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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)*

(Stock Code: 2328)

## CONTINUING CONNECTED TRANSACTION 2022 PICC TECHNOLOGY SERVICE AGREEMENT WITH PICC INFORMATION TECHNOLOGY

On 28 October 2022, the Company entered into the 2022 PICC Technology Service Agreement with PICC Information Technology. Pursuant to the Agreement, PICC Information Technology will provide the Company with shared projects and services as well as exclusive services and the Company will pay technology service fees to PICC Information Technology.

Pursuant to the relevant provisions of the Listing Rules, the Agreement constitutes a continuing connected transaction of the Company. As the highest applicable percentage ratio for the annual cap of technology service fees under the Agreement is more than 0.1% but less than 5%. Therefore, the Transaction 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.

### INTRODUCTION

On 28 October 2022, the Company entered into the 2022 PICC Technology Service Agreement with PICC Information Technology. Pursuant to the Agreement, PICC Information Technology will provide the Company with shared projects and services as well as exclusive services and the Company will pay technology service fees to PICC Information Technology.

### 2022 PICC TECHNOLOGY SERVICE AGREEMENT

#### 1. Date of Signing

28 October 2022

#### 2. Parties

- (1) the Company
- (2) PICC Information Technology

#### 3. Term

From 28 October 2022 to 31 December 2022

#### 4. Matters of Cooperation

Pursuant to the Agreement, PICC Information Technology will provide the Company with shared projects and services as well as exclusive services. The shared projects and services are based on the informatization construction plan of PICC Group, have the characteristics of strategic, shared, systematic, and long-term, and refer to the project construction, operation,

maintenance and services, whose benefits and costs are jointly shared by the Company and the companies within PICC Group, including (1) the construction of the Group's basic technology platforms; (2) the construction, operation and maintenance of the Group's shared application systems; (3) the construction of the Group's data governance and data standard; (4) research of new technology and implementation of information innovation; (5) the operation and maintenance services of data center computer room; (6) the network construction and services of data center; (7) the information security projects of the Group; (8) the operation services of customer service ecosystem; (9) the marketing services of new media; (10) online operation services; (11) the reporting and monitoring services; (12) the shared customer resources operation services; (13) the call-out services with privacy protection via virtual telephone numbers; and (14) other projects. Exclusive services are personalized/specialized service supports, which are provided on the basis of the Company's specific needs.

## **5. Service Fees and Mode of Payment**

The technology services provided by PICC Information Technology during the term of the Agreement do not include exclusive services but only shared projects and services. According to the Agreement, the settlement of technology service fees shall be conducted in the way of prepayment by instalments, quarterly settlement and annual final settlement. The Company shall pay 30% of the estimated total amount of technology service fees upon entering into the Agreement, and the remaining service fees before 30 November 2022. PICC Information Technology shall provide bills in accordance with the actual progress of the projects and the actual income and expenses before 31 January 2023, and work together with the Company to calculate the annual technology service fees. If there is a balance in the prepayment of the Company, it will be accumulated for use or refund in the next year. If the prepayment made by the Company is insufficient, it shall be paid in full. This payment arrangement can ensure the orderly implementation of technology services provided by PICC Information Technology to the Company, and the smooth progress of personnel reserve and workplace rent for the implementation of technology services. It is a common practice in the technology service industry to pay technology service fees by instalments.

### **Pricing Policy**

Since it is difficult to calculate and collect the initial investment costs of the projects and services corresponding to specific projects in accordance with the one-to-one correspondence principle, the investment costs of the projects are shared by the benefiting companies within the Group according to the cost sharing principle. The specific sharing method is to share the costs in accordance with the estimated proportion of benefits based on the business scale (business revenue) of each company. In order to meet the needs of providing technology services to companies within the Group, PICC Information Technology needs to have sufficient technical personnel to ensure the continuous construction of the projects and the realization of its objectives. Its related labour costs, workplace rent and related administrative management expenses constitute the main costs of shared projects and services. PICC Information Technology calculates labour costs in strict accordance with its remuneration system by reference to the technology talent market standard. Other workplace rent and related administrative management expenses are strictly implemented in accordance with the relevant procurement system of the Group and by reference to the market price, to ensure that all procurement costs are fair and all investment costs are reasonable.

### **Annual Cap**

Pursuant to the Agreement, the Company estimated the annual cap of technology service fees payable by the Company to PICC Information Technology in 2022 to be RMB398.17 million, which will be paid by the Company with internal resources.

