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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 PARTICIPATION IN THE INVESTMENT IN NATIONAL SME DEVELOPMENT FUND CO., LTD.

On 19 June 2020, the Company entered into the Promoters' Agreement with PICC Life, PICC Health and other promoters who are not connected persons of the Company, pursuant to which all parties agreed to jointly establish the National SME Development Fund Co., Ltd. (國家中小企業發展基金有限公司). The Company shall subscribe for RMB200 million of the registered capital of the National SME Development Fund Co., Ltd., with a shareholding of 0.56%.

Pursuant to the relevant provisions of the Listing Rules, the Transaction constitutes a connected transaction of the Company. As the highest applicable percentage ratio for the Transaction exceeds 0.1% but is less than 5%, the Transaction 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.

INTRODUCTION

On 19 June 2020, the Company entered into the Promoters' Agreement with PICC Life, PICC Health and other promoters who are not connected persons of the Company, pursuant to which all parties agreed to jointly establish the National SME Development Fund Co., Ltd. (國家中小企業發展基金有限公司). The Company shall subscribe for RMB200 million of the registered capital of the National SME Development Fund Co., Ltd., with a shareholding of 0.56%. The Transaction was funded by the monetary assets of the Company entrusted to PICC AMC. PICC AMC will make contribution with the entrusted monetary assets of the Company in accordance with the Asset Management Agreement and Supplemental Agreement it entered into with the Company on 28 August 2019. For details of the Asset Management Agreement and Supplemental Agreement entered into between the Company and PICC AMC, please refer to the relevant announcement of the Company dated 28 August 2019.

PROMOTERS' AGREEMENT

1. Date of signing

19 June 2020

2. Parties

- (1) the Company
- (2) PICC Life
- (3) PICC Health
- (4) Ministry of Finance
- (5) Shanghai Guosheng (Group) Co., Ltd.
- (6) China National Tobacco Corporation
- (7) Shanghai Pudong Innotek Capital Co., Ltd.
- (8) China Life Insurance Company Ltd.
- (9) Shanghai Shenergy ICY Capital Co., Ltd.
- (10) Chengdu Industrial Guidance Equity Investment Fund Co., Ltd.
- (11) Minsheng Royal Asset Management Co., Ltd.
- (12) Beijing Saipong Industry and Information Technology Investment Management Co., Ltd.
- (13) China Industry and Information Technology Publishing & Media Group
- (14) Hefei South Guozheng Venture Capital Investment Partnership (Limited Partnership)
- (15) E Fund Asset Management Co., Ltd.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Ministry of Finance, Shanghai Guosheng (Group) Co., Ltd., China National Tobacco Corporation, Shanghai Pudong Innotek Capital Co., Ltd., China Life Insurance Company Ltd., Shanghai Shenergy ICY Capital Co., Ltd., Chengdu Industrial Guidance Equity Investment Fund Co., Ltd., Minsheng Royal Asset Management Co., Ltd., Beijing Saipong Industry and Information Technology Investment Management Co., Ltd., China Industry and Information Technology Publishing & Media Group, Hefei South Guozheng Venture Capital Investment Partnership (Limited Partnership) and E Fund Asset Management Co., Ltd. are all independent third parties of the Company and its connected persons.

3. National SME Development Fund Co., Ltd.

Pursuant to the Promoters' Agreement, the National SME Development Fund Co., Ltd. (name subject to the final approval by the enterprise registration authorities) is a company to be incorporated in the PRC with limited liability. The registered capital of the National SME Development Fund Co., Ltd. is expected to be RMB35.75 billion and its largest shareholder will be Ministry of Finance, with a shareholding of 42.66%. PICC Life, PICC Health and the Company will make contributions to the registered share capital of the National SME Development Fund Co., Ltd. respectively, with shareholdings of 0.84%, 0.28% and 0.56%, respectively. The National SME Development Fund Co., Ltd. is expected to be a legal person liable for its debts to the full extent of its assets. The business scope of the National SME Development Fund Co., Ltd. will be: equity investment, investment management, project investment, investment consultancy (final business scope subject to the final approval and registration of the enterprise registration authorities).

