value and achieved the annual major operational targets and business goals set by the Board.

**I. PERFORMANCE OF DUTIES BY THE BOARD OF SUPERVISORS****(I) The meetings of the Board of Supervisors were held at appropriate times to enable the proper performance of its supervisory duties**

The Board of Supervisors held 5 meetings in 2012 (please see the announcements published on the websites of Shanghai Stock Exchange and the Company for details), and considered 18 resolutions and received 16 reports.

1. On 23 March 2012, at the 8th meeting of the 6th session of the Board of Supervisors in Shanghai, the Board of Supervisors considered and approved several resolutions including the Resolution relating to the 2011 Report of the Board of Supervisors of China Pacific Insurance (Group) Co., Ltd..
2. On 27 April 2012, at the 9th meeting of the 6th session of the Board of Supervisors in Qingyuan, the Board of Supervisors considered and approved the Resolution relating to the 2012 1st Quarterly Report of China Pacific Insurance (Group) Co., Ltd..
3. On 17 August 2012, at the 10th meeting of the 6th session of the Board of Supervisors in Shanghai, the Board of Supervisors considered and approved among others, the Resolution relating to the 2012 Interim Report on the A Shares of China Pacific Insurance (Group) Co., Ltd..
4. On 26 October 2012, at the 11th meeting of the 6th session of the Board of Supervisors in Zhuhai, the Board of Supervisors considered and approved the Resolution relating to the Summary and Full Versions of the 2012 3rd Quarterly Report of China Pacific Insurance (Group) Co., Ltd..
5. On 21 December 2012, at the 1st extraordinary meeting of the 6th session of the Board of Supervisors for 2012, with telephonic conferencing, the Board of Supervisors considered and approved the Resolution relating to the End of Term Audit Report of CHEN Wei, the former Secretary of the Board, of China Pacific Insurance (Group) Co., Ltd.

**(II) Performance of Supervisory Duties through Various Means**

1. *Attending relevant meetings to strengthen the supervision of the senior management and Board of Directors of the Company*

In 2012, members of the Board of Supervisors attended Board meetings and general meetings of the Company to effectively supervise the Board of Directors' decision-making and the performance of its duties. In addition, members of the Board of Supervisors also attended important meetings when necessary, including annual working meetings held by subsidiary companies and meetings held by the Operation and Management Committee of the Company, to keep themselves informed on the Company' significant operational events and to further improve the effectiveness of their supervision. The Supervisors communicated with relevant departments before such meetings. They also actively participated in the discussion and review of the resolutions proposed during the meetings and provided suggestions and advice.

The Board of Supervisors reviewed the due diligence report of Directors and the performance evaluation results of senior management to strengthen the supervision and evaluation of the performance of Directors and senior management. The Supervisors also participated in the audit regarding certain outgoing members of senior management, and considered and approved the end of term audit report of CHEN Wei, the former Secretary of the Board, and CHI Xiaolei, the former Chief Actuary.

2. *Further enhancing the supervision of financial and internal controls*

- (1) In 2012, the Board of Supervisors reviewed resolutions including those concerning periodic reports and profit distribution, and paid particular attention to activities that had major cash flow consequences, accounting items which had a significant impact on the results of operations as well as matters which had a significant impact on shareholders' equity. The Board of Supervisors held two meetings with Ernst & Young to discuss these issues and requested the auditors to report on the key contents and major adjustments etc. It received the auditors' advice on auditing and management, and paid attention to significant events including changes in accounting estimation and the impact of investment on the profit of the Company.

The Board of Supervisors gave opinions on the appointment of auditors of the Company, and agreed with the results of the open recruitment conducted by the management and recommended that the shareholders at the general meeting engage Ernst & Young as the Company's auditor for 2012.

- (2) The Board of Supervisors was aware of the new requirements imposed by the regulatory authorities on internal controls and risk management of the Company. By strengthening communication with the risk management, regulatory compliance and finance departments, the operations department is able to improve the internal controls system based on the requirements of the Board of Directors. In 2012, the Company accelerated the establishment of an effective long-term internal control mechanism by formulating an internal controls system, implementing the self-assessment of internal controls and promoting the rectification of defects and provided guidelines to departments of all levels to effectively identify, assess, control, monitor and mitigate operating risks so as to effectively prevent compliance risks in the course of operation and management and further improved the standard of the management of internal controls.