PICC Information Technology estimated the annual cap of investment costs related to shared projects and services in 2022 to be RMB568 million, which was to be shared by the Company by approximately 70.10% in accordance with the estimated proportion of benefits based on the business scale (business revenue) of the Company within the Group in 2021. Thus, the estimated annual cap of technology service fees to be paid by the Company to PICC Information Technology in 2022 was calculated to be RMB398.17 million.

PICC Information Technology expected to invest RMB568 million in shared projects and services in 2022, mainly consisting of labour costs and office management related expenses (including employee salaries, social medical insurance, housing provident funds, procurements of low-value consumables, network communication fees, travel expenses, etc.), asset-related expenses (including expenses in relation to workplace rent, vehicle usage, electronic equipment usage, etc.), regulatory intermediary fees (including intermediary consulting service fees, audit fees, legal fees, membership fees, etc.), taxes (including various turnover tax surcharges) and other costs, among which, the labour cost is estimated and calculated in accordance with the annual talent planning objectives and implementation progress. The estimated total amount is the upper limit of annual expenditures and will be settled in accordance with the actual amount incurred.

### **Historical Amounts**

PICC Information Technology was incorporated and registered on 21 January 2022. It is the first time for the Company to engage PICC Information Technology to provide technology services as agreed in the Agreement. There was no historical amount for related services.

### **Internal Control Measures**

The Company has formulated management regulations and operational guidelines on related party transactions, which set out requirements and rules on the management body, reporting and disclosure, management procedures, monitoring of related party transactions, etc. The Company manages and monitors each related party transaction in accordance with the abovementioned regulations. The Company regularly records and reports on the occurrence and implementation of related party transactions, monitors the implementation of the transactions and earnestly performs its internal control obligations. The Company has established an early warning mechanism for the annual caps of transactions. When the actual transaction amount reaches the early warning line of the set annual cap (i.e. 80% of the annual cap of the transaction amount) during the implementation of the agreement, the relevant functional department will promptly pay close attention to it, reset the annual cap in a timely manner and go through the corresponding procedures. In addition, the Company conducts annual internal special audits for related party transactions and reports the audit results to the Board and the supervisory committee of the Company. The Independent Directors and external auditors of the Company review and give their opinions on the continuing connected transactions on an annual basis.

### **General Information**

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

The Company is a limited liability company incorporated and registered in the PRC. The Company is principally engaged in property and casualty insurance, liability insurance, accidental injury insurance, short-term health insurance, agriculture insurance, credit insurance, surety insurance and the related reinsurance business as well as investment and funds application business 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 company incorporated and registered in the PRC, whose shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively. PICC Group mainly invests in and holds shares in 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 and the ultimate beneficial owner of PICC Group, holding 60.84% of the total share capital of PICC Group.

### ***Information of PICC Information Technology***

PICC Information Technology is a limited company incorporated and registered in the PRC. PICC Information Technology mainly engages in software development, information system operation and maintenance, data processing services, data processing and storage support services, information technology consulting services, computer system services, information system integration services, network technology services, internet data services, internet security services, cloud computing, big data, the Internet of Things, artificial intelligence and other technology service businesses. As at the date of this announcement, PICC Group is the controlling shareholder of PICC Information Technology, holding 100% of the total share capital of PICC Information Technology.

### **Reasons and benefits for entering into the Agreement**

PICC Information Technology is a financial insurance technology company specifically established by PICC Group by following the policy orientations of the “Fourteenth Five-Year” National Informatization Plan and the Guideline Opinions on the Digital Transformation of the Banking and Insurance Industry by the CBIRC and on the basis of the needs of informatization transformation and upgrading of PICC Group. PICC Information Technology’s own research and development team has engaged in various construction work of insurance informatization for a long time, and has rich experience in implementation and professional service capabilities. PICC Information Technology manages and operates technology infrastructure, software research and development as well as technology innovation in a centralized manner, optimizes resource allocation, in order to promote the Company’s all-round and whole-process transformation with digitalization, expand online insurance, promote intelligent development, and enable the business front line, form the core competitiveness of technology, improve management level and innovation and development ability, and strongly support business development of the Company.

The technology services provided by PICC Information Technology during the term of the Agreement do not include exclusive services but only shared projects and services. The shared projects have characteristics of strategic, basic, long-term and shared, the purpose of which is to strengthen the construction of the overall information technology infrastructure of the Group, innovative research and development of frontier technology, the operation and maintenance of integrated application system and customer interface, and the overall management and development of data assets, etc. It is of great significance to enhance the overall core technology capabilities of the Group and strengthen the autonomy and controllability. From the perspective of security, autonomy and controllability, some projects are not suitable to be carried out by a third party and can only be promoted by company within the Group. At the same time, the centralized implementation of informatization projects by PICC Information Technology gives play to scale advantage and reduces the procurement cost. The project costs are expected to be lower than that of a decentralized promotion among the companies within the Group.

