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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 EQUITY INVESTMENT ADVISORY SERVICES AND TECHNICAL SUPPORT AGREEMENT WITH PICC CAPITAL

On 13 February 2023, the Company entered into the Equity Investment Advisory Services and Technical Support Agreement with PICC Capital. Pursuant to the Agreement, PICC Capital will provide the Company with equity investment advisory services and technical support services and the Company will pay advisory service fees and share of excess return (if the hurdle rate is reached upon exit from the projects) to PICC Capital.

Pursuant to the relevant provisions of the Listing Rules, the Agreement constitutes a continuing connected transaction of the Company. As the highest applicable percentage ratio for the annual caps of advisory service fees and share of excess return paid to PICC Capital by the Company under the Agreement is more than 0.1% but less than 5%. Therefore, the Transaction is only 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.

INTRODUCTION

On 13 February 2023, the Company entered into the Equity Investment Advisory Services and Technical Support Agreement with PICC Capital. Pursuant to the Agreement, PICC Capital will provide the Company with equity investment advisory services and technical support services and the Company will pay advisory service fees and share of excess return (if the hurdle rate is reached upon exit from the projects) to PICC Capital.

EQUITY INVESTMENT ADVISORY SERVICES AND TECHNICAL SUPPORT AGREEMENT

1. Date of Signing

13 February 2023

2. Parties

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

3. Term

From 13 February 2023 to 12 February 2026

4. Matters of Cooperation

Firstly, PICC Capital provides advisory services and technical support for the Company's self-operated direct equity investments and equity fund investments, including conducting industry research, selecting and reserving projects, analysing and discussing proposed investment targets, performing relevant project establishment and decision-making processes, and assisting in regulatory reporting, information disclosure and transaction negotiations. Secondly, PICC Capital provides post-investment management for the Company's self-operated direct equity investments and equity fund subjects.

5. Advisory Service Fees and Share of Excess Return

Advisory service fees: The Company pays advisory service fees to PICC Capital on an annual basis, and the basis of calculation is the actual investment amount of equity projects, for which PICC Capital provides advisory services. Pursuant to the Agreement, the advisory service fee rates for equity projects are calculated by categories as follows: 0.12% per year for equity fund projects, 0.12% per year for strategic equity direct investment projects, and 0.15% per year for financial equity direct investment projects, respectively. The advisory service fees for any single equity direct investment project shall not be less than RMB300,000 per year. Pursuant to the Agreement, PICC Capital shall calculate the actual amount of investment in the equity projects under management on 31 December of each year as the accounting date, calculate the advisory service fees for that year in accordance with the fee rates and formulae specified in the Agreement, and submit the reconciliation information to the Company within 60 days. The Company shall pay the annual advisory service fees to PICC Capital within 90 days after receiving the above-mentioned reconciliation information.

Share of excess return: With reference to the operation mode of market-based equity funds, in order to better promote the function of PICC Capital as a professional alternative investment platform, a certain degree of incentive mechanism is introduced in the Agreement. For financial equity direct investment projects, if an annualised investment yield of 10% to 15% (inclusive) is achieved upon exit from the project, PICC Capital may withdraw 10% of the investment return in excess of the 10% annualised investment yield as its share of excess return; if an annualised investment yield of more than 15% is realised, then in addition to the above-mentioned share of excess return at the first stage, PICC Capital may further withdraw 5% of the investment return in excess of the 15% annualised investment yield as its share of excess return at the second stage. Such share of excess return is uncertain and may only occur and be calculated and paid accordingly upon full exit from equity projects by the Company and when the investment yield has reached the corresponding standards. Pursuant to the Agreement, upon exit from the projects, PICC Capital shall calculate the excess return (if any), and submit the reconciliation information to the Company within 60 days after the completion of the industrial and commercial change of the projects as agreed in the Agreement. The Company shall pay the share of excess return to PICC Capital within 90 days after receiving the above-mentioned reconciliation information.

Annual Cap

During the term of the Agreement, the annual caps of advisory service fees and share of excess return to be paid to PICC Capital by the Company are as follows:

	<i>RMB million</i>
For the period from 13 February 2023 to 31 December 2023	100
For the year ending 31 December 2024	400
For the year ending 31 December 2025	500
For the period from 1 January 2026 to 12 February 2026	500

The above annual caps are calculated based on the sum of the estimated amount of advisory service fees and the estimated share of excess return, among which, (i) during the term of the Agreement, based on the estimation of the annually accumulated balance amount of the Company's self-operated equity investments and the advisory service fee rates as agreed in the Agreement, it is calculated that the cumulative advisory service fees to be paid by the Company is approximately RMB9 million; (ii) the share of excess return will be paid based on the excess return realised upon exit from each financial equity direct investment project and the agreed withdrawal percentage of share of excess return, and there is great uncertainty as to whether each financial equity direct investment project can realise excess return at the time of signing the Agreement. Taking into account the general market practice, considering that the exit cycle of equity projects generally exceeds three years, the Company expects the possibility of equity exit to be low in the first and second year from the execution of the Agreement. The number of financial equity direct investment projects will start to accumulate after the execution of the Agreement. Therefore, it is expected that the possibility of paying share of excess return at the beginning of the term of the Agreement (i.e. for the period from 13 February 2023 to 31 December 2024) is lower than that at a later time (i.e. for the period from 1 January 2025 to 12 February 2026). Based on the above factors, the Company and PICC Capital have agreed to set the cumulative limit for advisory service fees and the share of excess return at RMB1.5 billion during the term of the Agreement, with annual caps for four years gradually increasing in a stepwise manner.

