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

(Stock Code: 2328)

## **NOT PARTICIPATING IN THE CAPITAL INCREASE OF PICC LIFE**

The associated company of the Company, PICC Life, intends to increase its share capital recently. The Company has decided not to participate in this capital increase. Following the completion of this capital increase, the Company's equity interest in PICC Life will be diluted from 14.0% to approximately 8.6% of the registered capital as enlarged by such capital increase.

The associated company of PICC Property and Casualty Company Limited (the "Company"), PICC Life Insurance Company Limited ("PICC Life"), intends to increase its share capital recently. The proceeds raised from the share capital increase will be used to raise its solvency margin further so as to support a sustained, healthy and rapid business growth. The Company currently holds 14.0% of the registered capital of PICC Life. The Company has decided not to participate in this capital increase. Following the completion of this capital increase, the Company's equity interest in PICC Life will be diluted from 14.0% to approximately 8.6% of the registered capital as enlarged by such capital increase.

PICC Life is a joint stock limited company established in the PRC and is principally engaged in life insurance, health insurance, accidental injury insurance and the related reinsurance business in the PRC, and the business of insurance fund application. PICC Life is a subsidiary of The People's Insurance Company (Group) of China Limited ("PICC Group"), the promoter and the controlling shareholder of the Company. PICC Group currently holds 65.5% of the registered capital of PICC Life directly.

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

Beijing, the PRC, 23 December 2009

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