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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 company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2328)

CONTINUING CONNECTED TRANSACTION ENTERING INTO THE REINSURANCE FRAMEWORK AGREEMENT WITH PICC HK

On 29 December 2023, the Company entered into the Reinsurance Framework Agreement with PICC HK. Pursuant to the Agreement, the Company agreed to cede insurance premiums to PICC HK in return for commissions, and PICC HK agreed to cede insurance premiums to the Company in return for commissions.

Pursuant to the relevant provisions of the Listing Rules, PICC HK is a connected person of the Company, entering into the Reinsurance Framework Agreement with PICC HK constitutes a continuing connected transaction of the Company. As the highest applicable percentage ratios for the caps of insurance premiums and commissions for the Outward Reinsurance Transactions and the cap of insurance premiums for the Inward Reinsurance Transactions under the Reinsurance Framework Agreement exceed 0.1% but are less than 5%, the Outward Reinsurance Transactions and Inward Reinsurance Transactions are only subject to the reporting, annual review and announcement requirements and are 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 30 December 2022, in relation to the 2023 Framework Agreement on Reinsurance Business Cooperation entered into between the Company and PICC HK on 30 December 2022. Considering that the 2023 Framework Agreement on Reinsurance Business Cooperation entered into between the Company and PICC HK will expire on 31 December 2023, the Company and PICC HK entered into the Reinsurance Framework Agreement on 29 December 2023 to continue to strengthen the current business cooperation relationship between the Company and PICC HK, promote the continuous development of the parties' respective business, and ensure that the reinsurance businesses between the parties are conducted under the framework provided in the Agreement and in compliance with laws and regulations.

THE REINSURANCE FRAMEWORK AGREEMENT

1. Date of signing

29 December 2023

2. Parties

- (1) the Company
- (2) PICC HK

3. Term

One year, commencing from 1 January 2024 and expiring on 31 December 2024.

4. Cooperative matters

Pursuant to the Agreement, the Company agreed to cede insurance premiums to PICC HK from time to time, and PICC HK agreed to cede insurance premiums to the Company from time to time. The party hereto who acts as reinsurer shall accept the risks of and pay commissions to the other party hereto in return for the agreed insurance premiums received. The reinsurance businesses consist of treaty and facultative reinsurance businesses, and the risks covered include all lines of property and casualty insurance business risks.

5. Premiums ceded and commissions

Under the framework provided in the Agreement, the parties to the Agreement may enter into various types of reinsurance agreements in respect of particular reinsurance businesses. Such particular reinsurance agreements shall use standard contracts. For each particular reinsurance business, the amount of premiums to be ceded is determined based on the total premiums to be ceded of such business of the Company and the reinsurance share of PICC HK, the commissions shall be determined based on the amount of premiums to be ceded and the commission rate of the ceded-out business, and the commission rate of the ceded-out business is calculated based on the historical operating status of such business by using actuarial models and determined through open market negotiations. Generally speaking, for reinsurance agreements with a leading reinsurer, the reinsurance conditions are determined by the leading reinsurer, conditions of all reinsurers are consistent with that of the leading reinsurer; for reinsurance agreements without a leading reinsurer, the reinsurance conditions are the same among all reinsurers. The premiums to be ceded and commissions shall be paid in cash and the payment dates shall be determined according to the payment terms agreed by the parties to the agreements after arm's length negotiation when entering into the reinsurance agreements. The payment terms shall be no more favorable than that available to Independent Third Parties.

6. Premiums assumed and commissions

Under the framework provided in the Agreement, the parties to the Agreement may enter into various types of reinsurance agreements in respect of particular reinsurance businesses. Such particular reinsurance agreements shall use standard contracts. For each particular reinsurance business, the amount of premiums to be assumed is determined based on the total premiums to be ceded of such business by PICC HK and the reinsurance share of the Company, the commissions shall be determined based on the amount of premiums to be assumed and the commission rate of the ceded-in business, and the commission rate of the ceded-in business is calculated based on the historical operating status of such business by using actuarial models and determined through open market negotiations. The premiums to be assumed and commissions shall be paid in cash and the payment dates shall be determined according to the payment terms agreed by the parties to the agreements after arm's length negotiation when entering into the reinsurance agreements. The payment terms shall be no less favorable than that available to Independent Third Parties.

