

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.



China Reinsurance (Group) Corporation
中國再保險(集團)股份有限公司

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock Code: 1508)

DISCLOSEABLE TRANSACTION
SUBSCRIPTION UNDER REAL ESTATE DEBT INVESTMENT SCHEME

China Reinsurance (Group) Corporation (the “**Company**”) is pleased to announce that on 23 June 2016, China Re P&C, China Re Life and Continent Insurance, subsidiaries of the Company entered into a Trust Contract respectively with China Re AMC, a subsidiary of the Company. Pursuant to the Trust Contract, China Re P&C, China Re Life and Continent Insurance altogether subscribe to the real estate debt investment scheme (the “**Investment Scheme**”), for a total subscription amount of RMB8 billion (the “**Total Subscription Amount**”), of which China Re P&C, China Re Life and Continent Insurance will make subscription at RMB2.5 billion, RMB3.7 billion and RMB1.8 billion, respectively. As the maximum applicable percentage ratios (within the meaning of Rule 14.07 of the Listing Rules) in respect of the Total Subscription Amount exceed 5% but are less than 25%, the Investment Scheme constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements, but is exempt from Shareholders’ approval requirement.

SUBSCRIPTION

- Date of agreement:** 23 June 2016
- Parties:** China Re AMC (Trustee)
China Re P&C, China Re Life and Continent Insurance (collectively referred to as Principals)
- Pledge and security:** The Repayment Party shall provide a real estate mortgage over the investment project to secure the Investment Scheme and the actual controllers of the Repayment Party shall provide an unconditional, irrevocable, joint and several guarantee for all the principal and interest on all debts under the Investment Scheme

Investment Funds:	The total subscription amount of the Investment Scheme shall be RMB8 billion
Term of investment:	Eleven years. The Investment Scheme shall have a term of investment of eleven years, commencing from the Investment Scheme Effective Date and until the Investment Scheme Maturity Date. Within six months of the second anniversary of the Investment Scheme Effective Date, each of the Repayment Party and the Trustee shall have the right to decide whether or not to shorten the term of investment under the Investment Scheme to three years. If the Repayment Party or the Trustee decides to shorten the term of investment under the Investment Scheme to three years, the term of investment under the Trust Contract shall be three years. Within six months of the fourth anniversary of the Investment Scheme Effective Date, each of the Repayment Party and the Trustee shall have the right to decide whether or not to shorten the term of investment under the Investment Scheme to five years. If the Repayment Party or the Trustee decides to shorten the term of investment under the Investment Scheme to five years, the term of investment under the Trust Contract shall be five years. If the Investment Scheme is early terminated under the Investment Contract, the term of investment under the Investment Contract shall be the period from the Investment Scheme Effective Date until the actual termination date of the Investment Scheme. If any Investment Scheme Maturity Date falls under a statutory national holiday, it shall be delayed to the next business day thereafter, and the interest on the Investment Funds shall accrue until the date of actual repayment by the Repayment Party
Expected annual yield:	The annual yield of the Investment Funds is fixed at 7.0%. It is expected that the net annual yield of the Beneficiary is at 6.4%
Interest calculation method:	Interest on the Investment Funds for the current period= \sum (Remaining balance of principal of the Investment Funds x Annual interest rate of Investment Funds \div 360 \times Actual number of days in the interest-bearing period during which the Repayment Party occupies the Investment Funds) Remaining balance of principal of the Investment Funds = Amount of principal of the Investment Funds-Amount of principal of the Investment Funds already paid ⁽¹⁾
Term of fund-raising:	The Investment Funds will be raised in a single transaction, and the term of fund-raising shall be twelve months since the date on which the institution designated by the CIRC issues the registration document for the Investment Scheme, during which the Trustee shall have the right to terminate the term of fund-raising under the Investment Scheme

Product type:	Debt investment scheme. It will be managed by the Trustee for the benefit of the Beneficiary and supervised by an Independent Supervisor. The income to be distributed under the Investment Scheme will be allocated to the Beneficiary in a timely manner
Investment project:	All Investment Funds will be invested in the real estate Towers A, B and C of Bairong World Trade Center, replacing loans from financial institutions, upgrading investment project and meeting other capital needs
Management fee for the Investment Scheme:	<p>Management fee chargeable for the Investment Scheme during each interest-bearing period=$\sum(\text{Remaining balance of principal of the Investment Funds} \times 0.567\% \div 360 \times \text{Actual number of days in the interest-bearing period during which the Repayment Party occupies the Investment Funds})$</p> <p>Remaining balance of principal of the Investment Funds = Amount of principal of the Investment Funds - Amount of principal of the Investment Funds already paid ⁽²⁾</p>

Notes:

- (1) In the case of accelerated maturity, the accrued but unpaid interest on the Investment Funds shall be paid on the expected accelerated due date together with the principal of the Investment Funds for which the repayment due date is accelerated. Interest on the Investment Funds for which the repayment due date is accelerated = Amount for which the repayment due date is accelerated \times Annual interest rate of the Investment Funds \div 360 \times Actual number of days in the interest-bearing period during which the amount with accelerated repayment due date is occupied.
- (2) In the case of accelerated repayment due date under the Investment Contract, the Trustee shall give an instruction to the Custodian for transfer of a management fee into a bank account designated by the Trustee on the T+3 date (where T means the accelerated repayment due date, and the procedures for guarantee shall commence on the T+13 date). Such management fee = Amount with accelerated repayment due date \times 0.567% \div 360 \times Actual number of days in the interest-bearing period during which the amount with accelerated repayment due date is occupied.

