

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 ANNOUNCEMENT IN RELATION TO THE CUSTOMER SERVICES COOPERATION FRAMEWORK AGREEMENT WITH AIBAO TECHNOLOGY

Reference is made to the announcement of PICC Property and Casualty Company Limited (the “**Company**”) dated 28 October 2021 (the “**CCT Announcement**”) in relation to the Customer Services Cooperation Framework Agreement entered into between the Company and Aibao Technology, pursuant to which, Aibao Technology and its subsidiaries shall provide value-added services for customers’ motor vehicle insurance, value-added services related to online activities, and online advertising services etc. to the Company, and the Company shall pay service fees to Aibao Technology and its subsidiaries. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the CCT Announcement.

In addition to the information disclosed in the CCT Announcement, the Company hereby provides further information in relation to the underlying arrangements of the Customer Services Cooperation Framework Agreement.

Details of services

According to the Customer Services Cooperation Framework Agreement, Aibao Technology and its subsidiaries shall provide value-added services for customers’ motor vehicle insurance, value-added services related to online activities, and online advertising services etc. to the Company.

The value-added services for customers’ motor vehicle insurance include safety inspection, designated driving services, designated delivery for inspection and other related services. In accordance with the relevant requirements of “guiding the industry to standardize value-added services, formulating standard clauses for value-added services, including designated delivery for inspection, road rescue, designated driving services and safety inspection, and providing more standardized and various motor vehicle insurance protection services to the customers” in the Guidelines on the Implementation of Comprehensive Reform of Motor Vehicle Insurance (《關於實施車險綜合改革的指導意見》) issued by the CBIRC in September 2020, the Company officially provided supplemental service rider for commercial

motor vehicle insurance in September 2020, including road rescue services, motor vehicle safety inspection services, designated driving services and designated delivery for inspection services etc. If the motor vehicle insurance customers enter into insurance agreements with the corresponding provisions and select the supplemental service rider, the Company should provide the corresponding services to the customers based on the insurance agreements.

The value-added services related to online activities include planning, design and promotion of online activities web pages, and providing movie watching services and coupons to the customers who participate in online activities through the APP and Wechat Official Account of the Company. The online advertising services include assistance in the production of promotion materials for products and services as well as launching of the same through online media. In accordance with the requirements in the Guidelines on Promotion of Online Development of Property Insurance Business (《關於推進財產保險業務線上化發展的指導意見》) issued by the CBIRC in May 2020, property insurance companies should achieve online operation for the whole process and provide safe and convenient online insurance services to customers, including innovating services for online products, extending online service chains, constructing online ecosystems and etc.; the online business and service rate of motor vehicle insurance, agriculture insurance, accidental injury insurance, short-term health insurance, homeowners insurance and other businesses should exceed 80% by 2022. In accordance with the regulatory requirements and in line with the internet development trend, it is essential for the Company to actively increase the online service coverage rate for the above-mentioned business lines, and to communicate with customers, conduct promotion and provide various products and services to customers through online platforms.

Accordingly, the Company believes that the Company is in need of the services under the Customer Services Cooperation Framework Agreement from time to time in its ordinary and usual course of business.

Benefits from the services under the Customer Services Cooperation Framework Agreement to the Company

These value-added services for customers are beneficial to the Company in terms of creating more scenarios and opportunities for the Company to provide services to the customers, enhancing the level of customers' perception of the Company's services, raising the frequency of interaction between the Company and its customers, improving customer stickiness and satisfaction as well as promoting the Company's brand influence, which are in line with the Company's business development objectives and conducive to the Company's business development.

Aibao Technology and its subsidiaries have their advantages in effective integration of various service resources on the market, and customization and development of systems and solutions which meet the customers' needs. The services provided by Aibao Technology and its subsidiaries meet the needs of the Company in its ordinary and usual course of business. Aibao Technology and its subsidiaries, together with similar service suppliers on the market, shall participate in the bidding through public tendering or competitive negotiations with the Company, and whether they are qualified to win the bid is determined according to the bidding appraisal regulations, which meets the requirements of normal commercial terms of the Company. The Customer Services Cooperation Framework Agreement and the transactions contemplated thereunder are entered into on normal commercial terms and in the ordinary and usual course of business of the Company.