INTERNAL CONTROL MEASURES

The terms, commission rate and other information in respect of each reinsurance business will be published via the reinsurance trading platform of the Company. The reinsurance trading platform is the only platform for reinsurance business transactions of the Company, which can

be used for business information release, invitations, communications, share confirmations, etc. The invitation scope of the platform is among the reinsurers who are eligible in the reinsurance registration system of the National Administration of Financial Regulation and have an account at the trading platform of the Company. All invited reinsurers may log in to the platform to view information relevant to the reinsurance business. When determining the reinsurer (including PICC HK), the Company mainly considers the reinsurer's credit rating, competence level, service ability, overall business cooperation situation, etc. According to the current settings of the reinsurance trading platform, the reinsurance conditions and commission rates provided to PICC HK via the reinsurance trading platform are exactly the same as that of other reinsurers. In determining the cedant (including PICC HK), the Company mainly follows the same criteria as the businesses in open market and considers the cedant's underwriting business performance, underwriting policies, premium adequacy, whether the terms of the contracts are fair, and whether the commissions of the contracts are in line with the market level, etc. The Company can monitor the scale of premiums ceded to / assumed from and commissions received from / paid to PICC HK on a monthly basis to ensure that they don't exceed the annual caps. In addition, the Company conducts annual internal special audits for related party transactions and reports the audit results to the Board and the supervisory committee of the Company. The Independent Directors and external auditors of the Company review and give their opinions on the continuing connected transactions on an annual basis.

ANNUAL CAPS

The annual caps for the Outward Reinsurance Transactions for the year ending 31 December 2024 are estimated as follows:

	RMB million
Premiums ceded by the Company to PICC HK	1,100
Commissions paid to the Company by PICC HK	495

The Company determines the above annual cap for premiums ceded primarily based on the scale of total premiums expected to be ceded by the Company in the future and the historical data of premiums ceded to PICC HK. The scale of total premiums expected to be ceded in the future is determined based on the growth of historical annual premiums of the Company, the regulatory requirement on the percentage of premiums retained, the demand for risk diversification of the Company's business, etc. The above annual cap for commissions is calculated based on the above annual cap for premiums ceded and the commission rates of ceded-out business. The commission rates of ceded-out business are determined based on the commission rates of front-end direct insurance business and historical data of claims paid in the course of reinsurance business, and by reference to market conditions.

The annual caps for the Inward Reinsurance Transactions for the year ending 31 December 2024 are estimated as follows:

	RMB million
Premiums assumed by the Company from PICC HK	350
Commissions paid to PICC HK by the Company	140

The Company increased the annual caps of premiums assumed by the Company from PICC HK and commissions paid to PICC HK by the Company in 2024, with the annual cap for the premiums assumed increasing from RMB20 million in 2023 to RMB350 million in 2024 and the annual cap for the commissions increasing from RMB8 million in 2023 to RMB140 million in 2024. In particular, the increase in the annual cap of premiums assumed is mainly based on the

expected significant increase in the scale of premiums to be assumed by the Company from PICC HK for Chinese-funded overseas business. As the demand for the development of Chinese-funded overseas business has exceeded the underwriting capacity of PICC HK, in view of the business co-operation between PICC HK and the Company and in order to form underwriting synergy to support the development of the business, after communicating with PICC HK, it is expected that the scale of premiums to be assumed by the Company from PICC HK for Chinese-funded overseas business will be substantially increased to better support Chinese-funded clients to “go global”. The above annual cap for commissions is calculated based on the above annual cap for premiums assumed and the commission rates of ceded-in business. The commission rates of ceded-in business are determined on the basis of market average commission rates of ceded-in business for different risks, actual underwriting conditions for each business, and claims history over the past few years.

HISTORICAL FIGURES

The premiums ceded by the Company to PICC HK and the commissions paid to the Company by PICC HK for the year ended 31 December 2021, for the year ended 31 December 2022 and for the period from 1 January 2023 to 30 November 2023 are as follows:

	Premiums ceded by the Company to PICC HK	Commissions paid to the Company by PICC HK
	RMB million	RMB million
For the year ended 31 December 2021	705	216
For the year ended 31 December 2022	838	238
For the period from 1 January 2023 to 30 November 2023 (<i>Note</i>)	619	189

The premiums assumed by the Company from PICC HK and the commissions paid to PICC HK by the Company for the year ended 31 December 2021, for the year ended 31 December 2022 and for the period from 1 January 2023 to 30 November 2023 are as follows:

	Premiums assumed by the Company from PICC HK	Commissions paid to PICC HK by the Company
	RMB million	RMB million
For the year ended 31 December 2021	13	3
For the year ended 31 December 2022	18	4
For the period from 1 January 2023 to 30 November 2023 (<i>Note</i>)	18	4

Note: the above figures for the period from 1 January 2023 to 30 November 2023 are extracted from the business system and have not been audited.

