

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONTINUING CONNECTED TRANSACTION SUPPLEMENTAL AGREEMENT TO THE REINSURANCE FRAMEWORK AGREEMENT WITH PICC RE

Reference is made to the announcement of the Company dated 18 February 2019, regarding the renewal of the Reinsurance Framework Agreement with PICC Re. The Company agreed to cede insurance premiums to PICC Re and PICC Re agreed to pay commissions to the Company.

On 18 December 2019, the Company entered into the Supplemental Agreement with PICC Re to increase the annual caps in relation to the premiums ceded by the Company to PICC Re and the commissions paid to the Company by PICC Re for the year ending 31 December 2019 as set under the Reinsurance Framework Agreement. As the highest applicable percentage ratios for the revised annual caps in relation to the premiums ceded by the Company to PICC Re and the commissions paid to the Company by PICC Re for the year ending 31 December 2019 as set under the Supplemental Agreement exceed 0.1% but are less than 5%, the Supplemental Agreement is subject to the reporting, annual review and announcement requirements and is exempt from the independent shareholder's approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 18 February 2019, regarding the renewal of the Reinsurance Framework Agreement with PICC Re. The Company renewed the Reinsurance Framework Agreement with PICC Re on 18 February 2019, with a term of one year, which commenced from 1 January 2019 and would expire on 31 December 2019.

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

SUPPLEMENTAL AGREEMENT

1. Date of signing

18 December 2019

2. Parties

(1) The Company

(2) PICC Re

3. Term

Commencing from 18 December 2019 and expiring on 31 December 2019

4. Main contents

Entering into the Supplemental Agreement was mainly to increase the annual caps in relation to the premiums ceded by the Company to PICC Re and the commissions paid to the Company by PICC Re for the year ending 31 December 2019 as set under the Reinsurance Framework Agreement. The current and revised annual caps in relation to the premiums ceded by the Company to PICC Re and the commissions paid to the Company by PICC Re for the year ending 31 December 2019 are as below:

	Current Annual Caps <i>RMB million</i>	Revised Annual Caps <i>RMB million</i>
Premiums ceded by the Company to PICC Re	5,000	5,500
Commissions paid to the Company by PICC Re	2,250	2,475

The above revised annual caps in relation to the premiums ceded by the Company to PICC Re and the commissions paid to the Company by PICC Re for the year ending 31 December 2019 were mainly determined based on the Company's estimation of the premiums ceded by the Company for the year of 2019 and the actual amount of premiums ceded by the Company to PICC RE for the first three quarters of 2019. Apart from the revisions on annual caps mentioned above, the other terms of the Reinsurance Framework Agreement remain unchanged.

HISTORICAL FIGURES

For the year ended 31 December 2017 and 31 December 2018, and for the period from 1 January 2019 to 16 December 2019 (the latest practicable date before entering into the Supplemental Agreement), the premiums ceded by the Company to PICC Re and the commissions paid to the Company by PICC Re are as follows:

	Premiums ceded by the Company to PICC Re <i>RMB million</i>	Commissions paid to the Company by PICC Re <i>RMB million</i>
For the year ended 31 December 2017	3,170	1,039
For the year ended 31 December 2018	4,058	1,378

For the period from 1 January 2019 to 16 December 2019 <i>(Note)</i>	3,846	1,203
---	-------	-------

Note: the above figures for the period from 1 January 2019 to 16 December 2019 are extracted from the business system and are not audited.

Both the premiums ceded by the company to PICC Re and the commissions paid to the Company by PICC Re under the Reinsurance Framework Agreement for the period from 1 January 2019 to the date of this announcement didn't exceed current annual caps as agreed under the Reinsurance Framework Agreement.

GENERAL INFORMATION

Information on 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 property loss insurance, liability insurance, credit insurance, accidental injury insurance, short-term health insurance, guarantee insurance and the related reinsurance business as well as investment and funds application business in the PRC.

Information on PICC Re

PICC Re is a joint stock limited liability company incorporated in the PRC and is principally engaged in commercial reinsurance business of property insurance, life insurance, short-term health insurance and accidental injury insurance in the PRC, service and consultation business related to the above reinsurance business, insurance funds application business permitted under the relevant laws and regulations of the PRC, and other business approved by the PRC insurance regulatory authority.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT

Based on the actual amount of premiums ceded by the Company to PICC Re under the Reinsurance Framework Agreement for the first three quarters of 2019, the Company estimated that premiums to be ceded to PICC Re under the Reinsurance Framework Agreement for the year of 2019 may exceed the current annual caps as agreed in the Reinsurance Framework Agreement. Therefore, the Company entered into the Supplemental Agreement with PICC Re to increase the annual caps in relation to the premiums ceded by the Company to PICC Re and the commissions paid to the Company by PICC Re for the year ending 31 December 2019 as set under the Reinsurance Framework Agreement. The Board, including the independent non-executive Directors, is of the view that the Supplemental Agreement will be conducted on normal commercial terms and in the ordinary and usual course of business of the Company, the terms of the Supplemental Agreement and the proposed annual caps thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

PICC Re is a subsidiary of PICC Group, the controlling shareholder of the Company. PICC Group holds approximately 68.98% of the issued capital of the Company. PICC Group and the Company hold 51% and 49% of the issued capital of PICC Re respectively. Pursuant to the Listing Rules, PICC Re is a connected person of the Company. Accordingly, entering into the Agreement constitutes a continuing connected transaction of the Company. As Directors, Mr. Miao Jianmin, Mr. Xie Yiqun and Mr. Tang Zhigang hold positions in PICC Group, and Mr. Li Tao holds position in PICC Life, a subsidiary of PICC Group, therefore they have

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.

As the highest applicable percentage ratios for the revised annual caps in relation to the premiums ceded by the Company to PICC Re and the commissions paid to the Company by PICC Re for the year ending 31 December 2019 as set under the Supplemental Agreement exceed 0.1% but are less than 5%, the Supplemental Agreement is subject to the reporting, annual review and announcement requirements and is 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 “Supplemental Agreement”	the Supplemental Agreement to the 2019 Framework Agreement on Reinsurance Business Cooperation dated 18 December 2019 entered into between the Company and PICC Re
“Reinsurance Framework Agreement”	the 2019 Framework Agreement on Reinsurance Business Cooperation dated 18 February 2019 entered into between the Company and PICC Re
“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 Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 liability company incorporated in the PRC, whose shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange
“PICC Life”	PICC Life Insurance Company Limited, a joint stock limited liability company incorporated in the PRC, with 8.615% of its issued capital held by the Company and 80% of its issued capital directly and indirectly held by PICC Group, the controlling shareholder of the Company

“PICC Re”	PICC Reinsurance Company Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“%”	percentage

By Order of the Board
PICC Property and Casualty Company Limited
Miao Jianmin
Chairman

Beijing, the PRC, 18 December 2019

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