The Board of Supervisors also received reports on the implementation of related party transactions and audit report concerning related party transactions. It considered that the Company had been improving its management system for related party transactions based on experience and had enhanced the management of the approval and disclosure of related party transactions, which ensured that the Company's related party transactions complied with the requirements of the regulatory authorities and the listing rules of the place of listing.

- (3) The Board of Supervisors continued to enhance the monitoring and supervision of the Company's internal auditing activities. It periodically received working reports of the Auditing Officer and called for the continuous improvements in innovations with the internal audit activities. In 2012, the audit department of the Company actively came up with various innovations and methods to refine working practices and the mechanisms and modes of operation, to provide value-added internal audit services while strengthening the evaluation of auditing and supervision in order to realise the Company's goal of achieving sustainable growth.

In addition, the Board of Supervisors will participate jointly with the Audit Committee of the Board of Directors in the annual performance appraisal and evaluation of the internal audit department to further improve the quality of internal audit. In 2012, the audit department of the CPIC Group was recognised as the Model State-owned Enterprise of Internal Audit in China (全國國有企業「內部審計示範企業」) for 2012.

3. *Conducting inspections and investigations and providing management suggestions*

In 2012, certain Supervisors of the Company inspected the Guangdong branches of CPIC Property and CPIC Life. The Supervisors studied the development of local insurance market and the operation, management and business development of the branches. Through the inspection, the Supervisors gained a better understanding of the actual operations of the subsidiaries. During the course of the inspections, the Supervisors gained a better understanding of the communication and feedback between the branches and the headquarters and the business development in local markets. They also provided constructive feedback on several areas concerning the local branches including operational expansion plans, business strategies and risk control.

**(III) Strengthening training and the standard of supervision**

The Board of Supervisors studied the regulatory authorities' new rules and requirements in connection with corporate governance and the work of board of supervisors, and participated in the conference for boards of supervisors of financial institutions organised by local regulatory authorities to actively study questions on the difficulties and problems faced by the board of supervisors based on the current operations of the board of supervisors in the financial industry. In addition, the Board of Supervisors are also periodically provided with the Company information on the management of operations and internal controls as well as the policy guidelines of regulatory authorities, so that the Supervisors can continuously update their knowledge of this area, and thus improving the overall supervision standard.

**II. INDEPENDENT OPINIONS OF THE BOARD OF SUPERVISORS ON THE FOLLOWING ISSUES**

**(I) The Company's Operational Compliance**

The Board of Supervisors is of the opinion that during the reporting period, the Company maintained legally compliant operations and the Company's operational activities complied with regulatory requirements including those of the Company Law and the Articles of Association. The

corporate governance structure was further improved. The decision-making procedures of the Board of Directors and the management were legal and valid, and the directors and senior management were faithful and diligent in the process of operating and managing the Company. No conduct was found to have breached any laws or regulations or damaged the interests of Shareholders.

**(II) Truthfulness of the Financial Statements**

The financial statements of the Company for the year were audited by Ernst & Young Hua Ming LLP and Ernst & Young, based on their respective independent auditing standards, who issued the standard unqualified opinion of the auditors. The financial statements gave a true and fair view of the Company's financial positions and operational results.

**(III) Use of Proceeds from the Fund Raising**

The Board of Supervisors is of the opinion that during the reporting period, the proceeds of the fund raising had been used by the Company to enrich the capital base to support sustainable business development, which was consistent with the use granted by the resolutions of the general meetings and the Board of Directors of the Company.

**(IV) Acquisition and Disposal of Assets**

During the reporting period, the Company made no major asset acquisition.

During the reporting period, the Company made no major disposal of assets.

**(V) Related Party Transactions**

During the reporting period, the Company's related party transactions were fair and reasonable. No conduct was found to have damaged the interests of the Company and Shareholders.

**(VI) Review of Report on Internal Controls**

During the reporting period, the Company established a relatively complete, reasonable and effective internal control system. The Board of Supervisors reviewed the Company's "Assessment Report on Internal Control" and raised no objection.

