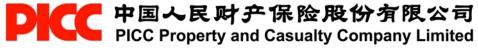
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(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2328)

CONTINUING CONNECTED TRANSACTION ASSET MANAGEMENT AGREEMENT

On 28 December 2007, the Company and PICC AMC entered into the Asset Management Agreement to extend the Original Asset Management Arrangement.

The Asset Management Agreement constitutes a continuing connected transaction of the Company. As none of the percentage ratios exceeds the 2.5% threshold under Rule 14A.34 of the Listing Rules, the Transaction is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Original Agreement entered into between the Company and PICC AMC in respect of entrusting PICC AMC to manage and invest the assets entrusted to it by the Company from time to time expired on 9 October 2007. The Company and PICC AMC entered into the Agreement on 28 December 2007 to extend the Original Asset Management Arrangement. The Original Asset Management Arrangement continued from 10 October 2007 until entering into the Agreement, for which period the Company shall pay the Service Fees according to the terms of the Agreement. The service fees paid to PICC AMC by the Company for 2007 will not exceed the 0.1% threshold under Rule 14A.33 of the Listing Rules.

THE ASSET MANAGEMENT AGREEMENT

Date: 28 December 2007

Parties

- (1) the Company; and
- (2) PICC AMC.

The Company is principally engaged in property insurance, accidental injury insurance, short-term health insurance and the related reinsurance business in the PRC, and the business of investment and fund application.

PICC AMC is principally engaged in the provision of asset management and asset management advisory services in the PRC. PICC AMC, the issued capital of which is held as to 20% by the Company, is an associate of the Company.

Description

Pursuant to the Agreement, PICC AMC provides discretionary investment management services to the Company in respect of the assets (including cash and securities) entrusted to it by the Company from time to time, subject to the investment guidelines formulated by the Company and the relevant provisions of the Agreement.

The term of the Agreement commenced from 10 October 2007 and will expire on 31 December 2009.

Consideration

The Company has referred to the market practices to pay a management fee to PICC AMC for its services provided under the Agreement and when the investment performance satisfies certain conditions, the Company will pay a performance bonus fee to PICC AMC. The management fee will be calculated by multiplying the daily net asset value of the entrusted assets and the rates pre-determined under the Agreement. The performance bonus fee will be calculated based on the standards pre-determined under the Agreement, which in any event shall not exceed 10% of the management fee. And according to the terms of the Agreement, PICC AMC shall refund 10% of the management fee of the relevant year if the investment performance fails to reach the minimum benchmark specified in the Agreement.

The Company will pay the management fee for the preceding quarter on the 15th day of the month immediate after each quarter. The performance bonus fee, if any, is payable within 30 days after the issuance of the benchmark investment yield.

CAP AMOUNTS

The caps of the Service Fees to be paid to PICC AMC by the Company are set after taking into account the historical net asset value of the entrusted assets and its growth, the expected net asset value of the assets entrusted during the term of the Agreement, the pre-determined fee rates and standards under the Agreement, as follows:

Period	Cap Amount
	(RMB million)
10 October 2007 to 31 December 2007	19.5
Year ended 31 December 2008	89.76
Year ended 31 December 2009	97.68

The management fees paid by the Company to PICC AMC for the years ended 31 December 2005 and 31 December 2006 and for the period from 1 January 2007 to 9 October 2007 amounted to RMB36 million, RMB39 million and RMB39.87 million respectively. The increase in the annual caps for 2008 and 2009 compared with the previous years is mainly because of the expected increase in the size and net asset value of the entrusted assets, the moderately increased fee rates and the expected continuous growth of the capital market in the PRC.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The principal activities of PICC AMC are the provision of asset management and asset management advisory services in the PRC and PICC AMC has the asset management experience and expertise. The Board considers it appropriate to the Company to enter into the Agreement with PICC AMC. The Board, including the independent non-executive directors, is of the view that the Transaction is entered in the ordinary and usual course of business of the Company and on normal commercial terms, the terms of the Transaction are fair and reasonable and in the interests of the Company and the shareholders as a whole.

LISTING RULES IMPLICATIONS

PICC AMC is a subsidiary of the Company's promoter and controlling shareholder, PICC Group. PICC Group is holding 69% of the issued capital of the Company and has a 41%

direct holding of the issued capital of PICC AMC. Pursuant to the Listing Rules, PICC AMC is a connected person of the Company. Accordingly, the Agreement constitutes a continuing connected transaction of the Company. As none of the percentage ratios exceeds the 2.5% threshold under Rule 14A.34 of the Listing Rules, the Transaction is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements 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 "Asset Management Agreement"	the asset management agreement dated 28 December 2007 entered into between the Company and PICC AMC
"Board"	the board of directors of the Company
"Company"	PICC Property and Casualty Company Limited, a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on 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 Agreement" or "Original Asset Management Agreement"	the asset management agreement dated 10 October 2003 entered into between the Company and PICC AMC
"Original Asset Management Arrangement"	the Company entrusted PICC AMC to manage and invest certain assets of the Company pursuant to the Original Agreement
"PICC AMC"	PICC Asset Management Company Limited, a joint stock limited company established in the PRC with limited liability
"PICC Group"	The People's Insurance Company (Group) of China (formerly known as PICC Holding Company), a state-owned company established in the PRC with limited liability
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Service Fees"	the management fee and the performance bonus fee (if any) as stated in the Agreement

"Transaction"

the Company entrusts PICC AMC to manage and invest certain assets of the Company contemplated under the Agreement

By Order of the Board **Liu Zhenghuan** Secretary of the Board

Beijing, the PRC, 28 December 2007

On the date of this announcement, the Chairman of the Board is Mr. Wu Yan (executive director), the Vice Chairman is Mr. Wang Yi (executive director), Mr. Wang Yincheng and Md. Liu Zhenghuan are the executive directors, the non-executive directors are Mr. Tse Sze-Wing, Edmund, Mr. Wu Gaolian, Mr. Zhou Shurui and Mr. Li Tao, the independent non-executive directors are Mr. Cheng Wai Chee, Christopher, Mr. Lu Zhengfei, Mr. Luk Kin Yu, Peter and Mr. Ding Ningning.