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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)**

### **CONTINUING CONNECTED TRANSACTION BUSINESS COOPERATION AGREEMENTS WITH ZSIB, CIB and PIB**

On 21 June 2019, the Company entered into such Business Cooperation Agreements with ZSIB, CIB and PIB respectively, pursuant to which, the Company continues to cooperate with ZSIB, CIB and PIB in the insurance business. ZSIB, CIB and PIB provide insurance brokerage services for the insurance contracts entered into between the insurance purchasers and the Company, and the Company pays brokerage commissions to them. In addition, ZSIB also provides services on disaster prevention, loss prevention, risk assessment and risk management consultation to the customers of the Company, and the Company pays service fees to ZSIB.

In accordance with the relevant provisions of the Listing Rules, such Business Cooperation Agreements constitute the continuing connected transactions of the Company. As specified in Chapter 14A of the Listing Rules, the proposed annual caps of the brokerage commissions involved in such Business Cooperation Agreements shall be aggregated. As the highest applicable percentage ratio for the aggregated proposed annual caps of the brokerage commissions involved in such Business Cooperation Agreements is more than 0.1% but less than 5%, the Business Cooperation in Insurance Brokerage 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. As the highest applicable percentage ratio for the proposed annual caps of the service fees involved in the Business Cooperation Agreement with ZSIB is less than 0.1%, the Cooperation in Services on Disaster Prevention, Loss Prevention, Risk Assessment and Risk Management Consultation is exempt from the reporting, annual review, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **INTRODUCTION**

Reference is made to the announcement of the Company dated 27 December 2018 regarding the Original Cooperation Agreement entered into between the Company and ZSIB and its subsidiary, i.e. CIB. The Original Cooperation Agreement expired on 16 June 2019. On 21 June 2019, the Company entered into such Business Cooperation Agreements with ZSIB, CIB and PIB respectively, pursuant to which, the Company continues to cooperate with ZSIB, CIB and PIB in the insurance business. ZSIB, CIB

and PIB provide insurance brokerage services for the insurance contracts entered into between the insurance purchasers and the Company, and the Company pays brokerage commissions to them. In addition, ZSIB also provides services on disaster prevention, loss prevention, risk assessment and risk management consultation to the customers of the Company, and the Company pays service fees to ZSIB.

## **BUSINESS COOPERATION AGREEMENTS**

### **1. Date of Signing**

21 June 2019

### **2. Parties**

#### **Business Cooperation Agreement with ZSIB**

- (1) the Company
- (2) ZSIB

#### **Business Cooperation Agreement with CIB**

- (1) the Company
- (2) CIB

#### **Business Cooperation Agreement with PIB**

- (1) the Company
- (2) PIB

### **3. Term**

Commencing from 17 June 2019 and expiring on 16 June 2022

### **4. Content and scope of cooperation**

Pursuant to such Business Cooperation Agreements, the Company continues to cooperate with ZSIB, CIB and PIB in the insurance business. ZSIB, CIB and PIB provide insurance brokerage services for the insurance contracts entered into between the insurance purchasers and the Company, and the Company pays brokerage commissions to them. The parties will also carry out cooperations in capital, human resources as well as product and technology.

With respect to the Business Cooperation Agreement with ZSIB, the scope of cooperation also includes ZSIB providing services on disaster prevention, loss prevention, risk assessment and risk management consultation to the customers of the Company.

### **5. Brokerage Commissions**

Pursuant to such Business Cooperation Agreements, the Company and ZSIB, CIB and PIB will enter into agreements for the cooperation under specific projects. The cooperation under specific projects will be carried out at fair and reasonable prices and based on normal commercial terms. The brokerage commissions will be calculated according to the actual net insurance premiums received by the Company from the relevant insurance products under the agreements and the agreed commission rates. The commission rates will not exceed the ceiling limit determined in the specific cooperation agreements, and will consider factors such as the product type, business scale, business quality, regional markets and etc. The commission rates shall comply with the regulatory requirements regarding the commissions of relevant business and the commission management requirements of the product lines of the Company and

shall not deviate from the prices or commission standards adopted by the independent third parties in the market.

