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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)**

## **CONTINUING CONNECTED TRANSACTIONS FRAMEWORK AGREEMENT ENTERED INTO WITH HWABAO TRUST AND FORTUNE SG FUND**

The Board announces that on 29 July 2016 (after trading hours), the Company entered into the Framework Agreement in respect of the continuing connected transactions with Hwabao Trust and Fortune SG Fund (collectively, the “**Fortune Parties**”), pursuant to which, the Group and the Fortune Parties have agreed to enter into transactions, including sale and purchase of bonds, pledge-style bond repurchase, subscription and redemption of funds, purchase of trust plans, sale of asset management products or collective pension products.

As both the Fortune Parties and Fortune Investment Co., Ltd., a substantial shareholder of the Company, are under common control of Baosteel Group Corporation, the Fortune Parties constitute connected persons of the Company under Chapter 14A of the Listing Rules, and the transactions between the Group and the Fortune Parties constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio in respect of the continuing connected transactions entered into between the Group and the Fortune Parties exceeds 0.1% but is less than 5%, such transactions are only subject to the announcement, reporting and annual review requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **PAST CONTINUING CONNECTED TRANSACTIONS OF THE GROUP**

Reference is made to the announcement of the Company dated 27 April 2016 in relation to the Past Continuing Connected Transactions. From 2010 to 2015, the Company entered into certain Past Continuing Connected Transactions with Hwabao Trust, Fortune SG Fund, Orient Securities and Orient Securities Asset Management, respectively.

In respect of the above Past Continuing Connected Transactions, all directors of the Company (including the independent non-executive directors) have confirmed that the terms of the Past Continuing Connected Transactions are fair and reasonable, are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interest of the Company and its shareholders as a whole, and they have agreed to ratify, confirm and approve the above Past Continuing Connected Transactions.

## **THE FRAMEWORK AGREEMENT**

The Board announces that on 29 July 2016 (after trading hours), the Company entered into the Framework Agreement in respect of the continuing connected transactions with Hwabao Trust and Fortune SG Fund (collectively, the “**Fortune Parties**”), pursuant to which, the Group and the Fortune Parties have agreed to enter into a series of continuing connected transactions. The principal terms of the Framework Agreement are set out below:

### **Date**

29 July 2016

### **Parties**

- (1) the Company;
- (2) Hwabao Trust; and
- (3) Fortune SG Fund

As at the date of this announcement, Hwabao Trust, Fortune SG Fund and Fortune Investment Co., Ltd., a substantial shareholder of the Company, are under the common control of Baosteel Group Corporation. Accordingly, Hwabao Trust and Fortune SG Fund constitute connected persons of the Company under Chapter 14A of the Listing Rules.

### **Scope of Transactions**

Pursuant to the Framework Agreement, the Group and the Fortune Parties have entered into and will continue to carry out certain ordinary transactions in their ordinary and usual course of business, including:

- (1) Sale and purchase of bonds: means the transactions of sale and purchase of bonds such as government bonds, enterprise bonds and corporate bonds entered into by the Group with various counterparties at fair market prices through the inter-bank and other markets in its ordinary course of business.

- (2) Pledge-style bond repurchase: means the transactions of repurchase of bonds entered into by the Group with various counterparties at fair market prices through the inter-bank and other markets in its ordinary course of business.
- (3) Subscription and redemption of funds: means the transactions of subscription and redemption of securities investment funds publicly offered by various fund management companies at market prices entered into by the Group in accordance with the principle of “subscription by monetary amount and redemption by units” in its ordinary course of business.
- (4) Purchase of trust plans: means the purchase of collective trust plans established by trust companies as trustees by the Group in its ordinary course of business.
- (5) Sale of asset management products or collective pension products: such financial product business is a fund-related business; the products are traded at market prices in accordance with the principle of “subscription by monetary amount and redemption by units” on the basis of the net values of the units in the products issued by the Company.

