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# 中国人民财产保险股份有限公司

PICC PROPERTY AND CASUALTY COMPANY LIMITED

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

(Stock Code: 2328)

## CONNECTED TRANSACTION CAPITAL INCREASE IN PICC RE

On 30 August 2017, the Company entered into the Capital Increase Agreement with PICC Group and PICC Re, all parties agreed on an increase of RMB2 billion in the registered capital of PICC Re, which shall be subscribed by PICC Group and the Company according to their current proportions of shareholdings. The Company shall increase the share capital of PICC Re with an amount of RMB980 million. Upon the completion of the capital increase in PICC Re, the proportion of shareholding held by the Company will remain unchanged, representing 49% of the enlarged issued capital of PICC Re.

Pursuant to the relevant provisions of the Listing Rules, the Transaction constitutes a connected transaction of the Company. As none of the applicable percentage ratios for the Transaction exceeds the 5% threshold under Rule 14A.76 of the Listing Rules, the Transaction is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### INTRODUCTION

On 16 April 2015, the Company entered into the promoters' agreement with PICC Group to jointly establish PICC Re and the Company subscribed for 49% of the shares of PICC Re with an amount of RMB490 million. On 30 August 2017, the Company entered into the Capital Increase Agreement with PICC Group and PICC Re, all parties agreed on an increase of RMB2 billion in the registered capital of PICC Re, which shall be subscribed by PICC Group and the Company according to their current proportions of shareholdings. The Company shall increase the share capital of PICC Re with an amount of RMB980 million. Upon the completion of the capital increase, the proportion of shareholding held by the Company in PICC Re will remain unchanged

### THE CAPITAL INCREASE AGREEMENT

#### 1. Date

30 August 2017

#### 2. Parties

- (1) the Company
- (2) PICC Group
- (3) PICC Re

Pursuant to the Listing Rules, PICC Group and PICC Re are connected persons of the Company.

### 3. Subscription of shares in PICC Re

For the purposes of improving its solvency margin ratio, enhancing its capital strength and supporting its business development, PICC Re conducts the capital increase. Pursuant to the Capital Increase Agreement, PICC Group shall contribute RMB1,020 million and the Company shall contribute RMB980 million. Upon the completion of the capital increase, the total number of shares in issue of PICC Re will be increased from 1 billion shares to 3 billion shares and its registered capital will be increased from RMB1 billion to RMB3 billion. The current shareholding structure of PICC Re and that after the completion of the capital increase are as follows:

Name of shareholder	Current shareholding structure		Shareholding structure after the completion of the capital increase	
	Number of shares <i>million shares</i>	Percentage of shares in issue	Number of shares <i>million shares</i>	Percentage of shares in issue
PICC Group	510	51%	1,530	51%
the Company	490	49%	1,470	49%
Total number of shares in issue	<u>1,000</u>	<u>100%</u>	<u>3,000</u>	<u>100%</u>

The capital increase of PICC Re is subject to the approvals of the CIRC and the relevant government authorities.

### 4. Consideration and payment

The subscription price per share of PICC Re shall be RMB1. The Company shall subscribe for 980 million new shares of PICC Re for a total consideration of RMB980 million. PICC Group shall subscribe for 1,020 million new shares of PICC Re for a total consideration of RMB1,020 million.

The consideration for the subscription was paid up in cash and one-off on the date of signing of the Capital Increase Agreement. The Company paid the consideration out of its internal resources.

### INFORMATION ON PICC RE

PICC Re, jointly established by way of promotion by PICC Group and the Company, is a joint stock limited liability company incorporated in the PRC with a registered capital of RMB1 billion. PICC Re officially commenced operation on 23 February 2017, and is the fourth Chinese-funded corporate reinsurance company and an important emerging reinsurer in the PRC. PICC Re is principally engaged in commercial reinsurance business of property insurance, life insurance, short-term health insurance and accidental injury insurance in the PRC, service and consultation business related to the above reinsurance business, insurance funds application business permitted under the relevant laws and regulations of the PRC, and other business approved by the CIRC.

According to the unaudited financial statements of PICC Re prepared in accordance with the PRC Accounting Standards for Business Enterprises, the total assets and the net assets of PICC Re as at 30 June 2017 were RMB2,406 million and RMB913 million respectively, and the losses before and after tax of PICC Re for the period from 23 February 2017 to 30 June 2017 were as follows:

	RMB million
Loss before tax	88
Loss after tax	88

## **GENERAL INFORMATION**

### ***Information of the Company***

The Company is a joint stock limited liability company incorporated in the PRC, whose H shares are listed on the Hong Kong Stock Exchange. The Company is principally engaged in property insurance, accidental injury insurance, short-term health insurance and the related reinsurance business as well as investment and funds application business in the PRC.

### ***Information of PICC Group***

PICC Group is a joint stock limited liability company incorporated in the PRC, whose H shares are listed on the Hong Kong Stock Exchange. PICC Group is principally engaged in the investment and the holding of shares of listed corporations, insurance institutions and other financial institutions, the supervision and management of various domestic and overseas businesses of its controlled enterprises and the policy-guided insurance business that is authorised or appointed by the PRC.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Transaction will help PICC Re enhance its capital strength, improve its solvency, elevate its market competition ability and better explore the business in external market. Meanwhile, the Transaction is beneficial for the Company to promote its business development through internal synergies. The Board, including the independent non-executive Directors, is of the view that the Transaction is entered into on normal commercial terms, the terms of the Transaction are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

PICC Group is the controlling shareholder of the Company, holding approximately 69% of the issued capital of the Company. PICC Re is a non-wholly owned subsidiary of PICC Group. PICC Group and the Company hold 51% and 49%, respectively, of the issued capital of PICC Re. Pursuant to the Listing Rules, PICC Group and PICC Re are connected persons of the Company. Accordingly, the Transaction constitutes a connected transaction of the Company. Mr. Wu Yan, Ms. Yu Xiaoping and Mr. Li Tao, Directors of the Company, hold positions in PICC Group, therefore they have abstained from voting on the board resolution for considering and approving the Transaction. Save as disclosed above, no other Directors were required to abstain from voting on the board resolution for considering and approving the Transaction or are regarded as having a material interest in the Transaction.

As none of the applicable percentage ratios for the Transaction exceeds the 5% threshold under Rule 14A.76 of the Listing Rules, the Transaction is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of directors of the Company
“Capital Increase Agreement”	the Agreement on Capital Increase of PICC Reinsurance Company Limited dated 30 August 2017 entered into among the Company, PICC Group and PICC Re
“CIRC”	China Insurance Regulatory Commission
“Company”	PICC Property and Casualty Company Limited
“connected persons”	has the meaning as defined in the Listing Rules
“Directors”	directors of the Company
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PICC Group”	The People’s Insurance Company (Group) of China Limited
“PICC Re”	PICC Reinsurance Company Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Transaction”	pursuant to the Capital Increase Agreement, the Company will increase the share capital of PICC Re with an amount of RMB980 million

By Order of the Board  
**Zhang Xiaoli**  
*Secretary of the Board*

Beijing, the PRC, 30 August 2017

*As at the date of this announcement, the Chairman of the Board is Mr. Wu Yan (executive director), the Vice Chairman is Mr. Lin Zhiyong (executive director), the non-executive directors are Ms. Yu Xiaoping and Mr. Li Tao, and the independent non-executive directors are Mr. Lin Hanchuan, Mr. Lo Chung Hing, Mr. Na Guoyi, Mr. Ma Yusheng and Mr. Chu Bende.*