The equity structure of the National SME Development Fund Co., Ltd. is as follows:

Name of promoters	Capital contribution	Shareholding
	<i>RMB billion</i>	<i>%</i>
Ministry of Finance	15.25	42.66
Shanghai Guosheng (Group) Co., Ltd.	5.00	13.99
China National Tobacco Corporation	5.00	13.99
Shanghai Pudong Innotek Capital Co., Ltd.	3.00	8.39
China Life Insurance Company Ltd.	3.00	8.39
Shanghai Shenergy ICY Capital Co., Ltd.	1.50	4.20

Chengdu Industrial Guidance Equity Investment Fund Co., Ltd.	1.00	2.80
Minsheng Royal Asset Management Co., Ltd.	0.50	1.40
Beijing Saipong Industry and Information Technology Investment Management Co., Ltd.	0.40	1.12
PICC Life	0.30	0.84
the Compay	0.20	0.56
China Industry and Information Technology Publishing & Media Group	0.20	0.56
Hefei South Guozheng Venture Capital Investment Partnership (Limited Partnership)	0.20	0.56
E Fund Asset Management Co., Ltd.	0.10	0.28
PICC Health	0.10	0.28
Total	35.75	100.00

The term of operation of the National SME Development Fund Co., Ltd. will be 10 years, and the first 4 years from the date of its establishment will be the investment period. The investment period can be extended for one year as approved by its general meeting(s), with reference to the investment progress at that time, and the remaining term of operation will be the withdrawal period. Upon the expiration of its term of operation, the term of operation can be extended as approved by its general meeting(s) with reference to the operation conditions. The term of operation can be extended for up to 3 years. The National SME Development Fund Co., Ltd. shall decide whether to extend its term of operation and the extension period within 6 months before the expiration date of its term of operation.

4. Capital contribution and payment method

The subscription amount of RMB200 million of the Company was determined after arm's length negotiations with reference to the estimated registered capital of National SME Development Fund Co., Ltd., and will be paid with the monetary assets of the Company entrusted to PICC AMC. The capital contributions shall be paid by PICC AMC to the designated account with the entrusted monetary assets of the Company before the payment due date as required by the payment notice and pursuant to the Promoters' Agreement.

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 Life

PICC Life is a joint stock limited company incorporated in the PRC and is principally engaged in life insurance, health insurance and accident injury insurance and the related re-insurance business as well as insurance funds application business in the PRC. As at the date of this announcement, PICC Group is the controlling shareholder of PICC Life, directly and indirectly holding 80.0% of the total share capital of PICC Life, among which the Company holds approximately 8.615% of the total share capital of PICC Life.

Information of PICC Health

PICC Health is a joint stock limited company incorporated in the PRC and is principally engaged in health insurance, accident injury insurance, health insurance related consultancy services and agency and re-insurance business as well as insurance funds application business in the PRC. As at the date of this announcement, PICC Group is the controlling shareholder of PICC Health, directly and indirectly holding 95.45% of the total share capital of PICC Health, among which the Company holds approximately 24.726% of the total share capital of PICC Health.

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, 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 of Ministry of Finance

The Ministry of Finance of the People's Republic of China is a ministry-level component of the State Council of the People's Republic of China (referred to as the "State Council").

Information of Shanghai Guosheng (Group) Co., Ltd.

Shanghai Guosheng (Group) Co., Ltd. (referred to as "Shanghai Guosheng Group") is a limited company incorporated in the PRC and is principally engaged in non-financial investment, financial-assisted investments, capital operation and asset management, industrial research, and socio-economic consulting. As at the date of this announcement, Shanghai Guosheng Group is 100% held by Shanghai State-owned Assets Supervision and Administration Commission.

Information of China National Tobacco Corporation

China National Tobacco Corporation is an enterprise under ownership by the whole people (全民所有制企業) incorporated in the PRC and its scope of business mainly includes organizing and arranging the production, operation and construction of the tobacco industry of the PRC, coordinating the development of agriculture, industry, commerce and trade of the tobacco industry, promoting the progress in the industrial technology and management, developing horizontal economic union, and solving major problems in the production and operation of the industry.

Information of Shanghai Pudong Innotek Capital Co., Ltd.

Shanghai Pudong Innotek Capital Co., Ltd. is a limited company incorporated in the PRC and its scope of business includes industrial investment (VC/PE, merger and acquisition investment, fund investment), science and technology finance (guarantee, entrust loans, financial leasing), innovation complex (business incubator and accelerator), overseas resource integration and other sectors. As at the date of this announcement, Shanghai Pudong Innotek Capital Co., Ltd. is 100% held by Shanghai Pudong State-owned Assets Supervision and Administration Commission.

Information of China Life Insurance Company Ltd.

