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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)

CONNECTED TRANSACTION CAPITAL INCREASE IN PICC REINSURANCE

On 13 October 2023, the Company entered into the Capital Increase Agreement with PICC Group and PICC Reinsurance. Pursuant to the Capital Increase Agreement, the amount of the capital increase in PICC Reinsurance shall be RMB1,999,999,986.00, which shall be subscribed by PICC Group and the Company in cash according to their current proportions of shareholdings, among which RMB1,019,999,992.86 shall be contributed by PICC Group and RMB979,999,993.14 shall be contributed by the Company. Upon the completion of the capital increase, the shareholding percentages of PICC Group and the Company in PICC Reinsurance will remain unchanged, representing 51% and 49% of the shares of PICC Reinsurance, respectively.

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. PICC Reinsurance is a subsidiary of PICC Group. Pursuant to relevant provisions of the Listing Rules, PICC Group and PICC Reinsurance are connected persons of the Company. The Company's contribution to the capital increase in PICC Reinsurance contemplated under the Agreement constitutes a connected transaction of the Company. As the highest applicable percentage ratio in respect of the proposed Transaction contemplated under the Capital Increase Agreement 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 13 October 2023, the Company entered into the Capital Increase Agreement with PICC Group and PICC Reinsurance. Pursuant to the Capital Increase Agreement, the amount of the capital increase in PICC Reinsurance shall be RMB1,999,999,986.00, which shall be subscribed by PICC Group and the Company in cash according to their current proportions of shareholdings, among which RMB1,019,999,992.86 shall be contributed by PICC Group and RMB979,999,993.14 shall be contributed by the Company. Upon the completion of the capital increase, the shareholding percentages of PICC Group and the Company in PICC Reinsurance will remain unchanged, representing 51% and 49% of the shares of PICC Reinsurance, respectively.

CAPITAL INCREASE AGREEMENT

1. Date of signing

13 October 2023

2. Parties

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

3. Capital increase in PICC Reinsurance

The capital increase price per share of PICC Reinsurance shall be RMB1.02 in this Transaction, determined based on the audited net assets of PICC Reinsurance as of 31 December 2022. The amount of the capital increase in PICC Reinsurance shall be RMB1,999,999,986.00. PICC Group shall make a capital contribution of RMB1,019,999,992.86 by way of cash to PICC Reinsurance in accordance with the capital increase price, among which RMB999,999,993.00 shall be contributed to the registered capital increase of PICC Reinsurance and the remaining RMB19,999,999.86 shall be a premium recorded as capital reserve of PICC Reinsurance; and the Company shall make a capital contribution of RMB979,999,993.14 by way of cash to PICC Reinsurance in accordance with the capital increase price, among which RMB960,784,307.00 shall be contributed to the registered capital increase of PICC Reinsurance and the remaining RMB19,215,686.14 shall be a premium recorded as capital reserve of PICC Reinsurance. Upon the completion of such capital increase, the registered capital of PICC Reinsurance will be increased from RMB4 billion to RMB5,960,784,300.00. The shareholding percentages of PICC Group and the Company in PICC Reinsurance will remain unchanged, representing 51% and 49% of the shares of PICC Reinsurance, respectively. Upon the completion of such capital increase, PICC Reinsurance remains a subsidiary of PICC Group and will not become a subsidiary of the Company. The financial results of PICC Reinsurance will not be consolidated into the financial statements of the Company.

4. Payment method for the capital increase

The Company will pay the capital contribution to PICC Reinsurance in cash with internal resources. PICC Group and the Company shall make a one-off payment of their respective capital contribution amount (i.e. RMB1,019,999,992.86 by PICC Group and RMB979,999,993.14 by the Company) to the account designated by PICC Reinsurance within three working days after the Capital Increase Agreement has been executed.

INFORMATION OF PICC REINSURANCE

PICC Reinsurance is a joint stock limited liability company incorporated in the PRC. Its principal business activities include commercial reinsurance business of property insurance, commercial reinsurance business of life insurance, commercial reinsurance business of

short-term health insurance and accidental injury insurance; service and consultation business related to the above reinsurance business; insurance funds application business permitted under the relevant laws and regulations of the PRC; and other business approved by the PRC insurance regulatory authority.

