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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 JOINT LAND BIDDING

The Company entered into a Joint Bidding Agreement with PICC Life and PICC Health on 3 December 2018, pursuant to which, the Company, PICC Life and PICC Health agreed to form a Consortium to jointly participate in the online bidding organised by Guangzhou Public Resources Trading Center for the state-owned land use right of Land Plot AT090948 in the initial zone of the Financial City in Tianhe District.

Pursuant to the relevant provisions of the Listing Rules, the Joint Bidding Agreement constitutes a connected transaction of the Company. As none of the applicable percentage ratios for the Investment Amount of the Company under the Joint Bidding Agreement exceeds the 5% threshold under Rule 14A.76 of the Listing Rules, the Agreement 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

The Company entered into a Joint Bidding Agreement with PICC Life and PICC Health on 3 December 2018, pursuant to which, the Company, PICC Life and PICC Health agreed to form a Consortium to jointly participate in the online bidding organised by Guangzhou Public Resources Trading Center for the state-owned land use right of Land Plot AT090948 in the initial zone of the Financial City in Tianhe District.

### JOINT BIDDING AGREEMENT

#### 1. Date

3 December 2018

#### 2. Parties

- (1) the Company
- (2) PICC Life
- (3) PICC Health

#### 3. Information on the Land Plot

The Land Plot is the land parcel AT090948 in the initial zone of the Financial City in Tianhe District. It is located in the headquarters office area of the initial zone of the Financial City in Tianhe District of Guangzhou in China, and is permitted to be used for business office and commercial service purposes with a total area of 13,832.08 square meters (m<sup>2</sup>). According to

the Bidding Document, the grant term of the state-owned land use right of the Land Plot is 40 to 50 years.

#### **4. Collaboration Overview**

Pursuant to the Joint Bidding Agreement, the parties thereto agreed to form a Consortium, as required by the Bidding Document, to jointly participate in the online bidding for the state-owned land use right of Land Plot AT090948 in the initial zone of the Financial City in Tianhe District, which is organised by Guangzhou Public Resources Trading Center. If the Consortium becomes the winning bidder of the state-owned land use right of the Land Plot, the parties will jointly develop and construct the Land Plot through direct collaboration. After acquiring the state-owned land use right of the Land Plot, the Company, PICC Life and PICC Health will be entitled to 58%, 32% and 10% of the state-owned land use right of the Land Plot, respectively, in accordance with their investment ratios. The parties to the Agreement will have the rights to develop, construct, operate and benefit from the Land Plot and assume the corresponding obligations in proportion to their investment ratios.

The bid deposit of the Land Plot is RMB231.11 million. According to the Joint Bidding Agreement, the parties shall pay their respective share of bid deposit in accordance with their investment ratios. The bid deposit payable by the Company is RMB134,043,800, calculated based on the 58% investment ratio of the Company.

The Company, PICC Life and PICC Health assume joint and several liabilities for the bid and the post-bid acts if the bid is successful. If the Consortium wins the bid for the state-owned land use right of the Land Plot, the Company, PICC Life and PICC Health will execute a bid confirmation letter with Guangzhou Public Resources Trading Center and a state-owned land use right transfer contract with the Land Plot Transferor. If any party of the Consortium breaches provisions of the bid confirmation letter or the state-owned land use right transfer contract, etc., the other parties of the Consortium will assume joint and several liabilities and have the right to require the breaching party to assume liabilities.

#### **INFORMATION OF BIDDING FOR THE LAND PLOT**

The initial bidding price of the Land Plot is RMB1,155.51 million. Based on the initial bidding price and the 58% investment ratio of the Company, the bidding premium for the land use right payable by the Company was RMB670,195,800 by the internal sources of the Company. According to the Bidding Document, the successful bidder for the state-owned land use right of the Land Plot will be the one who offers the highest price, and the bidders shall submit quotations through the online trading system. The bidding time will begin from 4 December 2018 and close on 13 December 2018 at 15:00. After the completion of online quotation, the time-limited bid will begin at 15:00 on 13 December 2018. Whether the Consortium wins the bid or not and the bidding premium for the land use right of the Land Plot will only be determined after the completion of the time-limited bid.