### **Pricing Mechanism**

Each type of the continuing connected transactions shall be conducted in the following manner:

- (1) in the ordinary and usual course of business of the Group and the Fortune Parties;
- (2) transaction prices shall be arrived at after arm’s length negotiation and shall take into account the prevailing market prices at the time of signing of the further detailed contracts;
- (3) on normal commercial terms and terms no less favourable to (i) the Group than terms available from independent third parties with similar or comparable type of business and (ii) terms provided to independent third parties with similar or comparable type of business by Fortune Parties; and
- (4) in compliance with the Listing Rules, applicable laws, all applicable provisions of the Framework Agreement and the further detailed contracts.

The continuing connected transactions shall also comply with the following detailed pricing mechanisms:

<b>Type of transaction</b>	<b>Pricing mechanism</b>
Sale and purchase of bonds	Pricing is based on the prevailing transaction prices of comparable bonds on the inter-bank market. The inter-bank market adopts the mechanism of real-time quotation on trading days, where recognized market participants may enquire market transaction prices and such transaction quotations are applicable to all market participants.
Pledge-style bond repurchase	Pricing is based on the prevailing transaction prices of similar types of repurchase in the inter-bank market. The inter-bank market adopts the mechanism of real-time quotation on trading days, where recognized market participants may enquire market transaction prices and such transaction quotations are applicable to all market participants.
Subscription and redemption of funds	Pricing is based on the net value of fund units as at the close of trading on the date of transaction application. Net values of fund units are announced on websites of relevant fund companies and are updated once per trading day. Transaction prices announced on websites of fund companies are applicable to all market participants.
Purchase of trust plans	Transaction pricing is based on the market offer price of trust plans which is applicable to all market participants.
Sale of asset management products or collective pension products	Pricing is based on the product unit nominal value specified in the offer documents of the asset management products or collective pension products or the net value of products as at the close of trading on the date of transaction application. Such transaction quotations are available on the website of the Company and are updated approximately once per trading day. Transaction prices announced on the website of the Company are applicable to all market participants.

## Term

The Framework Agreement shall become effective as at the date of signing by all parties and shall continue to be valid until 31 December 2016 (such day inclusive) (the “**Initial Term**”), unless terminated earlier pursuant to the Framework Agreement. Subject to compliance with the Listing Rules or the securing of any waiver from strict compliance with such requirements, upon expiration of the Initial Term, the Framework Agreement shall be automatically renewed for a successive period of two years thereafter (the “**Renewed Term**”) (or such other period permitted under the Listing Rules).

Renewal of the Framework Agreement shall be subject to the then applicable requirements regarding connected transactions under any stock exchange rules (including but not limited to the Listing Rules) which shall be complied with by any of the parties or the Company.

## Values of the Historical Connected Transactions with the Fortune Parties

Type of transaction	Annual transaction value (in RMB million)		
	For the year ended 31 December 2013 (Aggregate amount of payment and receipt)	For the year ended 31 December 2014 (Aggregate amount of payment and receipt)	For the year ended 31 December 2015 (Aggregate amount of payment and receipt)
Sale and purchase of bonds	—	—	—
Pledge-style bond repurchase	—	420.00	—
Subscription and redemption of funds	915.75	3,918.18	1,762.00
Purchase of trust plans	—	—	—
Sale of asset management products or collective pension products	—	—	2,387.00
<b>Total</b> (Aggregate amount of payment and receipt)	<u>915.75</u>	<u>4,338.18</u>	<u>4,149.00</u>

## Proposed Annual Caps and Basis of Determination

The table below sets forth the Proposed Annual Caps in respect of the above continuing connected transactions, for the years ended 31 December 2016, 2017 and 2018:

<b>Continuing connected transactions:</b>	<b>Proposed Annual Caps (in RMB million)</b>		
	<b>For the years ended 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
Continuing connected transactions for which payment is made by the Group to the Fortune Parties	12,300	12,300	12,300
Continuing connected transactions for which payment is made by the Fortune Parties to the Group	12,300	12,300	12,300

The Proposed Annual Caps were determined after due and careful consideration by the Board and the Fortune Parties of the following key assumptions and factors:

- (1) values of the previous cooperation and similar transactions;
- (2) potential cooperation in the future;
- (3) the Company's demand for fund utilisation and growth of financial businesses; and
- (4) other factors, including fluctuation of PRC and overseas financial markets.