China Life Insurance Company Ltd. (referred to as "China Life Company") is a joint stock company incorporated in the PRC and is principally engaged in life insurance, health insurance, accident insurance and other insurance business in the PRC, reinsurance business relating to the above insurance business and use of funds business. As at the date of this announcement, China Life Insurance (Group) Company is the controlling shareholder of China Life Company, holding 68.37% of the total share capital of China Life Company, and China Life Insurance (Group) Company is 100% held by the State Council.

Information of Shanghai Shenergy ICY Capital Co., Ltd.

Shanghai Shenergy ICY Capital Co., Ltd. is a limited liability company incorporated in the PRC and its main business includes equity investment, venture capital investment, equity investment management, investment management, investment consultation and asset management. As at the date of this announcement, Shanghai Shenergy ICY Capital Co., Ltd. is 100% held by Shenergy Group Company Limited, and Shenergy Group Company Limited is 100% held by Shanghai State-owned Assets Supervision and Administration Commission.

Information of Chengdu Industrial Guidance Equity Investment Fund Co., Ltd.

Chengdu Industrial Guidance Equity Investment Fund Co., Ltd. is a limited liability company incorporated in the PRC and its main business includes equity investment in non-public transactions such as equity of unlisted companies and non-public issued shares of listed companies, and related consulting services, etc. As at the date of this announcement, Chengdu Industrial Guidance Equity Investment Fund Co., Ltd. is 100% held by Chengdu Jiaozi Financial Holding Group Co., Ltd., and Chengdu Jiaozi Financial Holding Group Co., Ltd. is ultimately 100% held by Chengdu State-owned Assets Supervision and Administration Commission.

Information of Minsheng Royal Asset Management Co., Ltd.

Minsheng Royal Asset Management Co., Ltd. is a limited liability company incorporated in the PRC and its main business includes investment in banking business, structural financing and financial market standardized investment. As at the date of this announcement, Minsheng Royal Asset Management Co., Ltd. is held as to 63.33% by China Minsheng Banking Corp., Ltd. (listed on the main board of Shanghai Stock Exchange (stock code: 600016) and Hong Kong Stock Exchange (stock code: 01988)), 30% by Royal Bank of Canada (listed on Toronto Stock Exchange (stock code: RY), New York Stock Exchange (stock code: RY) and SIX Swiss Exchange (stock code: RY)) and 6.67% by Three Gorges Finance Co., Ltd. which is ultimately 100% held by the State Council, respectively.

Information of Beijing Saipong Industry and Information Technology Investment Management Co., Ltd.

Beijing Saipong Industry and Information Technology Investment Management Co., Ltd. is a limited liability company incorporated in the PRC and its main business includes asset management, project investment, investment consulting, economic information consulting, etc. As at the date of this announcement, Beijing Saipong Industry and Information Technology Investment Management Co., Ltd. is held as to 60% by Shanghai Xingdi Communication Engineering Institute* (上海星地通訊工程研究所) and 40% by Shanghai Xingditong Communication Technology Company* (上海星地通通信科技有限公司), respectively. Shanghai Xingdi Communication Engineering Institute* (上海星地通訊工程研究所) and Shanghai Xingditong Communication Technology Company* (上海星地通通信科技有限公司) are held as to 100% and 90% by Sui Tianli* (隋田力), an independent third party, respectively.

Information of China Industry and Information Technology Publishing & Media Group

China Industry and Information Technology Publishing & Media Group is a limited liability company incorporated in the PRC and its main business includes the editing, publication and distribution of books, periodicals, newspapers, audio-visual electronic publications, online publications and digital publications, etc. As at the date of this announcement, China Industry and Information Technology Publishing & Media Group is 100% held by the State Council.

Information of Hefei South Guozheng Venture Capital Investment Partnership (Limited Partnership)

Hefei South Guozheng Venture Capital Investment Partnership (Limited Partnership) is a limited partnership incorporated in the PRC and its main business is equity investment and venture capital investment. As at the date of this announcement, Hefei South Guozheng Venture Capital Investment Partnership (Limited Partnership) is held as to 80% by Hefei Guozheng Assets Management Co., Ltd. which is ultimately 100% held by Hefei State-owned Assets Supervision and Administration Commission and 20% by Shenzhen South Equity Investment Fund Management Co., Ltd.* (深圳南方股權投資基金管理有限公司) which is an indirect subsidiary of Huatai Securities Co., Ltd. (listed on the main board of Shanghai Stock Exchange (stock code: 601688) and Hong Kong Stock Exchange (stock code: 6886)), respectively.

Information of E Fund Asset Management Co., Ltd.