The brokerage commissions will be paid in cash (bank account transfer) based on the payment terms no favorable than that available to independent third parties.

## **6. Proposed annual caps of brokerage commissions**

The proposed annual caps of the brokerage commissions to be paid by the Company to ZSIB, CIB and PIB during the term of such Business Cooperation Agreements, respectively and in aggregate, are estimated to be as follows:

<b>Period</b>	<b>Proposed Annual Caps</b>			
	<i>RMB million</i>			
	<b>ZSIB</b>	<b>CIB</b>	<b>PIB</b>	<b>Total</b>
For the year ending 31 December 2019	370	30	300	700
For the year ending 31 December 2020	540	60	450	1,050
For the year ending 31 December 2021	710	90	600	1,400
For the period from 1 January 2022 to 16 June 2022	710	90	600	1,400

The Company determined the above proposed annual caps primarily with reference to several factors such as the business cooperations between the Company and ZSIB, CIB and PIB in recent years, the brokerage commissions paid by the Company to ZSIB, CIB and PIB, current and future business cooperation in terms of areas and insurance product types, business cooperation development as well as market commissions. In recent years, the scope of business cooperations between the Company and ZSIB and CIB has been gradually expanded with the cooperation in the non-motor vehicle insurance business becoming increasingly closer and the overall business scale growing steadily. Since completion of change in its shareholding structure, PIB has been focusing on the mode of insurance scientific and technical development. The Company and PIB will gradually enhance such new sales model via internet and expand the cooperation in motor vehicle insurance and other relevant businesses in future. Therefore, the proposed annual caps of the brokerage commissions to be paid by the Company to ZSIB, CIB and PIB are likely to increase significantly.

## **REASONS FOR AND BENEFITS OF ENTERING INTO BUSINESS COOPERATION AGREEMENTS**

Insurance brokers serve as one of the Company's distribution channels. The Company has cooperation relationships with many insurance brokers companies, and ZSIB, CIB and PIB are insurance brokers companies cooperating with the Company. Such Business Cooperation Agreements among the Company, ZSIB, CIB and PIB are beneficial to the respective parties in terms of resources integration and business synergy and, furthermore, to the Company in its building up of distribution channels and promotion of its development capability in the broker business market. Such Business Cooperation Agreements among the Company, ZSIB, CIB and PIB do not affect the cooperation between the Company and other insurance brokers companies.

The Board, including the independent non-executive Directors, is of the view that such Business Cooperation Agreements are entered into in the ordinary and usual course of business of the Company and on normal commercial terms, and the terms and proposed annual caps under such Business Cooperation Agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **HISTORICAL FIGURES**

The brokerage commissions paid by the Company to ZSIB, CIB and PIB in aggregate for the years ended 31 December 2017 and 31 December 2018 and the period from 1 January 2019 to 31 May 2019 were approximately RMB184 million, RMB344 million and RMB174 million, respectively.

## **GENERAL INFORMATION**

### ***Information of the Company***

The Company is a joint stock limited company incorporated in the PRC with limited liability, 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, surety insurance and the related reinsurance business as well as investment and funds application business in the PRC.

### ***Information of ZSIB, CIB and PIB***

ZSIB, CIB and PIB are limited liability companies established in the PRC. The businesses of ZSIB, CIB and PIB include: drafting insurance proposals to insurance purchasers, selecting insurers and completing insurance purchase procedures; assisting insureds and beneficiaries in claim settlement processes; reinsurance broker services; and providing services on disaster prevention, loss prevention, risk assessment and risk management consultation.