TRUST

The Principals have agreed to entrust the Trust Funds to the Trustee under the Trust Contract for establishment of the Investment Scheme in the name of the Trustee, and the investment of the Trust Funds by way of special debt investment in the investment project for the benefit of the Beneficiary. The Trustee shall collect the Trust Funds for investment in the investment project for the benefit of the Beneficiary.

CONDITIONS TO THE ESTABLISHMENT OF THE INVESTMENT SCHEME

The Investment Scheme shall be established after it has been registered with the institution designated by the CIRC and the raising of the Investment Funds has met the conditions to the establishment of the Investment Scheme. The date of establishment of the Investment Scheme shall be the date since which the amount of the Trust Funds raised and transferred into the custody account is no less than RMB8 billion.

REPAYMENT OF PRINCIPAL OF THE INVESTMENT FUNDS

The Repayment Party shall repay the principal of the Investment Funds in eleven instalments. The schedule for repayment of the principal of the Investment Funds is as follows:

Times of repayment of principal of the Investment Funds	Date of repayment of principal of the Investment Funds	Amount of repayment of principal of the Investment Funds
1st	Corresponding date in the month within which the 1st anniversary of the Investment Scheme Effective Date falls	RMB500 million
2nd	Corresponding date in the month within which the 2nd anniversary of the Investment Scheme Effective Date falls	RMB500 million
3rd	Corresponding date in the month within which the 3rd anniversary of the Investment Scheme Effective Date falls	RMB500 million
4th	Corresponding date in the month within which the 4th anniversary of the Investment Scheme Effective Date falls	RMB500 million
5th	Corresponding date in the month within which the 5th anniversary of the Investment Scheme Effective Date falls	RMB1 billion
6th	Corresponding date in the month within which the 6th anniversary of the Investment Scheme Effective Date falls	RMB1 billion
7th	Corresponding date in the month within which the 7th anniversary of the Investment Scheme Effective Date falls	RMB1 billion

Times of repayment of principal of the Investment Funds	Date of repayment of principal of the Investment Funds	Amount of repayment of principal of the Investment Funds
8th	Corresponding date in the month within which the 8th anniversary of the Investment Scheme Effective Date falls	RMB1 billion
9th	Corresponding date in the month within which the 9th anniversary of the Investment Scheme Effective Date falls	RMB1 billion
10th	Corresponding date in the month within which the 10th anniversary of the Investment Scheme Effective Date falls	RMB1 billion
11th	Investment Scheme Maturity Date	RMB1 billion

If any due date of the Investment Funds falls on a statutory national holiday, it shall be delayed to the next business day thereafter. The Repayment Party shall pay on the Investment Scheme Maturity Date all accrued but unpaid interest on the Investment Funds, principal of the Investment Funds and any other outstanding payable amount.

BASIS FOR DETERMINATION OF THE CONSIDERATION

Based on the valuation by independent valuation agency, Beijing Renda Real Estate Appraisal Co. Ltd. issued on 1 April 2016, the value of pledged object amounted to RMB18,125.68 million. China Re P&C, China Re Life and Continent Insurance determined that the total amount to be subscribed will be RMB8 billion according to the decisions of each of their corporate governance mechanism respectively, and taking into account the risks and revenue of the Investment Scheme.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

As a financial institution, an insurer relies on investment income as one of the key sources of profit, rather than solely relies on sales revenue. The Directors are of the view that the subscription under the Investment Scheme can boost the revenue of the Company and diversify the investment products of the Company, and is on normal commercial terms, fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PRINCIPALS AND TRUSTEE

The Group is principally engaged in property and casualty (“**P&C**”) reinsurance, life and health reinsurance, primary P&C insurance and asset management business.

The business scope of China Re P&C covers commercial P&C reinsurance, commercial short-term health and accident reinsurance, services of the above reinsurance businesses, advisory services and other businesses approved by the CIRC.

The business scope of China Re Life covers life and health reinsurance, services of the foregoing reinsurance businesses, advisory services and other businesses approved by the CIRC.

The business scope of Continent Insurance covers insurances of commercial property, household property, construction and erection, cargo, motor, marine hull, aircraft, aerospace, nuclear, energy, statutory liability, general liability, surety, credit, plant, livestock and aquaculture and short-term health and accident, reinsurance businesses of the above insurance businesses, deployment of insurance funds approved by the CIRC and other businesses approved by the CIRC.

