

*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 NORTH INFORMATION CENTER**

On 8 July 2019, the Company entered into the Equity Interest Transfer Agreement with PICC Investment, pursuant to which, PICC Investment agreed to transfer 70% equity interest of North Information Center to the Company. The Company paid a consideration of RMB7,917,140. Each of PICC Life and PICC Health also entered into equity interest transfer agreements with PICC Investment respectively, pursuant to which, PICC Investment agreed to transfer 25% and 5% equity interests of North Information Center to PICC Life and PICC Health, respectively.

On 16 July 2020, the Company entered into the Capital Increase Agreement with PICC Life, PICC Health and North Information Center. Pursuant to the Agreement, North Information Center's registered capital will be increased by RMB2,397.39 million, which shall be contributed by the Company, PICC Life and PICC Health in proportion to their current share of equity interest. The Company shall contribute RMB1,678.173 million to the increased registered capital of North Information Center. Upon completion of the capital increase in North Information Center, the share of equity interest held by the Company will remain unchanged, representing 70% of the registered capital of North Information Center.

Pursuant to relevant provisions of the Listing Rules, PICC Life and PICC Health are both connected persons of the Company. North Information Center is a non-wholly owned subsidiary of the Company, with PICC Life and PICC Health collectively holding 30% of the equity interest in North Information Center. Accordingly, North Information Center constitutes a connected subsidiary of the Company and the Company's contribution to the capital increase in North Information Center contemplated under the Agreement constitutes a connected transaction of the Company under Rule 14A.16 of the Listing Rules. As PICC Life and PICC Health are connected persons of the Company, their contributions to the capital increase in North Information Center (as a subsidiary of the Company) also constitute connected transactions of the Company. However, as PICC Life and PICC Health will contribute to the capital increase in North Information Center in proportion to their share of equity interest, pursuant to Rule 14A.92 of the Listing Rules, the capital increases contributed by PICC Life and PICC Health respectively are exempt from the reporting, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The Company has aggregated the amount of the consideration under the Equity Interest Transfer Agreement with the amount of the capital increase contributed by the Company to North Information Center under the Agreement pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Transaction, after aggregation, 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 8 July 2019, the Company entered into the Equity Interest Transfer Agreement with PICC Investment, pursuant to which, PICC Investment agreed to transfer 70% equity interest of North Information Center to the Company. The Company paid a consideration of RMB7,917,140. Each of PICC Life and PICC Health also entered into equity interest transfer agreements with PICC Investment respectively, pursuant to which, PICC Investment agreed to transfer 25% and 5% equity interests of North Information Center to PICC Life and PICC Health, respectively.

On 16 July 2020, the Company entered into the Capital Increase Agreement with PICC Life, PICC Health and North Information Center. Pursuant to the Agreement, North Information Center's registered capital will be increased by RMB2,397.39 million, which shall be contributed by the Company, PICC Life and PICC Health in proportion to their current share of equity interest. The Company shall contribute RMB1,678.173 million to the registered capital of North Information Center. Upon completion of the capital increase in North Information Center, the share of equity interest held by the Company will remain unchanged, representing 70% of the registered capital of North Information Center.

## **CAPITAL INCREASE AGREEMENT**

### **1. Date of signing**

16 July 2020

### **2. Parties**

- (1) the Company
- (2) PICC Life
- (3) PICC Health
- (4) North Information Center

### **3. Capital Increase in North Information Center**

Pursuant to the Capital Increase Agreement, North Information Center's registered capital will be increased by RMB2,397.39 million, which shall be contributed by the Company, PICC Life and PICC Health in proportion to their current share of equity interest. The Company shall contribute RMB1,678.173 million, PICC Life shall contribute RMB599.3475 million, and PICC Health shall contribute RMB119.8695 million. Upon completion of the capital increase in North Information Center, its registered capital will be increased from RMB50 million to RMB2,447.39 million. The shares of equity interest held by the Company, PICC Life and PICC Health will remain unchanged. The share of equity interest represented by the Company will remain at 70% of the registered capital of North Information Center; thus North Information Center is still a non-wholly owned subsidiary of the Company.

### **4. Payment method for the capital increase**

Pursuant to the Agreement, the capital increase shall be subscribed by the Company, PICC Life and PICC Health in proportion to their equity interest in a lump sum, and the paid-in capital shall be paid in instalments. The capital increase will be mainly used for the construction of South Area (Phase I) of North Information Center. The Company, PICC Life and PICC Health will, based on the project construction progress of North Information Center,

make instalment payments of the capital increase in proportion to their equity interest. The capital increase contributed by the Company was determined with reference to the incremental amount of registered capital of North Information Center and share of equity interest of the Company. The Company will pay the consideration out of its internal resources in cash.

## **INFORMATION OF NORTH INFORMATION CENTER**

North Information Center is a limited liability company incorporated in the PRC and is principally engaged in the construction and development (subject to its qualifications) of PICC North Information Center Park Project as well as conference services, undertaking of exhibition services, corporate business training (excluding academic education), asset management, equipment leasing, and business management consultation in the PRC.

