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

(Stock Code: 2328)

CONNECTED TRANSACTION SOUTH INFORMATION CENTER PACKAGE SERVICE AGREEMENT WITH PICC GROUP

On 18 March 2020, the Company entered into the South Information Center Package Service Agreement with PICC Group. Pursuant to the Agreement, PICC Group shall provide the Company with, among others, the service of leasing workplaces, meeting rooms and server installation positions in the server building. In accordance with HKFRSs 16 - Leases, the Company is required to recognise the property use right of the South Information Center as a right-of-use asset.

Pursuant to the relevant provisions of the Listing Rules, the Lease will be regarded as an acquisition of asset by the Company, which constitutes a one-off connected transaction of the Company. As the highest applicable percentage ratio in respect of the value of the right-of-use asset under the Lease exceeds 0.1% but is less than 5%, the Lease under the Agreement is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The Other Services provided by PICC Group to the Company under the Agreement constitute a continuing connected transaction of the Company. As the highest applicable percentage ratio in respect of the estimated aggregate annual cap of the Other Services is less than 0.1%, the Other Services under the Agreement are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 18 March 2020, the Company entered into the South Information Center Package Service Agreement with PICC Group. Pursuant to the Agreement, PICC Group shall provide the Company with, among others, the service of leasing workplaces, meeting rooms and server installation positions in the server building.

THE SOUTH INFORMATION CENTER PACKAGE SERVICE AGREEMENT

1. Date of signing

18 March 2020

2. Parties

- (1) PICC Group; and
- (2) the Company.

3. Term

Commencing on 1 January 2020 and expiring on 31 December 2021.

4. Details of service

Pursuant to the Agreement, PICC Group shall provide the Company with, among others, the service of leasing workplaces, meeting rooms and server installation positions in the server building in the South Information Center located at No. 16 Denghu East Road, Guicheng, Nanhai District, Foshan, Guangdong Province, the PRC. The lease service charge consists of the rents of workplaces, the rents of meeting rooms and the rents of server installation positions in the server building, and shall be calculated on the basis of the areas of workplaces actually rented, usage of meeting rooms and the number of server installation positions actually rented as well as the corresponding rental per unit. In 2020, the Company estimates that the workplaces to be rented will be approximately 27,900 square meters and the monthly rental per unit is approximately RMB91/square meter (exclusive of tax). The number of server installation positions to be rented is estimated to be approximately 1,000 and the monthly rental per unit is approximately RMB4,800/position (exclusive of tax). The meeting rooms to be used by the Company include conference rooms and lecture halls and it is estimated that the conference rooms and lecture halls will be used for approximately 3 to 7 days each year. The rental per unit for the conference rooms is RMB3,000/day or RMB6,000/day (exclusive of tax), depending on the different types of conference rooms, and the rental per unit for lecture halls is RMB8,000/day (exclusive of tax). The above rental per unit is determined with reference to the rental per unit in the market, and the rental per unit has taken into account the average annual depreciation and amortisation amount and daily operating expenses of buildings. The lease service charge is estimated to increase by 10% in 2021 on the basis of that of 2020.

Under the Agreement, PICC Group shall also provide the Company with, among others, wide area network services, Internet services, north-south high-speed link services and cloud computing services. The Company shall pay the Other Service Charges, which are calculated on the basis of the Company's actual usage of exclusive and shared network lines, network devices and related technical support services.

5. Service charges and payment method

Pursuant to the Agreement, the Company shall make a one-off prepayment of the lease service

charge and the Other Service Charges for that whole year to PICC Group by 30 September each year. PICC Group will inform the Company of the breakdown of actual charges incurred for the previous year by 15 January each year. Any remaining balance of prepaid charges of the Company will be accumulated and carried forward for use in the next year; if the prepayment made by the Company is insufficient to cover the charges of that year, the shortfall shall be made up.

Pursuant to the Agreement, the Company estimates the maximum lease service charges to be paid to PICC Group in 2020 and 2021 to be RMB88.33 million (exclusive of tax) and RMB97.17 million (exclusive of tax) respectively, which will be paid by the Company with its internal funds. In accordance with HKFRSs 16 – Lease, fixed rental payment is capital in nature and the Company is required to recognise the property use right of the South Information Center under the Agreement as a right-of-use asset. The subject matter of this Lease will be recognised as a right-of-use asset from the lease commencement date with an approximate amount of RMB176.27 million. The amount of the right-of-use asset is equivalent to the present value calculated at a discount rate of 4.03% over the estimated maximum lease service charges to be paid by the Company to PICC Group in 2020 and 2021 under the Agreement and will be adjusted according to the actual lease service charges paid by the Company.

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 property and casualty insurance, liability insurance, credit insurance, accidental injury insurance, short-term health insurance, guarantee insurance and the related reinsurance businesses as well as investment and funds application businesses in 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 Group

PICC Group is 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 respectively. PICC Group 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 PRC. As at the date of this announcement, the Ministry of Finance of the PRC is the controlling shareholder and the ultimate beneficial owner of PICC Group, holding 60.84% of the total share capital of PICC Group.

Information Center Package Service Agreement”	South Information Center Package Service Agreement dated 18 March 2020 entered into between the Company and PICC Group
“Board”	the board of directors of the Company
“Company”	PICC Property and Casualty Company Limited
“Directors”	directors of the Company
“HKFRSs”	Hong Kong Financial Reporting Standards
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Lease”	the provision to the Company by PICC Group of the service of leasing workplaces, meeting rooms and server installation positions in the server building in the South Information Center located at No. 16 Denghu East Road, Guicheng, Nanhai District, Foshan, Guangdong Province, the PRC in accordance with the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Other Service Charges”	the service charges paid by the Company to PICC Group in respect of the wide area network services, Internet services, north-south high-speed link services and cloud computing services in accordance with the Agreement
“Other Services”	the wide area network services, Internet services, north-south high-speed link services, cloud computing services and etc. provided to the Company by PICC Group in accordance with the Agreement
“PICC Group”	The People’s Insurance Company (Group) of China Limited
“PICC Life”	PICC Life Insurance Company Limited, a joint stock limited liability company incorporated in the PRC, whose issued share capital is held 8.615% by the Company and 80.0%, directly and indirectly, by PICC Group, the Company’s controlling shareholder
“PRC”	the People’s Republic of China
“Transaction”	the provision to the Company by PICC Group of the service of leasing workplaces, meeting rooms and server installation positions in the server building and

the Other Services including the wide area network services, Internet services, north-south high-speed link services and cloud computing services as well as the payment by the Company to PICC Group of the lease service charges and the Other Service Charges in accordance with the Agreement

“RMB”

Renminbi, the lawful currency of the PRC

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

Beijing, the PRC, 18 March 2020

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 director is 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.