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 motor

vehicle insurance, commercial property insurance, cargo insurance, liability insurance, accidental injury insurance, short-term health insurance, agriculture insurance, credit insurance, surety insurance, homeowners insurance, marine hull insurance and other insurance business, which are denominated in RMB and foreign currencies, and the related reinsurance business as well as investment and funds application business permitted under the relevant laws and regulations of 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 HK

PICC HK is a limited liability company incorporated in Hong Kong, and is principally engaged in general insurance, including property insurance, cargo transportation insurance, accidents in travel insurance, home insurance, motor vehicle insurance, hull insurance, health insurance, aerospace insurance and various liability insurances, reinsurance business and own funds and insurance funds application business. As at the date of this announcement, PICC Group is the controlling shareholder of PICC HK, holding 89.363% of the total share capital of PICC HK. To the best knowledge and belief of the Company, and having made all reasonable enquiries, the remaining 10.637% equity interest in PICC HK is held by the following parties: (i) 7.393% by Asia Insurance Company, Limited (亞洲保險有限公司), a wholly-owned subsidiary of Asia Financial Holdings Ltd. (亞洲金融集團(控股)有限公司) which is a public company incorporated in Bermuda with limited liability principally engaged in underwriting of general and life insurance and investment holding, whose shares are listed on the Hong Kong Stock Exchange (stock code: 662); (ii) 2.074% by Bangkok Insurance Public Company Limited, a public company incorporated in Thailand with limited liability principally engaged in general insurance businesses, whose shares are listed on the Stock Exchange of Thailand (stock symbol: BKI); and (iii) 1.170% by PT Asuransi Central Asia, which is an insurance company incorporated in Indonesia principally engaged in general insurance businesses, the equity interest of which is owned as to 67% by Mr. Anthoni Salim and his family, 32% by PT Asian International Investindo, and the remaining 1% by Indonesian individuals who are Independent Third Parties.

Information of PICC Group

PICC Group is a joint stock limited company incorporated in the PRC with limited liability, whose shares are listed on the Hong Kong Stock Exchange (Stock Code: 1339) and the Shanghai Stock Exchange (Stock Code: 601319) respectively. PICC Group mainly invests in and holds shares in listed companies, insurance agencies and other financial institutions, supervises and manages various domestic and international businesses of its invested companies and policy-oriented insurance businesses authorised or entrusted by the government, etc. As at the date of this announcement, the Ministry of Finance is the controlling shareholder of PICC Group, holding 60.84% of the total share capital of the PICC Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

As a property and casualty insurance company, in order to lower the risk, the Company shall arrange reinsurance for part of the risk it underwrites. PICC HK has long been one of the reinsurers of the Company. The Company entered into the Agreement with PICC HK in order to achieve risks diversification and stabilisation of operation. Meanwhile, in consideration of the advantages of PICC HK in overseas business and in order to form an underwriting synergy to support the development of the business, the Company strengthens the cooperation with PICC HK in respect of Chinese-funded overseas business to further develop the inward reinsurance business. Considering the above pricing policy, the Board, including the Independent Directors, is of the view that the transactions under the Agreement will be conducted on normal commercial terms and in the ordinary and usual course of business of the Company, the terms of

the Agreement and the proposed annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

PICC HK is a non-wholly-owned subsidiary of PICC Group, the controlling shareholder of the Company. Pursuant to the Listing Rules, PICC HK is a connected person of the Company. Accordingly, the Agreement constitutes a continuing connected transaction of the Company. Mr. Wang Tingke and Mr. Yu Ze, Directors of the Company who hold positions in PICC Group, and Mr. Li Tao, a Director of the Company who is designated by PICC Group, 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.

As the highest applicable percentage ratios for the caps of insurance premiums and commissions for the Outward Reinsurance Transactions and the cap of insurance premiums for the Inward Reinsurance Transactions under the Reinsurance Framework Agreement exceed 0.1% but are less than 5%, the Outward Reinsurance Transactions and Inward Reinsurance Transactions are only subject to the reporting, annual review and announcement requirements and are 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:

“Agreement” or “Reinsurance Framework Agreement”	the 2024 Framework Agreement on Reinsurance Business Cooperation dated 29 December 2023 entered into between the Company and PICC HK
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Directors”	independent non-executive directors of the Company
“Independent Third Party(ies)”	has the meaning as defined in the Listing Rules

“Inward Reinsurance Transactions”	the reinsurance transactions which involve the ceding of insurance premiums by PICC HK to the Company in return for commissions as contemplated under the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Outward Reinsurance Transactions”	the reinsurance transactions which involve the ceding of insurance premiums by the Company to PICC HK in return for commissions as contemplated under the Agreement
“PICC Group”	The People’s Insurance Company (Group) of China Limited
“PICC HK”	The People’s Insurance Company of China (Hong Kong), Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By Order of the Board
PICC Property and Casualty Company Limited
Bi Xin
Secretary of the Board

Beijing, the PRC, 29 December 2023

As at the date of this announcement, the Chairman of the Board of the Company is Mr. Wang Tingke (non-executive director), the Vice Chairman of the Board is Mr. Yu Ze (executive director), Mr. Jiang Caishi, Mr. Zhang Daoming and Mr. Hu Wei are executive directors, Mr. Li Tao is a non-executive director, and the independent directors are Ms. Qu Xiaohui, Mr. Cheng Fengchao, Mr. Wei Chenyang, Mr. Li Weibin and Mr. Qu Xiaobo.