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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 ENTERING INTO THE EQUITY TRANSFER AGREEMENT REGARDING ZSIB WITH PICC GROUP

On 30 December 2019, the Company entered into the Equity Transfer Agreement regarding ZSIB with PICC Group. According to the Agreement, the Company shall acquire 92.71% equity interest of ZSIB held by PICC Group.

In accordance with the relevant provisions of the Listing Rules, the Agreement constitutes a connected transaction of the Company. As the highest percentage ratio applicable to the Transaction exceeds 0.1% but is less than 5%, 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 30 December 2019, the Company entered into the Equity Transfer Agreement regarding ZSIB with PICC Group. According to the Agreement, the Company shall acquire 92.71% equity interest of ZSIB held by PICC Group.

#### EQUITY TRANSFER AGREEMENT

##### 1. Date of Signing

30 December 2019

##### 2. Parties

- (1) the PICC Group, as the transferor; and
- (2) the Company, as the transferee.

##### 3. Effective Date

The Agreement shall take effect on the date of signing by the two parties of the Agreement.

##### 4. Target Equity

The target equity is the 92.71% equity interest of ZSIB held by PICC Group. According to the Equity Transfer Agreement, PICC Group shall transfer all of its equity interest in ZSIB to the Company.

#### **5. Conditions to the Equity Transfer**

The payment of the consideration of the Equity Transfer and the transfer of the target equity is conditional upon the fulfillment of each of the following conditions:

- (1) all necessary approvals, pre-filings or other similar regulatory procedures by the competent government authorities in China for the equity transfer have been obtained for the Equity Transfer, and none of the competent authorities has requested any material changes to the terms and conditions of the Agreement or the Equity Transfer (except for those with the written consent of one or both parties whose interests will be affected by such changes); and
- (2) the asset valuation results of the Equity Transfer have been filed in accordance with the relevant PRC state-owned asset management system, and 92.71% (percentage held by the transferor) of the filed appraisal value of shareholders' equity of ZSIB is not higher than the consideration of the Equity Transfer.

#### **6. Consideration of the Equity Transfer and Payment Method**

The consideration of the Equity Transfer is RMB236,419,585.58, which is determined based on the value of shareholders' equity of ZSIB as of the valuation reference date, i.e. 31 December 2018, as assessed by an independent third party valuation agency and the percentage of equity interest held by the transferor in ZSIB. The appraisal value of shareholders' equity of ZSIB has been filed with the Ministry of Finance. The consideration of the Equity Transfer will be paid in cash in a lump sum within five business days from the date on which all of the above conditions to the Equity Transfer are fulfilled. The Company will pay the consideration of the Equity Transfer from internal resources.

#### **INFORMATION OF ZSIB**

ZSIB, a limited liability company incorporated in the PRC, was established in 2005 and its current registered capital is RMB170,727,800, which is contributed as to 92.71% by PICC Group and as to 7.29% by TMNF as at the date of this announcement. The principal businesses of ZSIB include direct insurance brokerage, reinsurance brokerage, risk assessment and consultancy, as well as other businesses approved by PRC insurance regulatory authorities. ZSIB has one subsidiary – CIB, in which ZSIB holds 55.01% equity interest. CIB is an insurance brokerage company whose principal businesses are substantially the same as ZSIB.

As shown in ZSIB's unaudited consolidated financial statements as at 30 June 2019 prepared

in accordance with the Chinese Accounting Standards for Enterprises, the total assets and net assets of ZSIB as at 30 June 2019 is RMB276.33 million and RMB124.44 million. As shown in ZSIB's audited consolidated financial statements prepared in accordance with the Chinese Accounting Standards for Enterprises for the year of 2017 and 2018, the profit before tax and net profit of ZSIB for the year of 2017 and 2018 are as follows:

Items	For the year ended 31 December	For the year ended 31 December
	2018	2017
	RMB million	RMB million
Profit before tax	2.92	1.48
Net profit	0.55	1.45

## **GENERAL INFORMATION**

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

The Company is a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on the Hong Kong Stock Exchange. The Company is principally engaged in property loss insurance, liability insurance, credit insurance, accidental injury insurance, short-term health insurance, surety insurance and the related reinsurance business as well as investment and funds application business in the PRC. As at the date of this announcement, PICC Group is the controlling shareholder of the Company, holding 68.98% of the total share capital of the Company.

