

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

DISCLOSEABLE TRANSACTION PROPOSED SUBSCRIPTION OF PREFERENCE SHARES OF CHINA RAILWAY DEVELOPMENT FUND COMPANY LTD.

INVESTORS' AGREEMENT

On 13 June 2015, CPIC Life and CPIC P/C, the subsidiaries of the Company, entered into the Investors' Agreement with China Railway and Other Investors, pursuant to which CPIC Life and CPIC P/C will subscribe for an aggregate of 32,000,000,000 Preference Shares to be issued by Railway Development Fund at a purchase price of RMB1.00 for each Preference Share.

The term of the Preference Shares is 15 years, during which CPIC Life and CPIC P/C will each receive fixed income per year. All the Preference Shares to be issued will be repurchased by China Railway at the initial subscription price (i.e. nominal value) in cash and the returns on the Preference Shares will also be settled in a timely manner and in full at the end of the 15-year term.

According to the relevant rules of the CIRC, CPIC Life and CPIC P/C shall complete the regulatory reporting procedures in relation to the relevant information of their equity investment in the Preference Shares of Railway Development Fund.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Subscription exceeds 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

On 13 June 2015, CPIC Life and CPIC P/C, the subsidiaries of the Company, entered into the Investors' Agreement with China Railway and Other Investors, pursuant to which CPIC Life and CPIC P/C will subscribe for an aggregate of 32,000,000,000 Preference Shares to be issued by Railway Development Fund at a purchase price of RMB1.00 for each Preference Share.

INVESTORS' AGREEMENT

Date of Execution and Effective Date

On 13 June 2015, the investors entered into the Investors' Agreement which shall take effect upon the execution by the legal representatives or their respective authorised persons of the investors.

Parties

- (a) CPIC Life;
- (b) CPIC P/C;
- (c) China Railway; and
- (d) Other Investors.

Subscription

Pursuant to the Investors' Agreement, Railway Development Fund will issue (1) 55,000,000,000 ordinary shares to China Railway at a purchase price of RMB1.00 for each ordinary share; (2) 70,000,000,000 Preference Shares to a number of investors through private placement at a purchase price of RMB1.00 for each Preference Share.

CPIC Life and CPIC P/C, the subsidiaries of the Company, have agreed to subscribe for, respectively, the CPIC Life Preference Shares, namely 30,000,000,000 Preference Shares, and the CPIC P/C Preference Shares, namely 2,000,000,000 Preference Shares to be issued by Railway Development Fund, representing 38.36% and 2.56% of the total preference shares (as enlarged by the issue of the Preference Shares), respectively.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Railway Development Fund and its ultimate beneficial owner are third parties independent of the Company and are not its connected persons as defined under the Listing Rules.

Consideration

Pursuant to the Investors' Agreement, the aggregate consideration of the Subscription is RMB32,000,000,000 (equivalent to approximately HK\$40,558,181,980), to be paid by CPIC Life in cash in the amount of RMB30,000,000,000 (equivalent to approximately HK\$38,023,295,606) and by CPIC P/C in cash in the amount of RMB2,000,000,000 (equivalent to approximately HK\$2,534,886,374), respectively.

The above consideration is based on the subscription price of each Preference Share.

Term of the Preference Shares and Capital Contribution Requirements

The term of the Preference Shares is 15 years commencing from the Initial Capital Contribution Date to one day before the same date as the Initial Capital Contribution Date in year 2030.

The investors shall remit the respective initial capital contributions into the bank account designated by Railway Development Fund on the Initial Capital Contribution Date. The remaining capital contributions to be paid by the investors' shall be settled respectively on a date within one year from the Effective Date as scheduled by Railway Development Fund.

Guarantee by China Railway

Pursuant to the Investors' Agreement, during the 15-year term, China Railway will guarantee the fixed annual return of CPIC Life and CPIC P/C. All the Preference Shares to be issued will be repurchased by China Railway at the initial subscription price (i.e. nominal value) in cash and the returns on Preference Shares will also be settled in a timely manner and in full at the end of the 15-year term.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Directors consider that the Subscription provide an opportunity for the Company and its subsidiaries to broaden the investment channels of insurance capital, optimise asset allocation and enhance long-term investment income.

The Directors are of the view that the terms of the Investors' Agreement are fair and reasonable and that the Subscription is in the interests of the Group and the Shareholders as a whole.

