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**PICC 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)

**DISCLOSEABLE TRANSACTION**

**ACQUISITION OF APPROXIMATELY 19.99%  
OF THE TOTAL ISSUED SHARES OF HUA XIA BANK**

On 28 December 2015, the Company entered into the Share Transfer Agreement with Deutsche Bank, Sal. Oppenheim and Deutsche Bank Luxembourg, pursuant to which each of Deutsche Bank, Sal. Oppenheim and Deutsche Bank Luxembourg agreed to transfer to the Company 877,302,599 shares, 267,072,000 shares and 991,671,286 shares of Hua Xia Bank respectively held by them (amounting to a total of 2,136,045,885 shares, representing approximately 19.99% of the total issued shares of Hua Xia Bank) and the Company agreed to purchase the Target Shares. The maximum purchase amount of the Transaction shall not exceed RMB25.7 billion and the minimum purchase amount of the Transaction shall not be lower than RMB23.0 billion.

The Company has applied for and the Hong Kong Stock Exchange has granted the adoption of an alternative size test for the assets ratio in relation to the Share Transfer pursuant to Rule 14.20 of the Listing Rules. As the percentage ratios calculated based on the alternative size test and the other applicable size tests under the Listing Rules are all less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and the Company shall comply with the applicable requirements under the Listing Rules.

**The Transaction will only become effective following satisfaction of several conditions including approvals by the relevant regulatory authorities, and such conditions may not be satisfied. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

**1. INTRODUCTION**

On 28 December 2015, the Company entered into the Share Transfer Agreement with Deutsche Bank, Sal. Oppenheim and Deutsche Bank Luxembourg, pursuant to which each of Deutsche Bank, Sal. Oppenheim and Deutsche Bank Luxembourg agreed to transfer to the Company 877,302,599 shares, 267,072,000 shares and 991,671,286 shares of Hua Xia Bank respectively held by them (amounting to a total of 2,136,045,885 shares, representing approximately 19.99% of the total issued shares of Hua Xia Bank) and the Company agreed to purchase the Target Shares. The maximum purchase amount of the Transaction shall not exceed RMB25.7 billion and the minimum purchase amount of the Transaction shall not be lower than RMB23.0 billion.

## **2. SHARE TRANSFER AGREEMENT**

The main terms of the Share Transfer Agreement are set out as follows:

### **2.1 EXECUTION DATE**

28 December 2015

### **2.2 PARTIES**

- (1) Sellers: Deutsche Bank  
Sal. Oppenheim  
Deutsche Bank Luxembourg
- (2) Buyer: the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each seller is a third party independent of the Company and the Connected Persons of the Company and is not a Connected Person of the Company.

### **2.3 TARGET SHARES**

On 28 December 2015, the Company and Deutsche Bank, Sal. Oppenheim and Deutsche Bank Luxembourg entered into the Share Transfer Agreement to transfer to the Company the shares of Hua Xia Bank respectively held by them, namely 877,302,599 shares held by Deutsche Bank, 267,072,000 shares held by Sal. Oppenheim and 991,671,286 shares held by Deutsche Bank Luxembourg, which amount to a total of 2,136,045,885 shares, representing approximately 19.99% of the total issued shares of Hua Xia Bank.

### **2.4 CONSIDERATION AND PAYMENT TERMS**

Based on fair negotiations among the parties, the purchase amount shall be determined according to the purchase price for each of the Target Shares multiplied by the number of the Target Shares. The purchase price for each of the Target Shares shall be calculated on the basis of (1) the average of the daily average trading price per share of Hua Xia Bank for the 20 Trading Days preceding the execution date of the Share Transfer Agreement (excluding the execution date itself); and (2) the average of the daily average trading price per share of Hua Xia Bank between the execution date of the Share Transfer Agreement (including the execution date itself) and such date to be determined by the parties pursuant to the Share Transfer Agreement after the satisfaction of all conditions to the Share Transfer. The maximum purchase amount of the Transaction shall not exceed RMB25.7 billion and the minimum purchase amount of the Transaction shall not be lower than RMB23.0 billion.