## **LISTING RULES IMPLICATIONS**

PICC Group holds approximately 68.98% of the issued share capital of the Company and is the controlling shareholder of the Company. ZSIB is a non-wholly owned subsidiary of PICC Group. PICC Group holds approximately 92.71% of the registered capital of ZSIB. CIB is a non-wholly owned subsidiary of ZSIB. ZSIB holds approximately 55.01% of the registered capital of CIB. PIB is non-wholly owned subsidiary of PICC Financial Services, a wholly owned subsidiary of PICC Group. PICC Financial Services holds approximately 52.5% of the registered capital of PIB. Pursuant to the relevant provisions of Listing Rules, ZSIB, CIB and PIB are connected persons of the Company. Accordingly, such Business Cooperation Agreements constitute continuing connected transactions of the Company. As Mr. Miao Jianmin, Mr. Xie Yiqun and Mr. Tang Zhigang, Directors of the Company, hold positions in PICC Group, and Mr. Li Tao, a Director of the Company, holds position in PICC Life which is a subsidiary of PICC Group, they abstained from voting on the Board's proposal for considering and approving such Business Cooperation Agreements. Save as disclosed above, no other Directors was required to abstain from voting on the Board's proposal for considering and approving such Business Cooperation Agreements or is regarded as having a material interest in such Business Cooperation Agreements.

As specified in Chapter 14A of the Listing Rules, the proposed annual caps of the

brokerage commissions involved in such Business Cooperation Agreements shall be aggregated. As the highest applicable percentage ratio for the aggregated proposed annual caps of the brokerage commissions involved in such Business Cooperation Agreements is more than 0.1% but less than 5%, the Cooperation in Insurance Brokerage 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. As the highest applicable percentage ratio for the proposed annual caps of the service fees involved in the Business Cooperation Agreement with ZSIB is less than 0.1%, the Cooperation in Services on Disaster Prevention, Loss Prevention, Risk Assessment and Risk Management Consultation is exempt from the reporting, annual review, announcement and 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:

“Board”	the board of directors of the Company
“Business Cooperation Agreement with CIB”	the Insurance Broker Business Cooperation Agreement entered into between the Company and CIB on 21 June 2019
“Business Cooperation Agreement with PIB”	the Insurance Broker Business Cooperation Agreement entered into between the Company and PIB on 21 June 2019
“Business Cooperation Agreement with ZSIB”	the Insurance Business Cooperation Agreement entered into between the Company and ZSIB on 21 June 2019
“such Business Cooperation Agreements”	the Business Cooperation Agreement with ZSIB, the Business Cooperation Agreement with CIB and the Business Cooperation Agreement with PIB
“CIB”	China Insurance Brokers Co. Ltd.
“Cooperation in Insurance Brokerage”	ZSIB, CIB and PIB provide insurance brokerage services for the insurance contracts entered into between the insurance purchasers and the Company and the Company pays brokerage commissions to them under such Business Cooperation Agreements
“Company”	PICC Property and Casualty Company Limited
“connected persons”	has the meaning as defined in the Listing Rules

“Cooperation in Services on Disaster Prevention, Loss Prevention, Risk Assessment and Risk Management Consultation”	ZSIB provides services on disasters prevention, loss prevention, risk assessment and risk management consultation to the customers of the Company under the Business Cooperation Agreement with ZSIB, and the Company pays service fees to ZSIB
“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
“Original Cooperation Agreement”	the Insurance Business Cooperation Agreement entered into between the Company and ZSIB and its subsidiary, i.e. CIB, on 27 December 2018
“PIB”	Prime Insurance Brokers Company Limited
“PICC Financial Services”	PICC Financial Services Company Limited, a limited liability company incorporated in the PRC and a wholly owned subsidiary of PICC Group, the controlling shareholder of the Company
“PICC Group”	The People’s Insurance Company (Group) of China Limited, 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
“PICC Life”	PICC Life Insurance Company Limited, a joint stock limited company incorporated in the PRC with limited liability, with approximately 80% of its issued share capital directly and indirectly held by PICC Group, the controlling shareholder of the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“ZSIB”	Zhongsheng International Insurance Brokers Co., Ltd
“%”	percentage

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

Beijing, the PRC, 21 June 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 and Mr. Hua Shan are executive directors, and the independent non-executive directors are Mr. Lin Hanchuan, Mr. Lo Chung Hing, Mr. Na Guoyi, Mr. Ma Yusheng, Mr. Chu Bende and Ms. Qu Xiaohui.*