According to the Bidding Document, if the Consortium wins the bid for the state-owned land use right of the Land Plot, the Company, PICC Life and PICC Health shall execute a bid confirmation letter and a state-owned land use right transfer contract within 2 working days upon the receipt of the notice of winning the bid.

#### **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 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 Life***

PICC Life is a joint stock limited company incorporated in the PRC with limited liability and is principally engaged in life insurance, health insurance and accidental injury insurance business, the related reinsurance business and the insurance funds application business in the PRC.

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

PICC Health is a joint stock limited company incorporated in the PRC with limited liability and is principally engaged in health insurance, accidental injury insurance, health insurance-related consultation services and agency and reinsurance businesses, and funds application business in the PRC.

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

The Land Plot is located in the Financial City, which is in the core area of Guangzhou. By virtue of the prominent geographical advantage of Guangzhou, a national central city and first-tier city, the Financial City has an obvious agglomeration effect in finance and a bright prospect of asset appreciation and is a precious investment opportunity. In addition, under this transaction, the counterparty is reliable and the transaction risk is relatively low. The Land Plot is intended to be developed into office and commercial buildings, which will mainly be used for offices of the parties and insurance outlets and other commercial service purposes. The Board, including the independent non-executive Directors, is of the view that the transaction under the Agreement is entered into in the ordinary and usual course of business of the Company and on normal commercial terms, and the terms and consideration under the Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

PICC Life and PICC Health are non-wholly owned subsidiaries of PICC Group, the Company's controlling shareholder. PICC Group directly holds approximately 69.0% of the issued capital of the Company, and directly and indirectly holds approximately 80.0% (including approximately 8.61% as held by the Company) and approximately 95.45% (including approximately 24.73% as held by the Company) of the issued capital of PICC Life and PICC Health, respectively. Pursuant to the Listing Rules, PICC Life and PICC Health are connected persons of the Company. Accordingly, the Agreement constitutes a connected transaction of the Company. As among the Directors of the Company, Mr. Miao Jianmin holds positions in PICC Group, PICC Life and PICC Health, Mr. Xie Yiqun holds a position in PICC Group and Mr. Li Tao holds positions in PICC Group and PICC Life, they all abstained from voting on the board resolution for considering and approving the Agreement. Save as disclosed above, no other Directors were required to abstain from voting on the board resolution for considering and approving the Agreement or are regarded as having a material interest in the Agreement.

Pursuant to the relevant provisions of the Listing Rules, the Joint Bidding Agreement constitutes a connected transaction of the Company. As none of the applicable percentage ratios for the Investment Amount of the Company under the Joint Bidding Agreement exceeds the 5% threshold under Rule 14A.76 of the Listing Rules, the Agreement 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. A separate announcement will be published by the Company if the Consortium wins the bid for the stated-owned land use right of the Land Plot.

## DEFINITIONS

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

“Agreement” or “Joint Bidding Agreement”	the Joint Bidding Agreement entered into between the Company, PICC Life and PICC Health on 3 December 2018
“Bidding Document”	The document issued by Guangzhou Land Resources and Planning Commission on 13 November 2018, which sets out, among others, the requirements and conditions for the bidding of the Land Plot
“Board”	the board of directors of the Company
“Company”	PICC Property and Casualty Company Limited
“connected persons”	has the meaning as defined in the Listing Rules
“Consortium”	the consortium comprising the Company, PICC Life and PICC Health formed under the Agreement
“Directors”	directors of the Company
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Investment Amount of the Company”	the bidding premium for the land use right of the Land Plot payable by the Company, calculated based on the initial bidding price of the Land Plot (RMB1,155.51 million) and the 58% investment ratio of the Company
“Land Plot”	Land Plot AT090948 in the initial zone of the Financial City in Tianhe District, Guangzhou
“Land Plot Transferor”	the Guangzhou Land Resources and Planning Commission
“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, 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
“PICC Health”	PICC Health Insurance Company Limited
“PICC Life”	PICC Life Insurance Company Limited
“PRC”	the People’s Republic of China

“RMB”

Renminbi, the lawful currency of the PRC

By Order of the Board

**Zou Zhihong**

*Secretary of the Board*

Beijing, the PRC, 3 December 2018

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