### Information about the Group, Hwabao Trust and Fortune SG Fund

The Group is a leading integrated insurance group in the PRC, providing, through its nationwide marketing network and diversified service platform, a broad range of risk solutions, investment and wealth management and asset management services to over 90 million customers throughout the country.

Hwabao Trust is a company which operates businesses of asset management and trust services, with its principal scope of business involving fund trusts, movable property trusts, immovable property trusts, negotiable securities trusts, other assets and asset rights trust, investment fund businesses through acting as the settlor of investment trusts or trust management companies, reorganisation of enterprise assets, acquisition and project financing, corporate financial management, financial advisory and other businesses.

Fortune SG Fund is a company which operates funds businesses, with its principal scope of business in China involving fund management, promotion of the establishment of funds and other businesses approved by the China Securities Regulatory Commission.

## **Reasons for and Benefits of the Continuing Connected Transactions**

As a large scale insurance group, the Company generates in its ordinary course of business a large amount of funds which need to be integrated and utilised through appropriate channels. The continuing connected transactions under the Framework Agreement are routine transactions relating to fund utilisation and financial product businesses. Such arrangements are beneficial to the development of the business in respect of fund utilisation and financial products-related transactions of the Company and its subsidiaries by improving the decision-making and implementation efficiency of the routine connected transactions entered into by the Company and its subsidiaries with the Fortune Parties. Accordingly, such transactions are in the interest of the Group as a whole.

In respect of the continuing connected transactions with the Fortune Parties under the Framework Agreement, all directors of the Company (including the independent non-executive directors) are of the view that the terms of the continuing connected transactions are fair and reasonable, are on normal commercial terms or better and in the ordinary and usual course of business of the Company and its subsidiaries, and are in the interests of the Company and its shareholders as a whole, and they have agreed to the entry into of the Framework Agreement and approved the above continuing connected transactions.

## **Listing Rules Implications**

Both Hwabao Trust and Fortune Investment Co., Ltd., a substantial shareholder of the Company, are under the common control of Baosteel Group Corporation. As at the date of this announcement, Fortune Investment Co., Ltd. controls approximately 14.17% equity interest in the Company. Baosteel Group Corporation controls 100% equity interest in Fortune Investment Co., Ltd. and approximately 98% equity interest in Hwabao Trust. Accordingly, Hwabao Trust is an associate of Baosteel Group Corporation and therefore, is a connected person of the Company.

Both Fortune SG Fund and Fortune Investment Co., Ltd., a substantial shareholder of the Company, are under the common control of Baosteel Group Corporation. As at the date of this announcement, Baosteel Group Corporation holds approximately 98% equity interest in Hwabao Trust, which holds approximately 51% equity interest in Fortune SG Fund. Accordingly, Fortune SG Fund is an associate of Baosteel Group Corporation and therefore, is a connected person of the Company.

As the highest applicable percentage ratio in respect of the continuing connected transactions under the Framework Agreement exceeds 0.1% but is less than 5%, the transactions under the Framework Agreement are only subject to the announcement, reporting and annual review requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. WANG Chengran, a non-executive director of the Company, is the chairman of the board of directors of Hwabao Trust, and Mr. ZHENG Anguo, a non-executive director of the Company, is the chairman of the board of directors of Fortune SG Fund, these directors are deemed to have a material interest in the transactions under the Framework Agreement. In accordance with the relevant requirements of the Listing Rules, these directors have abstained from voting on the board resolutions regarding the transactions under the Framework Agreement. Saved as disclosed above, no other director is deemed to have a material interest in the transactions under the Framework Agreement.

