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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 AN 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 property insurance company (the “**Target Company**”) with Baidu Penghuan Asset Management (Beijing) Co., Ltd.* (百度鵬寰資產管理(北京)有限公司 (“**Baidu Penghuan**”). The investment of CPIC Property amounts to no less than RMB1 billion, accounting for no less than 50% of the total equities of the Target Company (the “**Investment**”). The final investment amount and shareholding of CPIC Property in the Investment shall be subject to the approval of the China Insurance Regulatory Commission (the “**CIRC**”).

The Investment has been reviewed and approved by the board of directors of CPIC Property and its shareholders’ general meeting in accordance with the relevant requirements of the Articles of Association of China Pacific Property Insurance Co., Ltd.. On 7 June 2016, CPIC Property entered into a promoters agreement with Baidu Penghuan.

The Investment shall be subject to the approval of the CIRC pursuant to the relevant requirements of the Insurance Law of the People’s Republic of China and the Rules on the Administration of Insurance Companies.

BASIC INFORMATION ON PARTIES OF THE INVESTMENT

CPIC Property is a joint stock company incorporated in China 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).

* for identification purpose only.

Baidu Penghuan is a limited liability company incorporated in the PRC (solely invested by corporation) with a registered capital of RMB290 million. Its scope of business includes investment management, investment consultation, economic information consultation (except intermediary services), real estate development, property management, public parking services for buses, corporate management consultation, technology development, technology transfer, sales of chemical products (excluding hazardous chemicals and category I precursor chemicals), building materials, hardware machinery, electrical appliances and self-developed products.

BASIC INFORMATION OF THE TARGET COMPANY

Target Company shall be a limited liability company incorporated in the PRC with a proposed registered capital of RMB2 billion. Its proposed scope of business includes but not limits to motor vehicle insurance and relevant types of insurance (subject to the scope of business approved by the CIRC and company registration authority).

REASONS FOR AND BENEFITS OF THE INVESTMENT

Upon completion of the Investment, the integration of competitive resources of the Company and Baidu will enhance the professional operation and business innovation capabilities of the property insurance business of CPIC Property. Meanwhile, the Target Company will become a holding subsidiary of CPIC Property and will be consolidated into the combined financial statements of the Company. The establishment of the Target Company will benefit the Company and CPIC Property by improving its digital innovation capability, accelerating business transformation and enhancing overall 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, 8 June 2016

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. 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.