INFORMATION ON THE COMPANY

The Company is a leading integrated insurance group in the PRC and is, together with its subsidiaries, principally engaged in providing a broad range of risk and protection solutions, investment and wealth management and asset management services to about 80 million customers throughout the country, through its nationwide marketing network and diversified service platform.

INFORMATION ON RAILWAY DEVELOPMENT FUND

Railway Development Fund was established in September 2014. Upon completion of the additional capital contribution, the registered capital of Railway Development Fund will be RMB188,200,000,000 (equivalent to approximately HK\$238,532,807,767). It has an operating period of 20 years. The principal business of Railway Development Fund includes: investment and management of railway construction projects and comprehensive railway-related land development and operation projects, investment consulting and relevant services.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Subscription exceeds 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Railway Development Fund and its ultimate beneficial owner are third parties independent of the Company and are not its connected persons as defined under the Listing Rules.

GENERAL

According to the relevant rules of the CIRC, CPIC Life and CPIC P/C shall complete the regulatory reporting procedures in relation to the relevant information of their equity investment in the Preference Shares of Railway Development Fund.

DEFINITIONS

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

“A Share(s)”	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB;
“China Railway”	China Railway Corporation (中國鐵路總公司), a company incorporated as a joint stock company with limited liability under the laws of the PRC, the controlling shareholder of Railway Development Fund;
“CIRC”	the China Insurance Regulatory Commission;
“Company”	China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司), a company incorporated as a joint stock company with limited liability under the laws of the PRC, the A Shares of which are listed on the Shanghai Stock Exchange and the H Shares of which are listed on the Hong Kong Stock Exchange;

“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“CPIC Life”	China Pacific Life Insurance Co., Ltd., a subsidiary of the Group;
“CPIC Life Preference Shares”	30,000,000,000 Preference Shares to be subscribed by CPIC Life;
“CPIC P/C”	China Pacific Property Insurance Co., Ltd., a subsidiary of the Group;
“CPIC P/C Preference Shares”	2,000,000,000 Preference Shares to be subscribed by CPIC P/C;
“CPIC Shareholders”	holders of shares of the Company;
“Effective Date”	the date on which the Investors’ Agreement comes into effect in accordance with the Investors’ Agreement;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries from time to time;
“H Share(s)”	overseas listed foreign shares in the registered capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Initial Capital Contribution Date”	the date to be fixed by Railway Development Fund on which the initial capital contribution shall be made by CPIC Life, CPIC P/C and the Other Investors in accordance with the Investors’ Agreement;
“Investors’ Agreement”	the investors’ agreement entered into on 13 June 2015 by and between CPIC Life, CPIC P/C, China Railway and Other Investors in relation to the subscription of the Ordinary Shares and the Preference Shares of Railway Development Fund
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“Ordinary Shares”	55,000,000,000 ordinary shares to be issued by Railway Development Fund in accordance with the Investors’ Agreement with par value at an issue price of RMB1.00;

“PRC”	the People’s Republic of China;
“Preference Shares”	70,000,000,000 preference shares to be issued by Railway Development Fund in accordance with the Investors’ Agreement with par value at an issue price of RMB1.00;
“Railway Development Fund”	China Railway Development Fund Company Ltd.* (中國鐵路發展基金股份有限公司), a company incorporated as a joint stock company with limited liability under the laws of the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Subscription”	the entry into the Investors’ Agreement by CPIC Life and CPIC P/C and the subscription of the CPIC Life Preference Shares by CPIC Life and CPIC P/C Preference Shares by CPIC P/C, respectively;
“subsidiary”	has the meaning ascribed to it under the Listing Rules;
“Other Investors”	the parties to the Investors’ Agreement, excluding China Railway, CPIC Life and CPIC P/C; and
“%”	per cent.

For the purposes of this announcement, the exchange rate of HK\$1.00 = RMB0.78899 has been used, where applicable, for purpose of illustration only and do not constitute a representation that any amount has been, could have been or may be exchanged at the above rate or at any other rates or at all.

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

* *for identification purpose only*

Hong Kong, 15 June 2015

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. LAM Chi Kuen, Mr. ZHOU Zhonghui, Mr. GAO Shanwen and Mr. FOK Kwong Man.*

* *Note: The appointment of Mr. WANG Jian is subject to the approval of the China Insurance Regulatory Commission.*