PICC Information Technology pays great attention to security research and technology innovation, strictly implements security confidentiality and customer protection agreements to

comprehensively ensure information security in terms of personnel, technology and systems in accordance with the unified data security strategy and management requirements of the Group. In accordance with the Regulatory Measures for the Supervision of Information Technology Outsourcing Risks of Banking and Insurance Institutions issued by the CBIRC, the Company has conducted due diligence research on PICC Information Technology and conducted outsourcing risk assessment. The Company believes that PICC Information Technology has rich resources in technology services, extensive resources in fundamental supports, rich experience in customer service and reliable operation and maintenance, meets the basic requirements of the Company for technology service providers and can actively cooperate to fulfil risk regulation requirements by the CBIRC. In addition, the Company and PICC Information Technology have agreed on the ownership of intellectual property achievements in the Agreement, which can fully guarantee the Company to take credit for the intellectual property achievements.

The Board (including the Independent Directors) is of the view that the Agreement is entered into in the ordinary and usual course of business of the Company and on normal commercial terms and the terms of the Agreement and the annual cap of technology service fees are fair and reasonable and in the interests of the Company and its shareholders as a whole.

### **Listing Rules Implication**

PICC Information Technology is a wholly-owned subsidiary of PICC Group, the Company's controlling shareholder. According to the Listing Rules, PICC Information Technology is a connected person of the Company. Therefore, the Agreement constitutes a continuing connected transaction of the Company. As Mr. Luo Xi, Director of the Company, holds position(s) in PICC Group, Mr. Yu Ze, Director of the Company, holds positions in PICC Group and PICC Information Technology, Mr. Li Tao, Director of the Company, holds position(s) in PICC Life, a subsidiary of PICC Group, they abstained from voting on the board resolution for considering and approving the Agreement. Save as disclosed above, no other Directors were required to abstain from voting on the board resolution for considering and approving the Agreement or were regarded as having a material interest in the Agreement.

As the highest applicable percentage ratio for the annual cap of technology service fees under the Agreement is more than 0.1% but less than 5%. Therefore, the Transaction 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.

The Company intends to renew the technology service agreement with PICC Information Technology upon the expiration of the Agreement. As it is the first time for the Company and PICC Information Technology to engage in such transaction, more time is required for both parties to estimate the proposed annual caps for transactions in 2023 or beyond. The Company shall make timely announcement (if applicable) according to the requirements of the Listing Rules.

### **DEFINITIONS**

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

|             |  |
|-------------|--|
| "Agreement" | the 2022 PICC Technology Service Agreement entered into between the Company and PICC Information Technology on 28 October 2022 |
| "Board"     | the board of directors of the Company  |

|                               |   |
|-------------------------------|---|
| "CBIRC"                       | China Banking and Insurance Regulatory Commission   |
| "Company"                     | PICC Property and Casualty Company Limited  |
| "connected person"            | has the meaning as defined in the Listing Rules   |
| "Directors"                   | directors of the Company  |
| "Group" or "PICC Group"       | The People's Insurance Company (Group) of China Limited   |
| "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  |
| "PICC Information Technology" | PICC Information Technology Co., Limited  |
| "PICC Life"                   | PICC Life Insurance Company Limited, a joint stock company registered and incorporated in the PRC with limited liability, approximately 80.0% of whose issued share capital is directly and indirectly held by PICC Group, the controlling shareholder of the Company, among which approximately 8.62% of its issued share capital is held by the Company |
| "PRC"                         | the People's Republic of China  |
| "Transaction"                 | Pursuant to the Agreement, PICC Information Technology will provide the Company with shared projects and services as well as exclusive services and the Company will pay technology service fees to PICC Information Technology   |
| "RMB"                         | Renminbi, the lawful currency of the PRC  |
| "%"                           | percentage  |

By Order of the Board  
**PICC Property and Casualty Company Limited**  
**Jiang Caishi**  
*Executive Director*

Beijing, the PRC, 28 October 2022

*As at the date of this announcement, the Chairman of the Board is Mr. Luo Xi (Non-executive Director), the Executive Directors are Mr. Yu Ze, Mr. Jiang Caishi and Mr. Zhang Daoming, Mr. Li Tao is a Non-executive Director, and the Independent Directors are Mr. Lin Hanchuan, Mr. Lo Chung Hing and Ms. Qu Xiaohui.*