If Hua Xia Bank distributes cash dividends and/or bonus shares, and/or splits its shares during the period between the date of the Share Transfer Agreement and the Registration Date, adjustments shall be made to the purchase price for each of the Target Shares and/or the number of the Target Shares in accordance with the relevant terms in the Share Transfer Agreement.

The purchase amount shall be paid in cash using the Company's internal resources.

### **2.5 CONDITIONS TO SHARE TRANSFER**

The Closing of the Share Transfer is conditional on satisfaction of each of the conditions below:

- (1) approval by the board of directors of Hua Xia Bank with respect to the Share Transfer;
- (2) approvals by the CBRC and the CIRC (if required) with respect to the Share Transfer and no material amendments to the terms and conditions of the Share Transfer Agreement having been requested by the CBRC and the CIRC (if required) (unless consented in writing by a party or parties to the Share Transfer Agreement whose interests will be affected by such amendments); and
- (3) on the date on which all the other conditions to the Share Transfer have been satisfied, the Share Transfer not having breached the applicable PRC laws and regulations, or administrative rules, and there having not been any regulatory approval which is required but not obtained.

The parties to the Share Transfer Agreement agree to use all reasonable endeavours and cooperate with each other to procure that the conditions to the Share Transfer Agreement are satisfied as soon as possible after the date of the Share Transfer Agreement and any other regulatory approvals required for the Share Transfer are obtained.

## **2.6 TERMINATION OF THE SHARE TRANSFER AGREEMENT**

The Share Transfer Agreement may be terminated prior to the date of the Closing only upon the occurrence of any of the following events:

- (1) by mutual agreement in writing amongst the parties to the Share Transfer Agreement;
- (2) in case of any of the following events, by any party giving written notice to the other parties to terminate the Share Transfer Agreement:
  - (a) the CBRC notifying the parties that it will not approve the transfer of all of the Target Shares from the sellers to the buyer;
  - (b) any condition to the transfer not having been satisfied or the Closing not having taken place by the time agreed by the parties, unless the delay is caused by breach of its obligations under the Share Transfer Agreement by such party; or
  - (c) occurrence of any force majeure event set out in the Share Transfer Agreement, rendering the purpose of the Share Transfer Agreement unachievable, or resulting in any condition to the transfer not having been satisfied or the Closing not having taken place by the time stipulated in the Share Transfer Agreement;
- (3) upon material breach of the Share Transfer Agreement by any seller, with such breach resulting in any condition to the transfer not having been satisfied or the Closing not having taken place by the time stipulated in the Share Transfer Agreement, the buyer may issue a written notice to the sellers to terminate the Share Transfer Agreement; upon material breach of the Share Transfer Agreement by the buyer, with such breach resulting in the same consequence described above, any seller may issue a written notice to the buyer to terminate the Share Transfer Agreement;
- (4) upon the buyer's failure to deposit the purchase amount in the escrow account within the period of time stipulated in the Share Transfer Agreement in breach of the Share Transfer Agreement and failure to rectify the breach within ten Business Days upon the sellers notifying the buyer in writing of the breach, the sellers may terminate the Share Transfer Agreement; and
- (5) upon failure of any of the sellers to file with the CSDC jointly with the buyer a confirmation that each Target Share of each seller is registered in the name of such seller and that there is no claim of rights by any third party, and/or failure to file with the SSE jointly with the buyer an application for confirmation of compliance of the Share Transfer, or failure to jointly apply with the buyer to the CSDC for the registration of the Share Transfer within the period of time stipulated in the Share Transfer Agreement in breach of the Share Transfer Agreement and failure to rectify any breach of the above within ten Business Days upon the sellers being notified by the buyer in writing of the breach, the buyer may terminate the Share Transfer Agreement.

