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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)

VOLUNTARY ANNOUNCEMENT

PARTICIPATION OF A HOLDING SUBSIDIARY IN THE ESTABLISHMENT OF A GUARANTEE INSURANCE COMPANY

This is a voluntary announcement made by the board of directors (the “**Board**”) of China Pacific Insurance (Group) Co., Ltd. (the “**Company**”).

The Board is pleased to announce that China Pacific Property Insurance Co., Ltd. (“**CPIC Property**”), a holding subsidiary of the Company, proposed to establish a joint stock guarantee insurance company (the “**Investment Target**”) with Ningbo Industrial Investment Group Co., Ltd.* (寧波工業投資集團有限公司), Tibet Financial Leasing Co., Ltd.* (西藏金融租賃有限公司) and Hangzhou Taiyi Zhishang Technology Co., Ltd. * (杭州泰一指尚科技有限公司). The investment of CPIC Property amounts to RMB0.51 billion, representing 51% of the total share capital of the Investment Target (the “**Investment**”).

The Investment has been considered and approved by the board of directors of CPIC Property in accordance with the relevant requirements of the Articles of Association of China Pacific Property Insurance Co., Ltd.. On 9 March 2017, CPIC Property entered into a letter of intent on contribution (the “**Letter of Intent**”) with Ningbo Industrial Investment Group Co., Ltd., Tibet Financial Leasing Co., Ltd. and Hangzhou Taiyi Zhishang Technology Co., Ltd..

The Investment shall be subject to the approval of China Insurance Regulatory Commission (the “**CIRC**”) pursuant to the relevant requirements of the Insurance Law of the People's Republic of China (the “**PRC**”) and the Rules on the Administration of Insurance Companies.

* *for identification purpose only*

BASIC INFORMATION ON PARTIES OF THE INVESTMENT

CPIC Property is a joint stock company incorporated in the PRC with registered capital of RMB19,470 million. Its scope of business includes property insurance, liability insurance, credit insurance and guarantee insurance; short term health insurance and casualty insurance; reinsurance of the above said insurances; insurance funds investment as approved by relevant laws and regulations; other businesses as approved by the CIRC. (For items subject to approval pursuant to laws, the relevant operation shall only be commenced upon approval of the competent authorities.)

Ningbo Industrial Investment Group Co., Ltd. is a limited liability company incorporated in the PRC (solely invested by the state) with registered capital of RMB2,100 million. Its scope of business includes industrial investment, asset operation, physical leasing, asset disposal, corporate management consultation, operation planning and financial consultation. (No financial businesses, such as deposit taking, financing guarantee, entrusted wealth management and funding-raising (financing) from the public, shall be conducted prior to the approval of financial regulators.)

Tibet Financial Leasing Co., Ltd. is a limited liability company incorporated in the PRC with registered capital of RMB3,000 million. Its scope of business includes financial leasing services, transfers of assets under financial leases, investment business in fixed-income securities, taking in deposits of leases from lessees, taking in 3-month or longer term deposits from non-banking shareholders, intra-industry lending, borrowings from financial institutions, offshore borrowings, sales and handling of leased assets, and economic consultation. (Business is conducted with financial permit No. 00698193.) (For items subject to approval pursuant to laws, the relevant operation shall only be commenced upon approval of the competent authorities.)

Hangzhou Taiyi Zhishang Technology Co., Ltd. is an one-person limited liability company (private legal person sole proprietorship) incorporated in the PRC with registered capital of RMB19,524,811. Its scope of business includes technology development, technical services, technology consultation and achievement transfer: software and hardware for computers, telecommunication devices; services: design, manufacture, agency and broadcast of advertisement in local market (except for advertisement on the Internet); undertaking of computer network engineering (involving operation with qualification certificates); wholesale and retail: software and hardware for computers and telecommunication devices.