E Fund Asset Management Co., Ltd. is limited liability company incorporated in the PRC and its main business is focused on equity investment, real estate investment, ABS issuance and investment, FOF/MOM and other alternative asset management business. As at the date of this announcement, E Fund Asset Management Co., Ltd. is 100% held by E Fund Management Co., Ltd.. E Fund Management Co., Ltd. is held as to 22.65% by Guangdong Yuecai Trust Co., Ltd.* (廣東粵財信託有限公司), 22.65% by GF Securities Co., Ltd. (listed on the main board of Shenzhen Stock Exchange (stock code: 000776) and Hong Kong Stock Exchange (stock code: 1776)), 22.65% by Infore Holding Group Co., Ltd., 15.10% by Guangdong Rising Assets Management Co., Ltd., 7.55% by Guangzhou Guangyong State-owned Assets Management Co., Ltd. and 9.39% by its employees' shareholding platform. And Guangdong Yuecai Trust Co., Ltd.* (廣東粵財信託有限公司), Guangdong Rising Assets Management Co., Ltd. and Guangzhou Guangyong State-owned Assets Management Co., Ltd. are ultimately 100% held by the People's Government of Guangdong Province, and Infore Holding Group Co., Ltd. is 100% held by He Jianfeng* (何劍鋒), an independent third party.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The investment in the National SME Development Fund Co., Ltd. has relevantly high strategic investment value to the Company. In the meantime, as the investment strategy of the National SME Development Fund Co., Ltd. is mainly based on the equity participation in sub-funds, the investment is fully dispersed, the overall risk is controllable, and the benefit distribution is relevantly beneficial to social capital such as the Company. The Board, including the independent non-executive Directors, is of the view that the Transaction is conducted on normal commercial terms, the terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

PICC Group is the controlling shareholder of the Company, PICC Life and PICC Health are non-wholly owned subsidiaries of PICC Group. Pursuant to the Listing Rules, PICC Life and

PICC Health are connected persons of the Company. Therefore, the Transaction constitutes a connected transaction of the Company. As Mr. Miao Jianmin, a Director of the Company, holds positions in PICC Group and PICC Health, Mr. Xie Yiqun, a Director of the Company, holds a position in PICC Group, Mr. Li Tao, a Director of the Company, holds a position in PICC Life, they have abstained from voting on the Board's proposal for considering and approving the Transaction. Save as disclosed above, no other Directors were required to abstain from voting on the Board's proposal for considering and approving the Transaction or is regarded as having a material interest in the Transaction.

As the highest applicable percentage ratio for the Transaction exceeds 0.1% but is less than 5%, the Transaction 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.

DEFINITIONS

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

“Promoters' Agreement”	the Promoters' Agreement of the National SME Development Fund Co., Ltd. dated 19 June 2020 entered into between the Company, PICC Life, PICC Health and other promoters who are not connected persons of the Company
“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
“Ministry of Finance”	The Ministry of Finance of the PRC
“other promoters who are not connected persons of the Company”	other parties who are not connected persons of the Company involved in the establishment of the National SME Development Fund Co., Ltd., including: Ministry of Finance, Shanghai Guosheng (Group) Co., Ltd., China National Tobacco Corporation, Shanghai Pudong Innotek Capital Co., Ltd., China Life Insurance Company Ltd., Shanghai Shenergy ICY Capital Co., Ltd., Chengdu Industrial Guidance Equity Investment Fund Co., Ltd.* (成都市產業引導股權投資基金有限公司), Minsheng Royal Asset Management Co., Ltd., Beijing Saipong Industry and Information Technology

Investment Management Co., Ltd.* (北京賽普工信投資管理有限公司), China Industry and Information Technology Publishing & Media Group, Hefei South Guozheng Venture Capital Investment Partnership (Limited Partnership)* (合肥南方國正創業投資合夥企業(有限合夥)) and E Fund Asset Management Co., Ltd.

“PICC AMC”	PICC Asset Management Company Limited, a wholly-owned subsidiary of PICC Group, the Company’s controlling shareholder
“PICC Group”	The People’s Insurance Company (Group) of China Limited
“PICC Health”	PICC Health Insurance Company Limited
“PICC Life”	PICC Life Insurance Company Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Transaction”	Pursuant to the Promoters' Agreement, the Company jointly establishes the National SME Development Fund Co., Ltd. with PICC Life, PICC Health and other promoters who are not connected persons of the Company

** For identification purpose only*

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

Beijing, the PRC, 19 June 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.