### **3. INFORMATION OF CONTRACTING PARTIES**

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.

Deutsche Bank is a joint stock limited company registered in Frankfurt, Germany. The principal business of Deutsche Bank includes the transaction of banking business of every kind, the provision of financial and other services, and the promotion of international economic relations.

Sal. Oppenheim is a partnership limited by shares registered in Germany. Deutsche Bank indirectly holds 100% interests in Sal. Oppenheim. The principal business of Sal. Oppenheim is to offer a comprehensive and individualized range of services for private wealth management clients and institutional investors in Germany.

Deutsche Bank Luxembourg is a public limited liability company registered in Luxembourg and a wholly-owned subsidiary of Deutsche Bank. The principal business of Deutsche Bank Luxembourg is to, in Luxembourg and abroad, conduct banking and financial business for the benefit of its own and third party accounts, provide insurance brokerage services through duly licensed natural persons, as well as carry out all activities directly or indirectly related to the above.

### **4. INFORMATION ABOUT HUA XIA BANK**

Hua Xia Bank is a joint stock commercial bank with its headquarters in Beijing, China. In October 1992, Hua Xia Bank was established in Beijing. In September 2003, Hua Xia Bank launched an initial public offering and was listed on the SSE (Stock Code: 600015). As at date of this announcement, Hua Xia Bank has 10,685,572,211 issued shares in total. Up to 30 September 2015, Hua Xia Bank has had 38 tier-1 branches and 43 tier-2 branches with business operation outlets totalling 638 in China, and has built up agency relationship with over one thousand correspondent banks in 329 cities of 115 countries and regions, and has established a settlement network covering major trading areas around the globe.

Based on publically available information, the Company is informed that the main business activities of Hua Xia Bank include: public deposit-taking, granting of short, medium and long-term loans, domestic and international settlement, bill acceptance and discount, issuance of financial bonds, issuance, encashment and underwriting of government bonds as an agent, trading of government bonds and financial bonds, interbank lending and borrowing, trading of foreign exchange on its own behalf and as an agent, bank card service, provision of letter of credit and letter of guarantee, collection and payment service as an agent, safety box service, foreign exchange settlement and sale, sideline insurance agency, leasing service and other services approved by the CBRC.

The following sets out a summary of the audited financial information of Hua Xia Bank for the two years ended 31 December 2013 and 2014, which was set out in the 2014 annual report of Hua Xia Bank and prepared according to the PRC accounting standards:

	For the year ended 31 December	
	2014	2013
	(RMB million)	(RMB million)
	(audited)	(audited)
Revenue	54,885	45,219
Profit before taxation	24,003	20,705
Profit after taxation	18,023	15,511

As at 31 December 2013 and 2014, the audited net assets value of Hua Xia Bank were RMB86,019 million and RMB102,099 million, respectively.

## 5. REASONS FOR AND BENEFITS OF THE SHARE TRANSFER AGREEMENT

Hua Xia Bank is a nationwide joint stock commercial bank. In recent years, Hua Xia Bank has achieved steady growth in its asset size, maintained stable management and operation and presented relatively good long-term investment value. It is expected that the Transaction will bring relatively steady investment returns to the Company. In the meantime, the Company will launch strategic cooperation with Hua Xia Bank in the relevant business areas. The Board believes that the terms of the Share Transfer Agreement are fair and reasonable and in the interests of the Company and the shareholders as a whole.

## 6. IMPLICATIONS UNDER THE LISTING RULES

The Company has applied for and the Hong Kong Stock Exchange has granted the adoption of an alternative size test for the assets ratio in relation to the Share Transfer pursuant to Rule 14.20 of the Listing Rules. As the percentage ratios calculated based on the alternative size test and the other applicable size tests under the Listing Rules are all less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and the Company shall comply with the applicable requirements under the Listing Rules.