BASIC INFORMATION OF THE INVESTMENT TARGET

Investment Target shall be a joint stock company incorporated in the PRC with registered capital of RMB1 billion. The name of the Investment Target will combine the essence of Ningbo with that of CPIC and need further subsequent decision and negotiation. The concrete details on name will be subject to the final approval of the CIRC and the registration with the Administration for Industry & Commerce. The proposed scope of business of the Investment Target includes guarantee insurance business, consultation service business and agent business in relation to guarantee insurance, reinsurance business in relation to guarantee insurance, insurance funds investment as approved by relevant laws and regulations and other businesses as approved by the CIRC (The scope of business shall be subject to the approval of the CIRC and the Administration for Industry & Commerce).

The Investment amount of CPIC Property is RMB0.51 billion, representing 51% of the total share capital of the Investment Target. The investment amount of Ningbo Industrial Investment Group Co., Ltd. is RMB0.19 billion, representing 19% of the total share capital of the Investment Target. The investment amount of Tibet Financial Leasing Co., Ltd. is RMB0.155 billion, representing 15.5% of the total share capital of the Investment Target. The investment amount of Hangzhou Taiyi Zhishang Technology Co., Ltd. is RMB0.145 billion, representing 14.5% of the total share capital of the Investment Target. The actual investment amount and shareholding proportion of CPIC Property under the Investment will be subject to the approval documents issued by the CIRC.

MAJOR CONTENTS OF THE LETTER OF INTENT

An one-off contribution to the registered capital shall be made in full within ten business days upon the satisfaction of the following conditions by any party: (1) the establishment of a RMB-denominated bank account under the name of the guarantee insurance company and the payment of respective contribution by each party in accordance with the laws; (2) the completion of preparation works on the application made to the CIRC and other relevant preparation works in relation to the establishment; (3) the receipt of a written notice by each party from the organization committee on the confirmation of the above items (1) and (2) and the provision of all necessary information on such account.

The contribution to the registered capital of the guarantee insurance company shall be made in Renminbi by all parties.

Each party agrees that the guarantee insurance company shall maintain the minimum requirement as required by the CIRC on the adequacy ratio of solvency during the course of business (currently at Adequacy Standard II). Each party agrees that they will consider increasing the registered capital in a timely manner in order to maintain the abovementioned adequacy ratio of solvency for the guarantee insurance company.

Each party agrees that the terms set out in the Letter of Intent shall be subject to further negotiation among all parties on any potential cooperation and will be provided in the shareholders' agreement that may be signed for the guarantee insurance company in the future.

REASONS FOR AND BENEFITS OF THE INVESTMENT

Upon completion of the Investment, through the active participation in the construction of the National Insurance Innovation Comprehensive Experimental Zone in Ningbo, the competitive resources of CPIC Property, Ningbo Industrial Investment Group Co., Ltd., Tibet Financial Leasing Co., Ltd. and Hangzhou Taiyi Zhishang Technology Co., Ltd. will be integrated, which will boost the economy of the local market where the Company serves and that of the entire country while enhancing the professional operation and innovation capabilities of the Company in terms of property insurance business. Meanwhile, the Investment Target will become a holding subsidiary of CPIC Property and will be consolidated into the combined financial statements of the Company. The establishment of the Investment Target will benefit the Company in capturing opportunities for development and enhancing market competitiveness.

Under Chapter 14 and Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Investment does not constitute a notifiable transaction or a connected transaction.

By order of the Board
China Pacific Insurance (Group) Co., Ltd.
Gao Guofu
Chairman

Hong Kong, 13 March 2017

As at 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. WANG Jian, Mr. WANG Chengran, Ms. SUN Xiaoning, Mr. WU Jumin, Mr. WU Junhao, Mr. ZHENG Anguo and Ms. HA Erman; and the Independent Non-executive Directors of the Company are Mr. BAI Wei, Mr. LEE Ka Sze, Carmelo, Mr. LAM Chi Kuen, Mr. ZHOU Zhonghui and Mr. GAO Shanwen.