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(Stock Code: 2328)

DISCLOSEABLE TRANSACTION

SHARE SUBSCRIPTION IN INDUSTRIAL BANK CO., LTD. BY PICC AMC USING THE ENTRUSTED ASSETS OF THE COMPANY

Reference is made to the announcement of the Company dated 5 March 2012 in relation to the proposed subscription of Shares in IBC by PICC AMC using the Entrusted Assets of the Company. Pursuant to the Asset Management Agreement entered into between the Company and PICC AMC, the Company entrusts PICC AMC to provide investment and management services in respect of the assets entrusted to it by the Company from time to time. On 5 March 2012, the Company was notified by PICC AMC that on 1 March 2012, PICC AMC had entered into the Share Subscription Agreement with IBC, where IBC agreed to allot and issue approximately 1.38 billion Subscription Shares to PICC AMC and PICC AMC agreed to subscribe for the above approximately 1.38 billion Subscription Shares from IBC at a total consideration of approximately RMB17.6 billion, of which PICC AMC planned to use the Entrusted Assets of the Company to subscribe for approximately 0.63 billion Subscription Shares at a consideration of approximately RMB8.021 billion.

On 31 December 2012, the Company was further notified by PICC AMC that all conditions to which the Share Subscription Agreement is subject have been satisfied, and that the final number and price of Subscription Shares in the Share Subscription by the Company have been determined. As notified by PICC AMC, among approximately 1.38 billion Subscription Shares for which PICC AMC subscribed, PICC AMC used the Entrusted Assets of the Company to subscribe for 0.632 billion Subscription Shares at a consideration of approximately RMB7.812 billion.

Based on the subscription of 0.632 billion Subscription Shares by PICC AMC using the Entrusted Assets of the Company, the relevant percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Share Subscription by the Company exceeds 5% but is less than 25%, therefore the Share Subscription by the Company constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

Pursuant to the Asset Management Agreement entered into between the Company and PICC AMC on 15 January 2010, the Company entrusts PICC AMC to provide investment and management services to the Company in respect of the assets (including cash, securities and innovative investment) entrusted to it by the Company from time to time, subject to the investment guidelines formulated by the Company and the relevant provisions of the Asset Management Agreement. The Company pays PICC AMC management fees and performance bonus (if any) as set out in the Asset Management Agreement. Details of the Asset Management Agreement were disclosed in the announcements of the Company dated 15 January 2010 and 12 August 2011.

SHARE SUBSCRIPTION

Reference is made to the announcement of the Company dated 5 March 2012 in relation to the proposed subscription of Shares in IBC by PICC AMC using the Entrusted Assets of the Company. On 5 March 2012, the Company was notified by PICC AMC that on 1 March 2012, PICC AMC had entered into the Share Subscription Agreement with IBC, where IBC agreed to allot and issue approximately 1.38 billion Subscription Shares and PICC AMC agreed to subscribe for the above approximately 1.38 billion Subscription Shares at a total consideration of approximately RMB17.6 billion, of which PICC AMC planned to use the Entrusted Assets of the Company to subscribe for approximately 0.63 billion Subscription Shares at a consideration of approximately RMB8.021 billion. As notified by PICC AMC, the Completion of the Share Subscription Agreement shall be subject to certain conditions, including but not limited to the obtaining of the approval of the IBC Share Issue at the shareholders' general meeting of IBC, and the necessary approval or confirmation of the IBC Share Issue by relevant regulatory authorities.

On 31 December 2012, the Company was further notified by PICC AMC that all conditions to which the Share Subscription Agreement is subject have been satisfied, and that the final number and price of Subscription Shares in the Share Subscription by the Company have been determined. Among approximately 1.38 billion Subscription Shares for which PICC AMC subscribed, PICC AMC used the Entrusted Assets of the Company to subscribe for 0.632 billion Subscription Shares at a consideration of approximately RMB7.812 billion. The final number of Subscription Shares in the Share Subscription by the Company shall represent a shareholding of approximately 4.98% of the enlarged issued share capital of IBC. This subscription is part of PICC AMC's performance of its asset management and investment obligations under the Asset Management Agreement.

According to the Company's knowledge, the remainder of the Subscription Shares was subscribed by PICC AMC using the assets which PICC Life and PICC Group have entrusted to PICC AMC for investment and management from time to time.

The transaction shall be completed on the date when the registration of the Subscription Shares with China Securities Depository and Clearing Corporation Limited is completed. According to the terms of the Share Subscription Agreement, the Subscription Shares shall be subject to a lock-up period of 36 months from the date of Completion.

CONSIDERATION

As notified by PICC AMC, the total consideration for the Subscription Shares was approximately RMB17.1 billion, of which the consideration for the Share Subscription by the Company was approximately RMB7.812 billion and was paid by PICC AMC using the Entrusted Assets of the Company. According to the Company's knowledge, the remainder of the consideration attributable to the Subscription Shares was paid by PICC AMC using the entrusted assets of PICC Life and PICC Group, respectively. The consideration for all Subscription Shares has been settled in cash on the Issue Date of 31 December 2012 in accordance with the Share Subscription Agreement.

The subscription price (subject to the adjustment(s) in relation to ex-entitlement and/or ex-dividend) of the Subscription Shares is RMB12.73 per Share, which represents 90% of the average trading price of the Shares for the last 20 trading days prior to the pricing date of 6 March 2012, being the date of the announcement of the resolutions of IBC's board of directors approving the Share Subscription. Due to the payment of a dividend by IBC to its shareholders between the pricing date and the Issue Date, an ex-dividend adjustment has correspondingly been made to the subscription price, and after making the ex-dividend adjustment, the final subscription price is RMB12.36 per Share. Save as the above-mentioned, there have been no other matters arising between the pricing date and the Issue Date that require adjustment(s) to the subscription price.