According to the audited financial statements of PICC Reinsurance for the year 2022 prepared in accordance with the PRC Accounting Standards for Business Enterprises, as of 31 December 2022, the audited total assets and net assets of PICC Reinsurance were approximately RMB19,146 million and RMB4,049 million respectively, and its profits before and after tax for the year ended 31 December 2021 and the year ended 31 December 2022 were as follows:

| Item | Year ended 31 December 2022 | Year ended 31 December 2021 |
|--------------------------|------------------------------------|------------------------------------|
| | <i>RMB million</i> | <i>RMB million</i> |
| Profit before tax | 189 | 185 |
| Profit after tax | 166 | 153 |

GENERAL INFORMATION

Information of the Company

The Company is a joint stock 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 motor vehicle insurance, commercial property insurance, cargo insurance, liability insurance, accidental injury insurance, short-term health insurance, agriculture insurance, credit insurance, surety insurance, household property insurance, marine hull insurance and other insurance businesses in the PRC, 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 68.98% of the total share capital of the Company.

Information of PICC Group

PICC Group is a joint stock company incorporated in the PRC with limited liability, whose shares are listed on the Hong Kong Stock Exchange (Stock Code: 1339) and the Shanghai Stock Exchange (Stock Code: 601319) respectively. PICC Group primarily invests in and holds shares of 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 60.84% of the total share capital of PICC Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Company believes that, entering into the Agreement for the capital increase in PICC Reinsurance has certain strategic investment value. Specifically, the capital increase in PICC

Reinsurance will help alleviate its capital pressure, and promote its high-quality business development. It will also contribute to the support that PICC Reinsurance provides to the Company’s business development, and strengthen the business synergy between PICC Reinsurance and the Company. Furthermore, it will help to increase the investment returns of the Company’s investment in PICC Reinsurance. The Board, including the independent directors, considers that the Transaction is entered into on normal commercial terms, the terms of which 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 this announcement, PICC Group is the controlling shareholder of the Company, holding 68.98% of the total share capital of the Company. PICC Reinsurance is a subsidiary of PICC Group. Pursuant to relevant provisions of the Listing Rules, PICC Group and PICC Reinsurance are connected persons of the Company. The Company’s contribution to the capital increase in PICC Reinsurance contemplated under the Agreement constitutes a connected transaction of the Company. Mr. Yu Ze, a Director of the Company who holds a position in PICC Group, Mr. Jiang Caishi, a Director of the Company who holds a position in PICC Reinsurance, and Mr. Li Tao, a Director of the Company who holds a position in PICC Life, a subsidiary of PICC Group, have abstained from voting on the Board’s resolution for considering and approving the Transaction. Save as disclosed above, no other Directors were required to abstain from voting on the Board’s resolution for considering and approving the Transaction or are regarded as having a material interest in the Transaction.

As the highest applicable percentage ratio in respect of the proposed Transaction contemplated under the Capital Increase Agreement 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:

- “Agreement” or “Capital Increase Agreement” the Agreement on the Capital Increase in PICC Reinsurance entered into among the Company, PICC Group and PICC Reinsurance on 13 October 2023
- “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 People’s Republic of China |
| “PICC Group” | The People’s Insurance Company (Group) of China Limited |
| “PICC Life” | PICC Life Insurance Company Limited, a joint stock company incorporated in the PRC with limited liability, 80% of the total share capital of which is directly and indirectly held by PICC Group, the controlling shareholder of the Company, among which approximately 8.62% of the total share capital of PICC Life is held by the Company |
| “PICC Reinsurance” | PICC Reinsurance Company Limited |
| “PRC” | the People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Transaction” | pursuant to the Agreement, the Company will contribute to the increase in the share capital of PICC Reinsurance with an amount of RMB979,999,993.14 |
| “%” | percentage |

By Order of the Board
PICC Property and Casualty Company Limited
Bi Xin
Secretary of the Board

Beijing, the PRC, 13 October 2023

As at the date of this announcement, the Chairman of the Board of the Company is Mr. Wang Tingke (non-executive director), the Vice Chairman of the Board is Mr. Yu Ze (executive director), Mr. Jiang Caishi, Mr. Zhang Daoming and Mr. Hu Wei are executive directors, Mr. Li Tao is a non-executive director, and the independent directors are Ms. Qu Xiaohui, Mr. Cheng Fengchao, Mr. Wei Chenyang, Mr. Li Weibin and Mr. Qu Xiaobo.