

Takeovers Executive of the SFC publicly censures China Life Insurance
(Overseas) Company Limited in relation to breaches of the dealing disclosure
requirements in Rule 22 of the Takeovers Code

Takeovers Code to disclose publicly its dealings in Glorious Property's securities during the offer period.

Breaches of Rule 22 of the Takeovers Code

8. Between 9 May and 5 August 2016, China Life (through two brokers) executed 2,139 trades in Glorious Property's shares, decreasing its shareholding in Glorious Property from 10.31% to 9.75% ("Relevant Dealings"). China Life made relevant disclosures under Part XV of the Securities and Futures Ordinance. However, it failed to file disclosures in respect of the Relevant Dealings in accordance with Rule 22 of the Takeovers Code.
9. The Executive became aware of China Life's dealings in Glorious Property's shares during the offer period as a result of China Life's disclosures under Part XV.
10. China Life explained that the Relevant Dealings were carried out by members of the Investment Department who were unaware of the requirements of the Takeovers Code.

Apology by China Life and remedial action taken

11. China Life sincerely apologised for the oversight of the dealing disclosure requirements in the Takeovers Code and emphasised that it takes the non-compliance seriously.
12. China Life is implementing a number of remedial measures to address the shortcomings and to ensure future compliance with the Takeovers Code, including the following:
 - (a) China Life has recruited a compliance officer for the Investment Department. The Investment Department will refrain from trading in all securities listed in Hong Kong until adequate compliance systems are in place;
 - (b) China Life has engaged a law firm:
 - (i) to provide training to the Investment Department on, amongst others, the disclosure requirements in Rule 22 of the Takeovers Code, and this training was completed on 25 April 2017; and
 - (ii) to provide written advice on regulatory and compliance questions in relation to China Life's proprietary trades on an ad-hoc basis upon China Life's written request;
 - (c) China Life has engaged an accounting firm to prepare a compliance manual for its proprietary trading in securities listed in Hong Kong;
 - (d) China Life now regularly reviews and

Executive's comments