**(VII) Implementation of Resolutions Approved by Shareholders**

During the reporting period, the Board of Supervisors raised no objections to any of the reports and resolutions submitted by the Board of Directors for Shareholders' consideration at the general meetings and supervised the implementation of the resolutions approved by Shareholders at the general meetings. The Board of Supervisors is of the opinion that the Board of Directors is able to properly implement the relevant resolutions approved by Shareholders at the general meetings.



The Company proposes to obtain Shareholders' approval for granting a general mandate to authorize the Board of Directors to determine if the Company shall allot, issue and deal with, A Shares and H Shares, separately or concurrently, according to market conditions and the needs of the Company, provided that the respective number of shares shall not exceed 20% of each of the A Shares or H Shares of the Company in issue on the date of the passing of this special resolution. However, notwithstanding the granting of the general mandate to the Board of Directors, any issue of new A Shares would require another Shareholders' approval at a Shareholders' meeting in accordance with the relevant PRC laws and regulations.

- (1) Subject to paragraphs (3) and (4) below and pursuant to the Company Law of the People's Republic of China (the "**Company Law**") and the relevant regulatory stipulations (as amended from time to time) of the places where the shares of the Company are listed, the Board of Directors shall be granted a general and unconditional mandate to exercise all the powers of the Company to allot, issue and deal with new shares during the Relevant Period (as hereinafter defined) and to determine the terms and conditions for the allotment and issue of new shares which include, without limitation, the following terms:
  - (a) the class and number of new shares to be issued;
  - (b) the method of determining the issue price new shares and/or the issue price (including the price range);
  - (c) the starting and closing dates for the issue;
  - (d) the class and number of the new shares to be issued to existing shareholders; and
  - (e) the making or granting of offers, agreements and options which might require the exercise of such powers.
- (2) The approval in paragraph (1) shall authorize the Board of Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period.
- (3) The aggregate nominal amount of the new A Shares and new H Shares allotted, issued and dealt with conditionally or unconditionally (whether pursuant to an option or otherwise) by the Board of Directors pursuant to the approval in paragraph (1), other than the shares issued pursuant to a Rights Issue (as hereinafter defined) or the rights to purchase the shares of the Company under any option scheme or similar arrangement, shall not exceed 20% of each of the A Shares and H Shares of the Company in issue as at the date of passing this resolution.
- (4) In exercising the powers granted in paragraph (1), the Board of Directors must (a) comply with the Company Law and the relevant regulatory stipulations (as amended from time to time) of the places where the shares of the Company are listed; and (b) obtain approval from China Securities Regulatory Commission and other relevant PRC government departments.
- (5) For the purpose of this resolution:

"**Relevant Period**" means the period from the date of passing this resolution until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;

- (b) the expiration of the 12-month period following the passing of this resolution; and
- (c) the revocation or variation of the mandate granted under this resolution by a special resolution of the Company's shareholders in a general meeting.

“**Rights Issue**” means the allotment or issue of shares in the Company or other securities which would or might require shares to be allotted and issued pursuant to an offer made to all the shareholders of the Company (excluding for such purpose any shareholder who is resident in a place where such offer is not permitted under the law of that place) and, where appropriate, the holders of other equity securities of the Company entitled to such offer, pro rata (apart from fractional entitlements) to their existing holdings of shares or such other equity securities.

- (6) The Board of Directors, subject to the approval of the relevant authorities of the PRC and in accordance with the Company Law, shall be authorized to increase the registered capital of the Company to the required amount upon the exercise of the powers pursuant to paragraph (1) above.
- (7) The Board of Directors shall be authorized to sign the necessary documents, complete the necessary formalities and take other necessary steps to complete the allotment, issue and listing of new shares, provided that the same do not violate the relevant laws, administrative regulations and regulatory stipulations (as amended from time to time) of the places where the shares of the Company are listed, and the Articles of Association.
- (8) Subject to the approval of the relevant PRC authorities, the Board of Directors shall be authorized to make amendments to the Articles of Association as appropriate and necessary after the completion of the allotment and issue of new shares according to the method of the allotment and issue of new shares by the Company, the type and number of new shares to be allotted and issued by the Company, and the actual shareholding structure of the Company at the time of completion of the allotment and issue of new shares, in order to reflect the changes in the share capital structure and the registered capital of the Company pursuant to the exercise of this mandate.