Pricing policy and related internal control measures

In order to ensure the fairness and impartiality of the Company's selection of its service suppliers, all specific procurement contracts to be signed between Aibao Technology and its subsidiaries and all branches of the Company shall be implemented in accordance with the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》) and the Interim Provisions on the Administration of Centralized Procurement by State-owned Financial Enterprises (《國有金融企業集中採購管理暫行規定》) as well as the procurement regulations formulated by the Company, namely the Implementation Rules for the Administrative Measures of Decentralized Procurement of the PICC (Trial) (《中國人民財產保險股份有限公司分散採購管理辦法實施細則(試行)》). The Company's procurement regulation provides for the requirements on "procurement-related authorization management, procurement methods and selection principles, procurement procedures, supplier management, experts' review management and procurement contract management". Aibao Technology and its subsidiaries, together with similar service suppliers on the market, shall participate in the procurement projects of the branches of the Company through public tendering or competitive negotiations, which shall list out specific price comparison mechanisms according to the proposals of tendering and be confirmed to win the bid according to the selection procedures. No less than two similar service suppliers shall be invited to participate in the bidding, and the Company will compare the key terms of the service agreements (i.e., service fees, scope of service, qualifications of service suppliers, etc.) to select the supplier with the most favorable terms to the Company. The final service procurement price will be subject to the results of tendering or negotiation. The above procedures will effectively ensure the fairness and impartiality of procurement results and the interests of the shareholders of the Company.

The Company has also formulated specific management measures for connected transactions, which set out clear requirements and regulations for the responsible department(s) of management of connected transactions, the reporting and disclosure of connected transactions, the management procedures of connected transactions, and the supervisions of connected transactions. The Company supervises and manages all connected transactions in accordance with above measures, to ensure that the relevant procurement agreements of its branches be in strict compliance with the relevant laws and regulations and applicable principles and requirements of the framework agreement. In addition, the Company conducts internal special audit on connected transactions annually and reports the audit results to the Board and the supervisory committee of the Company. The Independent Non-executive Directors and external auditors of the Company review and provide their views on the continuing connected transactions annually.

Transaction amounts incurred in the year of 2021

For the six months ended 30 June 2021, the service fees paid by the Company to Aibao Technology and its subsidiaries amounted to approximately RMB65 million, and up to 28 October 2021 (i.e. the date of the CCT Announcement), the service fees paid by the Company to Aibao Technology and its subsidiaries amounted to approximately RMB129 million, which did not exceed the threshold for applying the de minimis transactions exemption under Rule 14A.76 of the Listing Rules.

Basis of annual caps

Considering that the cooperation between the Company and Aibao Technology and its subsidiaries was gradually carried out in the second half of 2020, on one hand, there has been no available transaction amount for the whole second half of 2020 for reference, and on the other hand, it was expected that the number and monetary amount of transactions would increase significantly in 2021 given the deepening cooperation between the Company and Aibao Technology and its subsidiaries and business expansion, the Company has referred to the amount for the first half of 2021 as the basis, and taken into account mainly the future expansion of service areas, the increase in utilization rate of customer services, as well as the increases in online service scenarios and in service scopes to estimate the annual caps for 2021 and 2022, details of which are as follows:

1. Expansion of service areas. In the first half of 2021, the Company carried out service cooperation with Aibao Technology and its subsidiaries in eight provinces. It was expected that the number of provinces in which service cooperation would be carried out by the Company and Aibao Technology and its subsidiaries in the second half of 2021 would increase by three to four provinces. As at the date of this supplemental announcement, the number of provinces in which service cooperation has been carried out by the Company and Aibao Technology and its subsidiaries has increased by four provinces, as compared with that in the first half of 2021. In 2022, the provinces in which service cooperation will be carried out by the Company and Aibao Technology and its subsidiaries will further expand. The expansion of service areas will lead to the increase in the size and transaction amount of services provided by Aibao Technology and its subsidiaries to the customers of the Company. The Company expected that the service fees would increase by about 30% to 50% in the second half of 2021 as compared with that in the first half of 2021, due to the expansion of the service areas; and the service fees in 2022 would further increase by at least 10% on top of that in 2021.
2. Increase in utilization rate of customer services. Value-added services for motor vehicle insurance were launched in September 2020. With strengthened efforts put in the promotion of valued-added services by the Company and the continuous enhancement in recognition by the motor vehicle insurance customers of the Company's value-added services, it was expected that the utilization rate of customer services will increase accordingly in the second half of 2021, leading to the increase in the service fees to be paid by the Company to Aibao Technology and its subsidiaries. Due to the impact of the increase in utilization rate of customer services, it was expected that the service fees would increase by about 30% to 50% in the second half of 2021 as compared with that in the first half of 2021; and the service fees in 2022 would further increase by at least 10% on top of that in 2021.
3. Increase in online service scenarios. As compared to the first half of 2021, the number of online activities carried out by the Company and Aibao Technology and its subsidiaries was expected to increase by 40% to 50% in the second half of 2021; and the number of online activities carried out by the Company and Aibao Technology and its subsidiaries in 2022 will further increase by approximately 10% on top of that in 2021, which was expected to result in a direct and proportional increase in the number of services distributed. For the second half of 2021, while carrying out those regular online activities such as the Membership Day, Film Festival and Customer Festival etc., new online activities such as Qixi Festival, or Chinese Valentine's Day, Financial Knowledge Popularization Month, Panoramic Service Experience and "Double 11 Shopping Carnival"

etc. had also been introduced as at the date of the supplemental announcement, with additional online activities such as “Welcome the Winter Olympics” as well as “Double 12 Shopping Carnival” etc. to be launched, with a 40% increase in the number of activities. The Company expected that the service fees would increase by about 40% to 50% in the second half of 2021 as compared with that in the first half of 2021, due to the increase in online service scenarios; the service fees in 2022 would further increase by at least 10% on top of that in 2021.

4. Increase in online service scopes. In accordance with the requirements of increasing online rate of non-motor vehicle insurance as stated in the Guidelines on Promotion of Online Development of Property Insurance Business (《關於推進財產保險業務線上化發展的指導意見》) issued by the CBIRC, the Company plans to gradually expand the scope of online services from individual customers of motor vehicle insurance to individual customers of non-motor vehicle insurance. The company expected that the service fees will increase by 30% to 50% in the second half of 2021 as compared with that in the first half of 2021, due to the increase in service scopes; and the service fees in 2022 will further increase by at least 10% on top of that in 2021.

Based on the above, the Company has made reasonable estimation that in the second half of 2021, the increase in number of service areas of cooperation between the Company and Aibao Technology and its subsidiaries, the increase in utilization rate of value-added services by the customers of the Company, the increase in online service scenarios and the increase in service scopes, will each result in an increase of 30% to 50% in the service fees as compared with that in the first half of 2021. By calculation of the cumulative impact of the above factors, it is estimated that the services fees for the second half of 2021 will increase to approximately 3.1 times to 5.1 times of that for the first half of 2021. The Company reasonably expected that each of the above incremental factors would further drive the growth of service fees by 10% in 2022 on top of the growth in the second half of 2021. By calculation of the cumulative impact, it is estimated that the service fees for the year of 2022 will increase to approximately 1.5 times of the service fees for the year of 2021.

The cooperation between the Company and Aibao Technology and its subsidiaries is a new transaction. The annual caps of service fees for 2021 and 2022 are based on the transaction amount for the first half of 2021, taking into account the abovementioned factors while considering the reasonable expectations made to accommodate the maximum flexibility under various possibilities. The Company will enter into transaction amount as actually needed. The specific procurements made by the branches of the Company for the services provided by Aibao Technology and its subsidiaries will be in strict compliance with PRC laws and regulations and the Company's procurement policy. The Company will disclose the actual transaction amount for the year in the annual report every year in accordance with the applicable requirements under the Listing Rules. Accordingly, the Independent Non-executive Directors of the Company are of the view that the annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

By Order of the Board
PICC Property and Casualty Company Limited
Zou Zhihong
Secretary of the Board

Beijing, the PRC, 1 December 2021

As at the date of this announcement, the Chairman of the Board is Mr. Luo Xi (non-executive Director), the executive Director is Mr. Jiang Caishi, Mr. Li Tao is a non-executive director, and the independent non-executive Directors are Mr. Lin Hanchuan, Mr. Lo Chung Hing, Mr. Chu Bende and Ms. Qu Xiaohui.