## **CONTINUING CONNECTED TRANSACTIONS BETWEEN THE GROUP AND ORIENT SECURITIES AND ORIENT SECURITIES ASSET MANAGEMENT**

Reference is made to the announcement of the Company dated 27 April 2016. As stated therein, Orient Securities and Orient Securities Asset Management constituted connected persons of the Company and therefore, transactions between the Group and those entities constituted connected transactions of the Company. The abovementioned announcement contained details of the continuing connected transactions entered into between the Group and Orient Securities and Orient Securities Asset Management during the period from 1 January 2016 to 22 April 2016.

The Board was recently notified that Orient Securities was listed on the Main Board of the Hong Kong Stock Exchange on 8 July 2016. Upon the completion of the listing of Orient Securities, the shareholding of Shenergy (Group) Co., Ltd., a substantial shareholder of the Company, in Orient Securities decreased from 30.08% to 25.05%, and Shenergy (Group) Co., Ltd. does not control a majority of the board of directors of Orient Securities or Orient Securities Asset Management. As such, Orient Securities and Orient Securities Asset Management have ceased to be “30%-controlled companies” of Shenergy (Group) Co., Ltd. since 8 July 2016. Accordingly, Orient Securities and Orient Securities Asset Management have ceased to be connected persons of the Company pursuant to Chapter 14A of the Listing Rules since 8 July 2016, and the transactions between the Group and these entities have since ceased to constitute connected transactions of the Company.

In light of the above, the Board is of the view that it is not required to enter into any continuing connected transactions framework agreement between the Company and Orient Securities and Orient Securities Asset Management.

From 22 April 2016 to 8 July 2016, the Group had not entered into any further continuing connected transactions with Orient Securities or Orient Securities Asset Management which are subject to the announcement, reporting and annual review requirements or independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

From 1 January 2016 to 8 July 2016, the highest applicable percentage ratio in respect of the connected transactions between the Group and Orient Securities and Orient Securities Asset Management under Chapter 14A of the Listing Rules exceeded 0.1% but were lower than 5%, and were only subject to the announcement, reporting and annual review requirements but were exempt from the independent shareholders’ approval requirement under the Listing Rules.



## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	China Pacific Insurance (Group) Co., Ltd.
“connected person”	has the meaning ascribed to it under the Listing Rules
“Fortune SG Fund”	Fortune SG Fund Management Co., Ltd.* (華寶興業基金管理有限公司), a company incorporated in the PRC with limited liability
“Fortune Parties”	Hwabao Trust and Fortune SG Fund
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hwabao Trust”	Hwabao Trust Co., Ltd.* (華寶信託有限責任公司), a company incorporated in the PRC with limited liability, also translated as Fortune Trust Co., Ltd.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Orient Securities”	Orient Securities Company Limited* (東方證券股份有限公司), a company incorporated in the PRC with limited liability, whose shares were listed on the Shanghai Stock Exchange on 23 March 2015 (stock code: 600958) and listed on the Main Board of the Hong Kong Stock Exchange on 8 July 2016 (stock code: 03958)
“Orient Securities Asset Management”	Shanghai Orient Securities Asset Management Company Limited* (上海東方證券資產管理有限公司), a company incorporated in the PRC with limited liability
“Past Continuing Connected Transactions”	the past continuing connected transactions entered into by the Group in or prior to 2015 which were not fully exempt under Chapter 14A of the Listing Rules, details of which are set out in the announcement of the Company dated 27 April 2016

“Proposed Annual Caps”	the maximum aggregate annual transaction amounts for the continuing connected transactions
“RMB”	Renminbi, the lawful currency of the PRC
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent
“Framework Agreement”	the framework agreement entered into between the Company and the Fortune Parties in respect of the proposed continuing connected transactions
“30%-controlled company”	has the meaning ascribed to it under the Listing Rules

\* The English translation of names in Chinese which are marked with “\*” is for identification purpose only.

By the order of the Board  
**CHINA PACIFIC INSURANCE (GROUP) CO., LTD.**  
**Gao Guofu**  
*Chairman*

Hong Kong, 29 July 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.*