## 7. MISCELLANEOUS

Pursuant to relevant regulatory requirements, the Company undertakes not to transfer the Target Shares within five years from the Closing Date.

China International Capital Corporation Limited acted as the financial adviser in the Transaction.

**The Transaction will only become effective following satisfaction of several conditions including approvals by the relevant regulatory authorities, and such conditions may not be satisfied. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of directors of the Company
“Business Days”	any days except Saturdays, Sundays and the PRC public holidays (subject to the change of business days and non-business days as announced by the PRC State Council from time to time)
“CBRC”	China Banking Regulatory Commission
“China” or “PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan)
“CIRC”	China Insurance Regulatory Commission
“Closing”	the consummation of the Transaction contemplated by the Share Transfer Agreement, which takes place when the Net Purchase Amount of the Target Shares is exchanged into the relevant foreign currency and paid into the bank accounts of the sellers outside the PRC
“Closing Date”	the date on which the Closing takes place
“Company”	PICC Property and Casualty Company Limited, a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on the Main Board of the Hong Kong Stock Exchange
“Connected Person(s)”	has the meaning ascribed to it in the Listing Rules
“CSDC”	Shanghai Branch of the China Securities Depository and Clearing Corporation Limited
“Deutsche Bank”	Deutsche Bank Aktiengesellschaft, a company duly organised and validly incorporated under the laws of Germany, whose stocks are listed on New York Stock Exchange and Frankfurt Stock Exchange
“Deutsche Bank Luxembourg”	Deutsche Bank Luxembourg S.A., a company duly organised and validly incorporated under the laws of Luxembourg
“Directors”	directors of the Company
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hua Xia Bank”	Hua Xia Bank Co., Limited, a limited liability joint stock commercial bank established in China and approved by the CBRC, whose shares are listed on the SSE under stock code number of 600015

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Net Purchase Amount”	the purchase amount that the buyer pays to each seller after the buyer has deducted the withholding tax (if applicable) and the business tax (if applicable) that each seller in writing may request the buyer to withhold and pay to the Chinese tax authorities on behalf of the seller according to the Share Transfer Agreement
“Registration Date”	the date CSDC registers the Target Shares under the name of the buyer
“RMB”	Renminbi, the lawful currency of the PRC
“Sal. Oppenheim”	Sal. Oppenheim jr. & Cie. AG & Co. Kommanditgesellschaft auf Aktien (the general partner of which is a joint stock company), a partnership limited by shares formally formed and validly established under German law
“Share Transfer” or “Transaction”	the transaction involving the transfer pursuant to the Share Transfer Agreement by each of Deutsche Bank, Sal. Oppenheim and Deutsche Bank Luxembourg of the shares held by them respectively in Hua Xia Bank, representing approximately 19.99% of the total issued shares of Hua Xia Bank, to the Company
“Share Transfer Agreement”	the share transfer agreement that the Company entered into with Deutsche Bank, Sal. Oppenheim and Deutsche Bank Luxembourg on 28 December 2015
“SSE”	the Shanghai Stock Exchange
“Target Shares”	the shares to be transferred under the Share Transfer Agreement, representing approximately 19.99% of the total issued shares of Hua Xia Bank, held by the sellers
“Trading Days”	the days on which the shares of Hua Xia Bank are publicly traded on the SSE

By order of the Board  
**PICC Property and Casualty  
Company Limited**  
**Zhang Xiaoli**  
Secretary of the Board

Beijing, the PRC, 28 December 2015

*On the date of this announcement, the Chairman of the Board is Mr. Wu Yan (executive director), the Vice Chairman is Mr. Guo Shengchen (executive director), the non-executive directors are Mr. Wang Yincheng, Ms. Yu*

*Xiaoping and Mr. Li Tao, Mr. Wang He and Mr. Lin Zhiyong are executive directors and the independent non-executive directors are Mr. Lin Hanchuan, Mr.Lo Chung Hing, Mr. Na Guoyi and Mr. Ma Yusheng.*