Debt securities trading is an important means by which insurance companies manage their funds on a day-to-day basis. The Company and its subsidiaries (including CPIC Property, CPIC Life and CPIC Asset Management) carry out routine trading of debt securities with various counterparties at fair market prices through securities exchanges and the interbank market of China in the ordinary course of business.

Certain Non-Executive Directors or Supervisors also serve as directors of three of the above counterparties. Pursuant to Article 10.1.3 of the Shanghai Listing Rules, such counterparties are related legal persons of the Company. Thus, the routine transactions involving the trading of debt securities between the Company and its subsidiaries and such counterparties constitute routine related party transactions.

Based on the current business cooperation between the Company and its subsidiaries and such counterparties and the future growth trend of the business, the Company expects that the maximum amounts of transactions involving the trading of debt securities with such related parties for the next three years will be as follows:

<b>Related party entities</b>	<i>Unit: RMB billion</i>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Haitong Securities Company Limited	15	20	20
Golden Sun Securities Company Limited	5	5	5
Orient Securities Company Limited	10	10	10

Pursuant to the relevant provisions of the Shanghai Listing Rules, the Company expects that the amounts of transactions involving the trading of debt securities between the Company and such related parties for the next three years (2013-2015) will reach a level that will require such transactions to be submitted for consideration to a Board meeting and Shareholders' meeting of the Company. Subject to compliance with the approval and disclosure procedures under the Shanghai Listing Rules, to improve the efficiency of decision making and execution of the routine related party transactions between the Company and such related parties, and to facilitate the development of the debt securities trading business of the Company and its subsidiaries, the Company has submitted its estimate on the aggregate amounts of transactions involving the trading of debt securities between the Company and such related parties for the next three years to the Board meeting and Shareholders' meeting of the Company for their consideration. Each single transaction falling within the expected scope of the routine related party transactions described above will not need to be separately submitted to the Board meeting or Shareholders' meeting of the Company for consideration. If the actual amounts of the transactions exceed the expected aggregate amounts set out above, the Company will re-submit the transactions to the Board meeting and Shareholders' meeting for their consideration in respect of the excess amount.

Under the provisions of Clause 2 of Article 18 of the Interim Measures for the Administration of Related Party Transactions of Insurance Companies (No. 24 [2007] China Insurance Regulatory Commission) promulgated on 6 April 2007 by the CIRC, “the board of an insurance company shall report annually to the shareholders’ general meeting on the status of related party transactions and the implementation of a related party transaction administration system.” The report on the status of the related party transactions and the implementation of the management system for related party transactions of China Pacific Insurance (Group) Co., Ltd (“the Company”) is as follows:

## **1. RELATED PARTY TRANSACTIONS IN 2012**

In 2012, the Company and its majority-owned subsidiaries entered into three major related party transactions and one routine related party transaction that required the approval of the Shareholders’ general meeting, which are as follows:

### **(1) Major Related Party transactions of re-insurance business**

In 2008, China Pacific Property Insurance Co., Ltd (“CPPIC”) and China Pacific Insurance Co. (H.K.) Limited (“CPIC HK”) concluded an Agreement regarding Non-Life Reinsurance Contract (the “Reinsurance Contract”). Since both parties are subsidiaries of the Company, according to the Interim Measures for the Administration of Related Party Transactions of Insurance Companies, this transaction constitutes a major related party transaction of CPPIC, and has been reviewed and approved by the Board. The Board has also agreed that CPPIC and CPIC HK will automatically renew the Reinsurance Contract upon its expiration. As a result, CPPIC renewed the Reinsurance Contract with CPIC HK on 31 December 2011. This major related party transaction has adopted the prevailing approach to reinsurance in accordance with the principles of market pricing. This transaction has been reported to CIRC in accordance with the Interim Measures for the Administration of Related Party Transaction of Insurance Companies.