INFORMATION ABOUT THE GROUP

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.

PICC AMC is principally engaged in the provision of asset management and asset management advisory services in the PRC.

PICC Life is principally engaged in life insurance, health insurance, accidental injury insurance and the related reinsurance business in the PRC, and the business of insurance fund application.

PICC Group, the controlling shareholder of the Company, 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. PICC Life and PICC AMC are non-wholly owned subsidiaries of PICC Group.

Pursuant to the Listing Rules, PICC AMC, PICC Life and PICC Group are Connected Persons of the Company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, except as disclosed in this Announcement, IBC and its ultimate beneficial owners are third parties independent of the Company and its Connected Persons.

INFORMATION ABOUT IBC

IBC is a joint stock commercial bank with its head office located in Fuzhou, Fujian Province of the PRC, whose Shares are listed on the SSE (Stock Code: 601166). IBC has a registered capital of RMB10,786 million at present. From publicly available information, the Company understands that the main business activities of IBC include: taking deposits from the public; granting short, medium and long-term loans; handling domestic and international settlements; handling bills and notes acceptances and discounting; issuing financial bonds; acting as agent for the issue and encashment of and underwriting government bonds; trading government bonds and financial bonds; acting as agent for the issue of quoted securities other than stocks; trading quoted securities other than stocks, either on its own behalf or on behalf of clients; asset custody business; engaging in inter-bank lendings and borrowings; trading foreign currencies, either on its own behalf or on behalf of clients; providing foreign exchange services; engaging in credit card business; providing letters of credit and guarantees services; engaging in agency collections and payments as well as insurance agency business; providing safe deposit box services; providing financial consultancy, credit investigations, advisory and attestation services; finance leasing; trust business; trust related services and other businesses approved by the CBRC.

The following sets out a summary of financial information of IBC for the two years ended 31 December 2011 and 2010, which was set out in the 2011 annual report of IBC and prepared under the PRC accounting standards:

	For the year ended 31 December	
	2011	2010
	<i>(RMB million)</i> <i>(audited)</i>	<i>(RMB million)</i> <i>(audited)</i>
Profit before taxation and extraordinary items	33,664	24,005
Profit after taxation and extraordinary items	25,315	18,336

As at 31 December 2011 and 2010, the audited net asset values of IBC were RMB115,209 million and RMB91,995 million, respectively.

REASONS FOR AND BENEFITS OF THE SHARE SUBSCRIPTION

Pursuant to the Asset Management Agreement entered into between the Company and PICC AMC, the Company entrusts PICC AMC to provide investment and management services in respect of the assets entrusted to it by the Company from time to time. The reasons for and benefits of the Company entering into the Asset Management Agreement with PICC AMC were disclosed in the announcement of the Company dated 15 January 2010. Possessing the asset management experience and expertise, PICC AMC is principally engaged in the provision of asset management and asset management advisory services in the PRC, and has continued to identify potential investments in an active manner and optimise the Company's investment portfolios in order to maximise returns to the Company and create greater shareholder value. The Directors are of the view that the terms of the Share Subscription are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Based on the subscription of 0.632 billion Subscription Shares by PICC AMC using the Entrusted Assets of the Company, the relevant percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Share Subscription by the Company exceeds 5% but is less than 25%, therefore the Share Subscription by the Company constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Asset Management Agreement”	the asset management agreement dated 15 January 2010 entered into between the Company and PICC AMC
“Board”	the board of directors of the Company
“CBRC”	China Banking Regulatory Commission
“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 Stock Exchange of Hong Kong Limited
“Completion”	completion of the Share Subscription by PICC AMC in accordance with the terms and conditions of the Share Subscription Agreement
“Connected Persons”	has the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company

“Entrusted Assets of the Company”	the assets which the Company entrusts PICC AMC to manage and operate from time to time pursuant to the Asset Management Agreement
“Group”	PICC Group together with its subsidiaries
“IBC”	興業銀行股份有限公司(Industrial Bank Co., Ltd.), a joint stock commercial bank with limited liability established in the PRC approved by the CBRC, whose Shares are listed on the SSE
“IBC Share Issue”	the non-public offering of RMB ordinary shares (A shares) to subscribers as approved by the shareholders' general meeting of IBC in April 2012
“Issue Date”	the payment date specified in the payment notice issued by IBC and the sponsor (lead underwriter) after the approval of the IBC Share Issue by China Securities Regulatory Commission
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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, a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on The Stock Exchange of Hong Kong Limited
“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
“Share(s)”	A share(s) of par value of RMB1.00 each in the registered capital of IBC
“Share Subscription”	the subscription by PICC AMC of the New Shares to be issued by IBC pursuant to the Share Subscription Agreement
“Share Subscription Agreement”	the share subscription agreement dated 1 March 2012 entered into between PICC AMC and IBC in relation to the non-public offering of A shares by Industrial Bank Co., Ltd.
“Share Subscription	the subscription of 0.632 billion Subscription Shares by PICC

by the Company” AMC using the Entrusted Assets of the Company, being part of the Share Subscription

“Subscription Shares” or “New Shares to be issued by IBC” the new Shares allotted and issued by IBC to PICC AMC pursuant to the Share Subscription Agreement

“SSE” Shanghai Stock Exchange

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

Beijing, the PRC, 31 December 2012

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