Historical Amounts

There was no historical amount between the Company and PICC Capital in relation to equity investment advisory services and technical support.

Pricing Policy

The current range of management fee rates for market-based equity investment plans is generally between 0.25% and 0.5% per year, and between 1% and 2.5% per year for market-based equity funds. The advisory service fee rate agreed in the Agreement is 0.12% per year for equity fund projects, 0.12% per year for strategic equity direct investment projects and 0.15% per year for financial equity direct investment projects, which are not higher than the fair price level of the market. At the same time, considering the fixed costs of cultivating and building the asset management team of PICC Capital and the fixed costs of audit and valuation services provided for equity projects each year, both parties agreed that the advisory service fee for any single equity direct investment project shall not be less than RMB300,000 per year to compensate for its fixed costs. The hurdle rate for excess return for market-based equity funds is generally between 6% and 8%, while the hurdle rate under the Agreement is 10%/15%, which is significantly higher than the market level. In addition, the market-based percentage of share of excess return for managers generally reaches 20% or more, while the percentage of share of excess return under the Agreement is 10%/5%, which is significantly lower than the market level.

INTERNAL CONTROL MEASURES

The Company has formulated management regulations and operational guidelines on related party transactions, which set out requirements and rules on the management body,

reporting and disclosure, management procedures, monitoring of related party transactions, etc. The Company manages and monitors each related party transaction in accordance with the abovementioned regulations. The Company regularly records and reports on the occurrence and implementation of related party transactions, monitors the implementation of the transactions and earnestly performs its internal control obligations. The Company has established an early warning mechanism for the annual caps of transactions. When the actual transaction amount reaches the early warning line of the set annual cap (i.e. 80% of the annual cap of the transaction amount) during the implementation of the agreement, the relevant functional department will promptly pay close attention to it, reset the annual cap in a timely manner and go through the corresponding procedures. 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.

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 approximately 68.98% of the total share capital of the Company.

Information of PICC Group

PICC Group is a joint stock limited company incorporated and registered in the PRC, 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 approximately 60.84% of the total share capital of PICC Group.

Information of PICC Capital

PICC Capital is a limited liability company incorporated in the PRC. Its principal business scope includes alternative investment business with RMB or foreign currencies entrusted, management and utilisation of its own RMB and foreign currencies, insurance asset management products business such as debt investment plans and equity investment plans and consulting business related to asset management. As at the date of this announcement, it is a wholly-owned subsidiary of PICC Group, which is the controlling shareholder of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

According to the regulations of CBIRC, insurance companies can rely on professional investment platforms within the same insurance group for advisory and technical support services in order to carry out relevant investment businesses. Therefore, the Company

carries out equity investment business by using investment advisory services and technical support services through professional investment platforms within the Group. As a specialised alternative investment platform within the Group, PICC Capital has a specialised management platform for private equity funds, which has raised, established and managed a number of equity funds, and has unique advantages in alternative investments in the field of science and innovation. The Agreement will help to leverage PICC Capital's professional advantages to assist the Company in carrying out relevant equity investment businesses, improve the Company's investment income and prevent and defuse investment risks.

The Board (including the Independent Directors) is of the view that the Agreement is entered into in the ordinary and usual course of business of the Company and on normal commercial terms and the terms of the Agreement and the annual caps of advisory service fees and share of excess return are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of the announcement, PICC Group holds approximately 68.98% of the issued share capital of the Company and is the controlling shareholder of the Company. PICC Capital is a wholly-owned subsidiary of PICC Group. According to the Listing Rules, PICC Capital is a connected person of the Company. Therefore, the Transaction constitutes a continuing connected transaction of the Company. As Mr. Luo Xi and Mr. Yu Ze, Directors of the Company, hold positions in PICC Group, Mr. Li Tao, Director of the Company, holds position in PICC Life, a subsidiary of the PICC Group, they 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 ratio for the annual caps of advisory service fees and share of excess return paid to PICC Capital by the Company under the Agreement is more than 0.1% but less than 5%. Therefore, the Transaction is only 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 "Equity Investment Advisory Services and Technical Support Agreement"	the Equity Investment Advisory Services and Technical Support Agreement entered into between the Company and PICC Capital on 13 February 2023
"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
"Hongkong 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
"Group" or "PICC Group"	The People's Insurance Company (Group) of China Limited
"PICC Capital"	PICC Capital Insurance Asset Management Company Limited
"PICC Life"	PICC Life Insurance Company Limited, a joint stock company registered and incorporated in the PRC with limited liability, 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
"Transaction"	PICC Capital will provide the Company with equity investment advisory services and technical support services and the Company will pay advisory service fees and share of excess return (if the hurdle rate is reached upon exit from the projects) to PICC Capital under the Agreement.
"RMB"	Renminbi, the lawful currency of the PRC
"%"	percentage

By Order of the Board
PICC Property and Casualty Company Limited
Jiang Caishi
Executive Director

Beijing, the PRC, 13 February 2023

As at the date of this announcement, the Chairman of the Board is Mr. Luo Xi (Non-executive Director), the Executive Directors are Mr. Yu Ze, Mr. Jiang Caishi and Mr. Zhang Daoming, Mr. Li Tao is a Non-executive Director, and the Independent Directors are Mr. Lin Hanchuan, Mr. Lo Chung Hing, Ms. Qu Xiaohui, Mr. Cheng Fengchao and Mr. Wei Chenyang.