### **(2) Major Related Party transaction regarding the share transfer under the debt plan**

In order to support the sustainable growth of China Pacific Life Insurance Co., Ltd. (hereafter refer to as “CPIC Life”) and Changjiang Pension Insurance Co., Ltd. (“Changjiang Pension”), after mutual discussion, CPIC Life transferred 6 million shares in the “China Pacific — Debt Plan for the Rental of Public Housing in Shanghai” (太平洋—上海公租房債權計劃), amounting to approximately RMB600 million as of the date of transfer, to Changjiang Pension according to the yield distribution arrangement set out in the relevant offering document. Since both parties are majority-owned subsidiaries of the Company, this transaction constitutes a major related party transaction of CPIC Life and Changjiang Pension according to the Interim Measures for the Administration of Related Party Transactions of Insurance Companies, and has been reviewed and approved at the 2012 1st extraordinary meeting of the 4th session of the Board of Directors of CPIC Life and the 8th meeting of the 2nd session of the Board of Directors of Changjiang Pension. This major related party transaction is in the interests of both parties as a whole, and has been reported to CIRC in accordance with the Interim Measures for the Administration of Related Party Transaction of Insurance Companies.

**(3) Major Related Party transaction concerning services agreement**

Pacific Insurance Online Services Technology Co., Ltd. (“CPIC Online”) provides to CPPIC consulting services on information technology relating to the insurance industry and website maintenance services, and in return, CPPIC pays fees to CPIC Online for these services. In 2012, the services fee was estimated to be less than RMB320 million. Since both parties are majority-owned subsidiaries of the Company, this transaction constitutes a major related party transaction of CPPIC according to the Interim Measures for the Administration of Related Party Transaction of Insurance Companies, and has been reviewed and approved at the 2nd extraordinary meeting of the 4th session of CPPIC. This transaction is in the interests of both parties as a whole. The transaction has been reported to CIRC in accordance with the Interim Measures for the Administration of Related Party Transactions of Insurance Companies.

**(4) Continuing Related Party transactions of securities trading**

Debt securities trading is an important means by which insurance companies manage their funds on a day-to-day basis. The Company and its subsidiaries carry out the day-to-day trading of debt securities with various counterparties at fair market prices through securities exchanges and the national interbank market in the ordinary course of business. In order to enhance the efficiency of decision making and the execution capability for securities trading with certain related parties and promote the development of the debt securities business of the Company and its subsidiaries, the Company has estimated the aggregate amounts of transactions involving the trading of debt securities with such related parties in 2012 as follows:

	<i>Unit: RMB billion</i>
<b>Related party entities</b>	<b>Year 2012</b>
Haitong Securities Company Limited	10
Golden Sun Securities Company Limited	3

Pre-authorization of the above routine related party transactions was granted at the Shareholders’ meeting of the Company in 2011 and the relevant information disclosure (Zhong Guo Tai Bao Lin [2012]-007) has been made in accordance with the Shanghai Listing Rules, and has been reported to CIRC in accordance with the Interim Measures for the Administration of Related Party Transactions of Insurance Companies.

In 2012, the total securities trading transactions between the Company and its related party Haitong Securities Company Limited amounted RMB290 million, which was within the range approved by the Shareholders’ general meeting of the Company.

**2. IMPLEMENTATION OF MANAGEMENT SYSTEM FOR RELATED PARTY TRANSACTIONS**

**(1) Further enhancing the management of Major Related Party transactions**

With the establishment of a comprehensive management system, the management of the related party transactions of the Company and its subsidiaries has been further standardized and rationalized. In 2012, the Company further improved the procedures for internal review and external report based on the internal management flow of the Company in order to strengthen the management of major related party transactions.

**(2) Strengthening the day-to-day management of Related Party transaction in accordance with the provisions of the management system for Related Party transactions**

1. Timely update of information on related parties. In order to further enhance the quality of information about related parties and improve the management of related party transactions, the Company carried out comprehensive work regarding the updating of information on related parties in the second half of 2012. As of 31 December 2012, the Company and its subsidiaries had an aggregate of 298 related legal persons and 785 related natural persons pursuant to all relevant provisions. The Company also regularly requests related parties to take note of new rules and regulations regarding related party transactions, and to actively make voluntary reports on the related parties in accordance with regulatory requirements.
2. Review of related party transactions pursuant to the management system for related party transactions. According to the Interim Management Measures on Related Party Transactions of China Pacific Insurance (Group) Co., Ltd and the Interim Management Measures on Connected Transactions of H Shares of China Pacific Insurance (Group) Co., Ltd, the Company shall delegate authority to the relevant departments to review routine related party transactions, and submit any major related party transaction to Board meetings or Shareholders' general meetings of the Company for review and approval.
3. Timely reporting and disclosure of related party transactions. In 2012, the Company and its subsidiaries entered into a total of three major related party transactions and one routine related party transaction that required the approval of the Shareholders' general meetings, for which the reporting and filing procedures have been followed in accordance with the requirements of CIRC, or in accordance with the public disclosure procedures of the SSE.
4. Conducting a special audit of related party transactions in accordance with regulatory requirements. Based on the requirements of the Interim Management Measures on Related Party Transactions of Insurance Companies issued by CIRC, the audit department of the Company will carry out special audits of related party transactions of the Company and the implementation of its procedures and give opinions on the policy implementation problems faced by the Company. The compliance management department of the Company will then ask the relevant departments to promptly rectify such problems so as to ensure the fairness of the Company's related party transactions and to safeguard the legitimate interests of the Company and its Shareholders.

