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(Stock Code: 2328)

CONNECTED TRANSACTION
TRANSFER OF THE INTEREST IN BEIJING NO. 88 WEST
CHANG'AN AVENUE DEVELOPMENT COMPANY LIMITED

Reference is made to the announcement of the Company dated 3 May 2013 in respect of the Company's intended transfer of its interest in No. 88 Development Company to PICC Group. On 9 December 2013, the Company entered into the Transfer Agreement with PICC Group to transfer the 30.41% interest in No. 88 Development Company as held by the Company to PICC Group for a consideration of approximately RMB1,115 million. After the completion of the Transfer Transaction, the Company will no longer hold any interest in No. 88 Development Company.

PICC Group is the controlling shareholder of the Company, holding approximately 69% of the issued share capital of the Company. 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 amount of the Transfer Transaction exceeds the 5% threshold under Rule 14A.32 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

Reference is made to the announcement of the Company dated 3 May 2013 in respect of the Company's intended transfer of its interest in No. 88 Development Company to PICC Group. On 9 December 2013, the Company entered into the Transfer Agreement with PICC Group to transfer the 30.41% interest in No. 88 Development Company as held by the Company to PICC Group for a consideration of approximately RMB1,115 million. After the completion of the Transfer Transaction, the Company will no longer hold any interest in No. 88 Development Company.

THE TRANSFER AGREEMENT

Principal terms of the Transfer Agreement are listed below:

1. Date

9 December 2013

2. Parties

- (1) Transferor: the Company
- (2) Transferee: PICC Group

3. Subject Matter

On 9 December 2013, the Company entered into the Transfer Agreement with PICC Group to transfer the 30.41% interest in No. 88 Development Company as held by the Company to PICC Group.

4. Consideration and Terms of Payment

After arm's length negotiation between the two parties to the agreement, the consideration for the Transfer Transaction was fixed at approximately RMB1,115 million. The consideration for the Transfer Transaction was based on and by reference to the valuation on No. 88 Development Company as assessed by an independent third party valuation institution. According to the valuation report issued by the independent third party valuation institution, the valuation on No. 88 Development Company was approximately RMB3,663 million. The consideration for the transfer should be paid by PICC Group to the Company in a one-off cash payment within 10 working days after entering into the Transfer Agreement at the latest. The gain obtained from the Transfer Transaction will be approximately RMB38 million, being the difference between the consideration for the Transfer Transaction of approximately RMB1,115 million and the carrying value of the Company's 30.41% interest in No. 88 Development Company of approximately RMB1,077 million.

The Company shall complete the procedures for the filing of the registration of the change with the administration authority for industry and commerce within 60 working days after the payment of consideration by PICC Group for the transfer. The Transfer Transaction shall be completed upon completion of the procedures for the filing of the registration of the change with the administration authority for industry and commerce. After the completion of the Transaction, the Company will no longer hold any interest in No. 88 Development Company.

GENERAL INFORMATION

Information on 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 insurance, accidental injury insurance, short-term health insurance and the related reinsurance business in the PRC, and the business of investment and fund application.

Information on PICC Group

PICC Group is a joint stock limited company incorporated in the PRC with limited liability, 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 State.

Information on the Subject Company

No. 88 Development Company is an associated company of the Company and a limited liability company established in the PRC with a registered capital of approximately RMB500 million. Its shareholding is held as to 1%, 45.62%, 30.41%, 15.21%, 4.72% and 3.04% by PICC Group and PICC Life, the Company, PICC Health, PICC Investment and PICC AMC, being subsidiaries of PICC Group, respectively.

No. 88 Development Company is mainly engaged in the development, construction, leasing and sale of developed and constructed office properties, commercial facilities for wholesale

and retail uses as well as property management in the planning area. The core asset of No. 88 Development Company is the constructed building located in No. 88 West Chang'an Avenue, Beijing, the PRC, with a gross area of approximately 122,031 square metres, which is now used as offices and for commercial purposes.

The following set out the audited financial information of No. 88 Development Company for the two financial years ended 31 December 2011 and 2012 as prepared according to the PRC accounting standards:

	For the year ended 31 December	
	2012	2011
	<i>(RMB million)</i>	<i>(RMB million)</i>
Profit before tax	179	187
Profit after tax	92	140

As at 31 December 2011 and 2012, the audited net asset values of No. 88 Development Company were approximately RMB2,750 million and RMB2,842 million, respectively.

REASONS FOR AND BENEFITS OF THE TRANSACTION

PICC Group offers to acquire the 30.41% interest in No. 88 Development Company as held by the Company and intends to use the constructed building in No. 88 West Chang'an Avenue, Beijing, the PRC owned by No. 88 Development Company as its office building. The Company is of the view that there are some uncertainties about the investment gains on domestic commercial real estate and in order to optimise the Company's assets allocation, the Company has approved the Transaction. The proceeds of the transfer will be used to invest in fixed income products as considered appropriate by 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 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 share capital of the Company. Pursuant to the Listing Rules, PICC Group is a connected person of the Company. Accordingly, the Transaction constitutes a connected transaction of the Company. As Mr. Wu Yan, Mr. Wang Yincheng, Mr. Zhou Shurui and Mr. Li Tao, Directors, hold positions in PICC Group and Ms. Yu Xiaoping, a Director, holds positions in PICC Group and No. 88 Development Company, all of them have abstained from voting on the board resolution for considering and approving the Transaction. Save as disclosed above, no other Directors have abstained 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 amount of the Transfer Transaction exceeds the 5% threshold under Rule 14A.32 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
“Company”	PICC Property and Casualty Company Limited
“connected person”	has the meaning as defined in the Listing Rules
“Director(s)”	director(s) 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
“No. 88 Development Company”	Beijing No. 88 West Chang’an Avenue Development Company Limited (北京西長安街八十八號發展有限公司)
“PICC AMC”	PICC Asset Management Company Limited, a joint stock company established in the PRC with limited liability
“PICC Group”	The People’s Insurance Company (Group) of China Limited
“PICC Health”	PICC Health Insurance Company Limited, a joint stock company established in the PRC with limited liability
“PICC Investment”	PICC Investment Holding Company Limited, a legal person solely-owned company established in the PRC with limited liability
“PICC Life”	PICC Life Insurance Company Limited, a joint stock company established in the PRC with limited liability
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Transaction” or “Transfer Transaction”	the transfer of the 30.41% interest in No. 88 Development Company as held by the Company to PICC Group pursuant to the Transfer Agreement
“Transfer Agreement”	the Agreement on the Transfer of Interest in Beijing No. 88 West Chang’an Avenue Development Company Limited entered into between the Company and PICC Group on 9 December 2013

By Order of the Board
Zhang Xiaoli
Secretary of the Board

Beijing, the PRC, 9 December 2013

On the date of this announcement, the Chairman of the Board is Mr. Wu Yan (executive director), the non-executive directors are Mr. Wang Yincheng, Mr. Zhou Shurui, Ms. Yu Xiaoping, Mr. Li Tao and Mr. Tse Sze-Wing, Edmund, Mr. Guo Shengchen and Mr. Wang He are executive directors and the independent non-executive directors are Mr. Luk Kin Yu, Peter, Mr. Ding Ningning, Mr. Liao Li and Mr. Lin Hanchuan.