The business scope of China Re AMC covers management of its own funds and insurance funds, entrusted fund management, consulting services related to funds management and other asset management businesses permitted by law.

IMPLICATIONS UNDER THE LISTING RULES

As the maximum applicable percentage ratios (within the meaning of Rule 14.07 of the Listing Rules) in respect of the Total Subscription Amount exceed 5% but are less than 25%, the Investment Scheme constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements, but is exempt from Shareholders’ approval requirement. As the Company, China Re P&C, China Re Life and Continent Insurance altogether hold 100% equity interest in China Re AMC (of which the Company directly holds 70% equity interest in China Re AMC, each of China Re P&C, China Re Life and Continent Insurance holds 10% equity interest in China Re AMC, respectively), and the Company holds 100% equity interest in China Re P&C and China Re Life respectively, and holds 93.18% equity interest in Continent Insurance, therefore the Investment Scheme does not constitute a connected transaction under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Beneficiary”	any person who lawfully holds the benefit units under the Investment Scheme and whose name appears in the register of beneficiaries of the Investment Scheme, including any beneficiary designated by the Principals at the establishment of the Investment Scheme and any person who holds the benefit units as a result of transfer, succession or other lawful method following the establishment of the Investment Scheme
“Board”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“China Re Life”	China Life Reinsurance Company Ltd., a wholly-owned subsidiary of the Company incorporated in the PRC on 16 December 2003
“China Re P&C”	China Property and Casualty Reinsurance Company Ltd., a wholly-owned subsidiary of the Company incorporated in the PRC on 15 December 2003
“CIRC”	China Insurance Regulatory Commission
“Continent Insurance”	China Continent Property & Casualty Insurance Ltd., a subsidiary of the Company incorporated in the PRC on 15 October 2003
“Custodian”	financial institution appointed by the Principals to keep, after the “China Re-Bairong World Trade Center Real Estate Debt Investment Scheme Custodian Contract” has become effective, the assets under the Investment Scheme in custody, or its successor
“Director(s)”	the director(s) of the Company
“Group”	the Company and (unless the context requires otherwise) its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	the third party(ies) independent of the Company and its connected person

“Independent Supervisor”	professional manager appointed by the Beneficiary to enjoy and assume the rights and obligations to inspect, after the “China Re-Bairong World Trade Center Real Estate Debt Investment Scheme Inspection Contract” has become effective, the management by the Trustee of the Investment Scheme, the Repayment Party and project operation so as to protect the interests of the Beneficiary, or its successor
“Investment Contract”	“China Re-Bairong World Trade Center Real Estate Debt Investment Scheme Investment Contract” entered into between the Trustee and the Repayment Party in relation to the advance by the Trustee of the Investment Funds in the form of debts to the Repayment Party for use, and its schedules and relevant supplementary agreements on 1 June 2016
“Investment Funds”	all Trust Funds to be transferred by the Trustee as agreed into the special investment fund account under the legal documentation relating to the Investment Scheme for the purpose of debt investment in an investment project
“Investment Scheme Effective Date”	the date on which the Trustee transfers for the first time the Trust Funds from the custody account into the special investment fund account to create the Investment Funds in accordance with the Investment Contract
“Investment Scheme Maturity Date”	11th anniversary of the Investment Scheme Effective Date
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Principals”	collectively, China Re P&C, China Re Life and Continent Insurance
“Repayment Party” or “Bairong Investment”	Bairong Investment Holding Group Co., Ltd. (百榮投資控股集團有限公司), a company incorporated in the PRC with limited liability, whose principal businesses include: investment and investment management; sale of daily necessities, textiles, hardware, chemical products, machinery and equipment, handicrafts; real estate development, sale of self-developed real estate; property management; business planning; rental of commercial buildings etc. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquires, Bairong Investment and its ultimate beneficial owners are Independent Third Parties
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Contract”	“China Re-Bairong World Trade Center Real Estate Debt Investment Scheme Trust Contract” entered into between the Principals and the Trustee in relation to the establishment, management and operation of the Investment Scheme, and its schedules and relevant supplementary agreements on 23 June 2016
“Trust Funds”	the funds paid and entrusted by the Principals as agreed to the Trustee for investment in investment project
“Trustee” or “China Re AMC”	China Re Asset Management Company Ltd., a subsidiary of the Company incorporated in the PRC on 18 February 2005

For and on behalf of the Board
China Reinsurance (Group) Corporation
Yuan Linjiang
Chairman

Beijing, the PRC, 24 June 2016

As at the date of this announcement, the executive Directors are Mr. Yuan Linjiang, Mr. Wang Pingsheng, Mr. Zhang Hong and Mr. Ren Xiaobing, the non-executive Directors are Ms. Lu Xiuli and Mr. Shen Shuhai, and the independent non-executive Directors are Ms. Wang Jun, Mr. Hao Yansu, Mr. Li Sanxi and Ms. Mok Kam Sheung.