In 2013, based on its experiences in managing related party transactions, the Company will continue to improve its system for managing related parties transactions and to strengthen the management of processes such as the review, approval and disclosure of related party transactions, in order to ensure that the related party transactions of the Company meet the requirements of the regulatory authorities and the listing rules of the Company's places of listing, and to prevent the risks related to the related party transactions so as to safeguard the interests of the Company and its Shareholders.

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## NOTICE OF THE ANNUAL GENERAL MEETING

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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)**

### NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (“AGM” or “Annual General Meeting”) of China Pacific Insurance (Group) Co., Ltd. (the “Company”) will be held at Sheraton Dameisha Resort, Shenzhen, the People’s Republic of China (the “PRC”) on Friday, 31 May 2013 at 9:00 a.m., for the following purposes:

#### **ORDINARY RESOLUTIONS:**

1. To consider and approve the report of Board of Directors of the Company for the year 2012.
2. To consider and approve the report of Board of Supervisors of the Company for the year 2012.
3. To consider and approve the full text and the summary of the annual report of A shares of the Company for the year 2012.
4. To consider and approve the annual report of H shares of the Company for the year 2012.
5. To consider and approve the financial statements and report of the Company for the year 2012.
6. To consider and approve the profit distribution plan of the Company for the year 2012.
7. To consider and approve the proposal on the appointment of auditors for the year 2013.
8. To consider and approve the due diligence report of the Directors for the year 2012.
9. To consider and approve the report on performance of Independent Directors for the year 2012.

#### **SPECIAL RESOLUTION:**

10. As special business, to authorize the Board of Directors of the Company to determine if the Company shall allot, issue and deal with, A Shares and H Shares, separately or concurrently, according to market conditions and the needs of the Company, provided that the respective number of shares shall not exceed 20% of each of the A Shares or H Shares of the Company in issue on the date of the passing of this special resolution. However, notwithstanding the granting of the general mandate to the Board of Directors, any issue of new A Shares would require another shareholders’ approval at a shareholders’ meeting in accordance with the relevant PRC laws and regulations.
  - (1) Subject to paragraphs (3) and (4) below and pursuant to the Company Law of the People’s Republic of China (the “Company Law”) and the relevant regulatory stipulations (as amended from time to time) of the places where the shares of the Company are listed, the Board of

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## NOTICE OF THE ANNUAL GENERAL MEETING

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Directors shall be granted a general and unconditional mandate to exercise all the powers of the Company to allot, issue and deal with new shares during the Relevant Period (as hereinafter defined) and to determine the terms and conditions for the allotment and issue of new shares which include, without limitation, the following terms:

- (a) the class and number of new shares to be issued;
  - (b) the method of determining the issue price of the new shares and/or the issue price (including the price range);
  - (c) the starting and closing dates for the issue;
  - (d) class and number of the new shares to be issued to existing shareholders; and
  - (e) the making or granting of offers, agreements and options which might require the exercise of such powers.
- (2) The approval in paragraph (1) shall authorize the Board of Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period.
- (3) The aggregate nominal amount of the new A Shares and new H Shares allotted, issued and dealt with conditionally or unconditionally (whether pursuant to an option or otherwise) by the Board of Directors pursuant to the approval in paragraph (1), other than the shares issued pursuant to a Rights Issue (as hereinafter defined) or the rights to purchase the shares of the Company under any option scheme or similar arrangement, shall not exceed 20% of each of the A Shares and H Shares of the Company in issue as at the date of passing this resolution.
- (4) In exercising the powers granted in paragraph (1), the Board of Directors must (a) comply with the Company Law and the relevant regulatory stipulations (as amended from time to time) of the places where the shares of the Company are listed; and (b) obtain approval from China Securities Regulatory Commission and other relevant PRC government departments.
- (5) For the purpose of this resolution:

“**Relevant Period**” means the period from the date of passing this resolution until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the 12-month period following the passing of this resolution; and
- (c) the revocation or variation of the mandate granted under this resolution by a special resolution of the Company’s shareholders in a general meeting.

