



On 30 December 2022, 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 under the Reinsurance Framework Agreement exceed 0.1% but are less than 5%, the Outward 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. As the highest applicable percentage ratios for the caps of insurance premiums and commissions for the Inward Reinsurance Transactions under the Reinsurance Framework Agreement do not exceed 0.1%, the Inward Reinsurance Transactions are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 17 December 2021, in relation to the 2022 Framework Agreement on Reinsurance Business Cooperation entered into between the Company and PICC HK on 17 December 2021. Considering that the 2022 Framework Agreement on Reinsurance Business Cooperation entered into between the Company and PICC HK will expire on 31 December 2022, the Company and PICC HK entered into the Reinsurance Framework Agreement on 30 December 2022 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.

30 December 2022

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

One year, commencing from 1 January 2023 and expiring on 31 December 2023.

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.

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 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 business, and the commission rate of the ceded 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 ceded premiums 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.

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 CBIRC 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. The Company can monitor the scale of premiums ceded to and commissions received from 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.

The annual caps for the Outward Reinsurance Transactions for the year ending 31 December 2023 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 ceded premiums 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 ceded premiums and the commission rates of ceded business. The commission rates of ceded 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.

Based on the annual caps for the Inward Reinsurance Transactions for the year ending 31 December 2023, the Inward Reinsurance Transactions constitute continuing connected transactions under Rule 14A.76 of the Listing Rules and, therefore, are fully exempt from the independent shareholders' approval, annual review and all disclosure requirements.

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 2020, for the year ended 31 December 2021 and for the period from 1 January 2022 to 30 November 2022 are as follows:

	RMB million	RMB million
For the year ended 31 December 2020	615	234
For the year ended 31 December 2021	705	216
For the period from 1 January 2022 to 30 November 2022	788	221

the above figures for the period from 1 January 2022 to 30 November 2022 are extracted from the business system and have not been audited.

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 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 (), a wholly-owned subsidiary of Asia Financial Holdings Ltd. (), 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 and the Shanghai Stock Exchange 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.

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. Considering the above pricing policy, the Board, including the independent non-executive 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.

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. As among the Directors of the Company, Mr. Luo Xi holds a position in PICC Group and PICC HK, Mr. Yu Ze holds a position in PICC Group and Mr. Li Tao holds a position in PICC Life, a subsidiary of PICC Group, 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.

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

“Agreement” or “Reinsurance Framework Agreement”	the 2023 Framework Agreement on Reinsurance Business Cooperation dated 30 December 2022 entered into between the Company and PICC HK
“Board”	the board of directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission
“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 Third Party”	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
“PICC Life”	PICC Life Insurance Company Limited, a joint stock limited liability company incorporated in the PRC, approximately 80.0% of whose issued share capital is directly and indirectly held by PICC Group, the controlling shareholder of the Company, among which approximately 8.62% of its issued share capital is held by the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By Order of the Board

Beijing, the PRC, 30 December 2022