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

PICC Group is a joint stock limited company incorporated in the PRC with limited liability, whose shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively. PICC Group mainly invests in and holds shares in listed companies, insurance agencies and other financial institutions, supervises and manages various domestic and international businesses of its invested companies and policy-oriented insurance businesses authorised or entrusted by the government, etc. As at the date of this announcement, the Ministry of Finance is the controlling shareholder and the ultimate beneficial owner of PICC Group, holding 60.84% of the total share capital of the PICC Group.

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

ZSIB is an insurance brokerage company. Upon completion of the Transaction, ZSIB will become a subsidiary of the Company. The Transaction will be beneficial to the Company in terms of strengthening and enhancing the Company's professional capability in areas such as reinsurance brokerage, risk assessment and sales resources, and is of promising strategic investment value. The Board, including the independent non-executive Directors, is of the view that the Transaction will be conducted 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 holds 68.98% of the total share capital of the Company and is the controlling shareholder of the Company. Pursuant to the Listing Rules, PICC Group is a connected person of the Company. Accordingly, the Agreement constitutes a connected transaction of the Company. As Mr. Miao Jianmin, Mr. Xie Yiqun and Mr. Tang Zhigang, Directors of the Company, hold positions in PICC Group, and Mr. Li Tao, a Director of the Company, holds a position in PICC Life which is a subsidiary of PICC Group, they have abstained from voting on the Board’s proposal for considering and approving the Agreement. Save as disclosed above, no other Directors was required to abstain from voting on the Board’s proposal for considering and approving the Agreement or is regarded as having a material interest in the Agreement.

As the highest percentage ratio applicable to the Transaction exceeds 0.1% but is less than 5%, 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.

**RELATED MATTERS**

Reference is made to the continuing connected transaction announcement of the Company dated 21 June 2019 regarding the business cooperation agreements entered into between the Company and each of ZSIB, CIB and PIB on 21 June 2019. As ZSIB and its subsidiary, CIB, will become subsidiaries of the Company upon the completion of the Transaction, they will cease to be connected persons of the Company, and the business cooperation agreements entered into between the Company and each of ZSIB and CIB will cease to be continuing connected transactions of the Company.

**DEFINITIONS**

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

“Agreement” or “Equity Transfer Agreement”	the “Equity Transfer Agreement regarding Zhongsheng International Insurance Brokers Co., Ltd.” entered into between the Company and PICC Group on 30 December 2019
“Board”	the Board of Directors of the Company
“Company”	PICC Property and Casualty Company Limited

“connected person”	has the meaning as defined in the Listing Rules
“CIB”	China Insurance Brokers Co. Ltd., a limited liability company incorporated in the PRC
“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
“PIB”	Prime Insurance Brokers Company Limited, a limited liability company incorporated in the PRC
“PICC Group”	The People’s Insurance Company (Group) of China Limited
“PICC Life”	PICC Life Insurance Company Limited, a joint stock limited company incorporated in the PRC, whose share capital is held 8.615% by the Company and 80.0%, directly and indirectly, by PICC Group, the Company’s controlling shareholder
“TMNF”	Tokio Marine & Nichido Fire Insurance Co., Ltd., an insurance company incorporated in Japan
“PRC”	the People’s Republic of China
“Transaction” or “Equity Transfer”	the acquisition of 92.71% equity interest of ZSIB held by PICC Group by the Company under the Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“ZSIB”	Zhongsheng International Insurance Brokers Co., Ltd.

By Order of the Board  
**PICC Property and Casualty Company Limited**  
**Miao Jianmin**  
*Chairman*

Beijing, the PRC, 30 December 2019

*As at the date of this announcement, the Chairman of the Board is Mr. Miao Jianmin (executive director), the Vice Chairman is Mr. Xie Yiqun (executive director), the non-executive directors are Mr. Tang Zhigang and Mr. Li Tao, Ms. Xie Xiaoyu is an executive director, and the independent non-executive directors are Mr. Lin Hanchuan, Mr. Lo Chung Hing, Mr. Ma Yusheng, Mr. Chu Bende and Ms. Qu Xiaohui.*