“**Rights Issue**” means the allotment or issue of shares in the Company or other securities which would or might require shares to be allotted and issued pursuant to an offer made to all the shareholders of the Company (excluding for such purpose any shareholder who is resident in a place where such offer is not permitted under the law of that place) and, where appropriate, the holders of other equity securities of the Company entitled to such offer, pro rata (apart from fractional entitlements) to their existing holdings of shares or such other equity securities.



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- (6) The Board of Directors, subject to the approval of the relevant authorities of the PRC and in accordance with the Company Law, shall be authorized to increase the registered capital of the Company to the required amount upon the exercise of the powers pursuant to paragraph (1) above.
- (7) The Board of Directors shall be authorized to sign the necessary documents, complete the necessary formalities and take other necessary steps to complete the allotment, issue and listing of new shares, provided that the same do not violate the relevant laws, administrative regulations, and regulatory stipulations (as amended from time to time) of the places where the shares of the Company are listed, and the Articles of Association.
- (8) Subject to the approval of the relevant PRC authorities, the Board of Directors shall be authorized to make amendments to the Articles of Association as appropriate and necessary after the completion of the allotment and issue of new shares according to the method of the allotment and issue of new shares by the Company the type and number of new shares to be allotted and issued by the Company, and the actual shareholding structure of the Company at the time of completion of the allotment and issue of new shares, in order to reflect the changes in the share capital structure and the registered capital of the Company pursuant to the exercise of this mandate.

### **PROPOSAL FOR APPROVAL BY HOLDERS OF A SHARES OF THE COMPANY (FOR INFORMATION PURPOSES ONLY AND NOT SUBJECT TO APPROVAL BY HOLDERS OF H SHARES OF THE COMPANY):**

11. Related Party transactions regarding the trading of debt securities pursuant to the Shanghai Listing Rules.

### **REPORTS TO BE REVIEWED**

12. To review the report on the status of related party transactions and the implementation of management system for related party transactions for the year 2012.

*Note: The English version of this notice is an unofficial translation and is for reference only. In case of inconsistency between the English and Chinese versions, the Chinese version shall prevail.*

By Order of the Board of Directors  
**China Pacific Insurance (Group) Co., Ltd.**  
**GAO Guofu**  
*Chairman*

Shanghai, the PRC  
15 April 2013

*Notes:*

#### **1. Eligibility for attending the Annual General Meeting and closure of register of members for H Shares**

The 2012 Annual General Meeting will be held on Friday, 31 May 2013. The H Share Register of Members of the Company will be closed for the purpose of determining H Share shareholders' entitlement to attend the AGM, from Tuesday, 30 April 2013 to Friday, 31 May 2013 (both days inclusive), during which no transfer of H Shares will be registered. In order to attend the AGM, H Share shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Monday, 29 April 2013.

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### 2. Proposed final dividend

On 22 March 2013, the Board recommended a final dividend of RMB0.35 per share (including tax) for the year ended 31 December 2012, amounting to approximately RMB3.172 billion in aggregate. The proposed final dividend is subject to the approval of shareholders at the AGM. If approved, it is expected that the payment of the final dividend will be made on or before Friday, 26 July 2013 to the shareholders whose names appeared on the H Share register of members on Tuesday, 11 June 2013.

### 3. Withholding of dividend income tax

Pursuant to the applicable provisions of the Enterprise Income Tax Law of the PRC and its implementation rules enacted in 2008, the Company is required to withhold 10% of corporate income tax when it distributes the final dividend to its non-resident enterprise shareholders whose names appear on the H Share Register of Members on Tuesday, 11 June 2013.