According to the audited financial statements of North Information Center for the year 2019 prepared in accordance with the PRC Accounting Standards for Business Enterprises, as of 31 December 2019, the total assets and net assets of North Information Center are RMB263.71 million and RMB-25.80 million respectively, and its losses before and after tax for the two years ended 31 December 2018 and 2019 are as follows:

	Year ended 31 December 2018	Year ended 31 December 2019
	<i>RMB million</i>	<i>RMB million</i>
Loss before tax	14.39	13.45
Loss after tax	14.39	13.45

## **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 and casualty insurance, liability insurance, credit insurance, accidental injury insurance, short-term health insurance, surety insurance and the related reinsurance businesses as well as investment and funds application businesses 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 Life***

PICC Life is a joint stock limited company incorporated in the PRC and is principally engaged in life insurance, health insurance and accident injury insurance and the related re-insurance business as well as insurance funds application business in the PRC. As at the date of this announcement, PICC Group is the controlling shareholder of PICC Life, directly and indirectly holding 80.0% of the total share capital of PICC Life, among which the Company holds approximately 8.615% of the total share capital of PICC Life.

### ***Information of PICC Health***

PICC Health is a joint stock limited company incorporated in the PRC and is principally engaged in health insurance, accident injury insurance, health insurance related consultancy services and agency and re-insurance business as well as insurance funds application business in the PRC. As at the date of this announcement, PICC Group is the controlling shareholder of PICC Health, directly and indirectly holding 94.45% of the total share capital of PICC Health, among which the Company holds approximately 24.726% of the total share capital of PICC Health.

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

PICC Group is a joint stock limited liability company incorporated in the PRC, whose shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively. 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. 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 PICC Group.

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

The Company has entered into the Agreement to participate in the capital increase in North Information center with the aim of constructing an integrated information management platform, ensuring the flexible response to disasters and risks, pushing forward the digitalisation transformation and enhancing the overall competitiveness of the Company. The Board, including the independent non-executive Directors, is of the view that the Transaction is entered into on normal commercial terms, the terms 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 as at the date of this announcement. PICC Life and PICC Health are non-wholly owned subsidiaries of PICC Group. Pursuant to relevant provisions of the Listing Rules, PICC Life and PICC Health are both connected persons of the Company. North Information Center is a non-wholly owned subsidiary of the Company, with PICC Life and PICC Health collectively holding 30% of the equity interest in North Information Center. Accordingly, North Information Center constitutes a connected subsidiary of the Company and the Company's contribution to the capital increase in North Information Center contemplated under the Agreement constitutes a connected transaction of the Company under Rule 14A.16 of the Listing Rules. As PICC Life and PICC Health are connected persons of the Company, their contributions to the capital increase in North Information Center (as a subsidiary of the Company) also constitute connected transactions of the Company. However, as PICC Life and PICC Health will contribute to the capital increase of North Information Center in proportion to their share of equity interest, pursuant to Rule 14A.92 of the Listing Rules, the capital increases contributed by PICC Life and PICC Health respectively are exempt from the reporting, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The Company has aggregated the amount of the consideration under the Equity Interest Transfer Agreement with the amount of the capital increase contributed by the Company to North Information Center under the Agreement pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio in respect of the Transaction, after the aggregation, 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.

On the date of considering the Agreement by the Board, Mr. Miao Jianmin (resigned), a Director of the Company, held positions in PICC Group and PICC Health, Mr. Xie Yiqun, a Director of the Company, holds a position in PICC Group and Mr. Li Tao, a Director of the Company, holds a position in PICC Life, therefore they have abstained from voting on the Board's resolution for considering and approving the Agreement. Save as disclosed above, no other Directors were required to abstain from voting on the Board's resolution for considering and approving the Agreement or are regarded as having a material interest in the Agreement.

## DEFINITIONS

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

“Agreement” or “Capital Increase Agreement”	the Capital Increase Agreement dated 16 July 2020 entered into among the Company, PICC Life, PICC Health and North Information Center
“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
“Directors”	directors of the Company
“Equity Interest Transfer Agreement”	the Equity Interest Transfer Agreement dated 8 July 2019 entered into between the Company, and PICC Investment, pursuant to which, PICC Investment agreed to transfer 70% equity interest of North Information Center to 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
“Ministry of Finance”	The Ministry of Finance of the PRC
“North Information Center”	PICC North Information Center Management Company Limited
“PICC Group”	The People’s Insurance Company (Group) of China Limited
“PICC Health”	PICC Health Insurance Company Limited
“PICC Investment”	PICC Investment Holding Company Limited, a limited liability company incorporated in the PRC and a wholly owned subsidiary of PICC Group, the controlling shareholder of the Company
“PICC Life”	PICC Life Insurance Company Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Transaction”	pursuant to the Agreement, North Information Center’s registered capital will be increased by

RMB2,397.39 million, which shall be contributed by PICC Life, PICC Health and the Company according to their current share of equity interest. The Company shall contribute RMB1,678.173 million to the capital increase in North Information Center

“%”

per cent

By Order of the Board  
**PICC Property and Casualty Company Limited**  
**Zou Zhihong**  
*Secretary of the Board*

Beijing, the PRC, 16 July 2020

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