Pursuant to the applicable provisions of the Individual Income Tax Law of the PRC and its implementation rules and confirmed by the relevant tax authorities in the PRC after consulting with them by the Company, the Company will withhold individual income tax at the tax rate of 10% when it distributes the final dividend to individual holders of H Shares appeared on the Company's H Share Register of Members on Tuesday, 11 June 2013. However, if it is otherwise stated in the tax regulations and relevant tax treaty, the Company will withhold individual income tax based on their dividend at the required tax rate and in accordance with the relevant procedures. If the applicable dividend tax rate is less than 10%, the individual H Share shareholders are entitled to apply for refund of the over-deducted amount on their own or appoint an agent to act on their behalf according to the tax treaty entered into between their countries of domicile and the PRC and the regulations of the relevant PRC tax authorities.

The Company will withhold the enterprise income tax as well as the individual income tax as required by law for H Share shareholders whose names appeared on the Company's H Share Register of Members on Tuesday, 11 June 2013. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H Share shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H Share shareholders or any disputes over the withholding mechanism or arrangements.

All investors are requested to read this announcement carefully. Shareholders are recommended to consult their taxation advisors regarding their holding and disposing of H shares of the Company for the PRC, Hong Kong and other tax effects involved.

### 4. Eligibility for proposed final dividend and closure of H Share register of members

The H Share Register of Members of the Company will be closed from Thursday, 6 June 2013 to Tuesday, 11 June 2013 (both days inclusive), during which period no transfer of H shares will be registered. In order to be eligible for the final dividend, H Share shareholders should ensure that all transfer documents, accompanied with the relevant share certificates, are lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Wednesday, 5 June 2013.

### 5. Proxy

- (1) Each shareholder entitled to attend and vote at the Annual General Meeting may appoint one or more proxies in writing to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
- (2) The instrument appointing a proxy must be in writing by the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign or other document of authorization must be notarized.

To be valid, for holders of H Shares, the form of proxy and notarized power of attorney or other document of authorization must be delivered to Computershare Hong Kong Investor Services Limited, not less than 24 hours before the time appointed for the Annual General Meeting (Form of proxy for use at the Annual General Meeting is attached herewith).

- (3) If a shareholder appoints more than one proxy, such proxies shall only exercise the right to vote by poll.

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## NOTICE OF THE ANNUAL GENERAL MEETING

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### 6. Registration procedures for attending the Annual General Meeting

- (1) A shareholder or his proxy should produce proof of identity when attending the Annual General Meeting. If a shareholder is a legal person, its legal representative or other person authorized by the Board of Directors or other governing body of such shareholder may attend the Annual General Meeting by producing a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person to attend the meeting.
- (2) Shareholders of the Company intending to attend the Annual General Meeting in person or by their proxies should complete and return the reply slip for attending the Annual General Meeting to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong on or before Friday, 10 May 2013

### 7. Voting by poll

According to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the chairman of the Annual General Meeting will demand a poll in relation to all the proposed resolutions at the Annual General Meeting in accordance with Article 91 of the Articles of Association.

### 8. Miscellaneous

- (1) The Annual General Meeting is expected to be held for no more than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses.
- (2) The address of Computershare Hong Kong Investor Services Limited is:  
  
17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (3) The address of China Securities Depository and Clearing Corporation Limited Shanghai Branch is:  
  
Level 36, China Insurance Building, 166 East Lujiazui Road, Pudong New District, Shanghai, the People's Republic of China.
- (4) The registered office of the Company is at:  
  
South Tower, Bank of Communications Financial Building, 190 Central Yincheng Road, Pudong New District, Shanghai  
200120 The People's Republic of China  
Contact office: Office of the Board  
Contact Person: HE Ye  
Telephone No.: 86 (21) 3396 0000  
Facsimile No.: 86 (21) 6887 0791

*As of the date of this announcement, the executive Directors of the Company are Mr. GAO Guofu and Mr. HUO Lianhong; the non-executive Directors of the Company are Mr. YANG Xianghai, Mr. YANG Xiangdong, Ms. FENG Junyuan, Mr. WANG Chengran, Mr. WU Jumin, Mr. WU Junhao, Mr. ZHENG Anguo and Ms. XU Fei; and the independent non-executive Directors of the Company are Mr. XU Shanda, Mr. CHANG Tso Tung Stephen, Mr. LI Ruoshan, Mr. YUEN Tin Fan and Mr. XIAO We*