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(Stock Code: 2328)

**CONTINUING CONNECTED TRANSACTION
RENEWAL OF THE FRAMEWORK AGREEMENT ON REINSURANCE
BUSINESS COOPERATION**

On 25 March 2013, the Company and PICC HK renewed the Framework Agreement on Reinsurance Business Cooperation. Pursuant to this agreement, the Company agreed to cede insurance premiums to PICC HK and receive commission, and PICC HK agreed to cede insurance premiums to the Company and receive commission.

Pursuant to the relevant provisions of the Listing Rules, the Framework Agreement on Reinsurance Business Cooperation constitutes a continuing connected transaction of the Company. As none of the applicable percentage ratios for the premium amount and commission amount of the Ceded-out Reinsurance Transaction exceeds the 5% threshold under Rule 14A.34 of the Listing Rules, the Ceded-out Reinsurance 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. None of the applicable percentage ratios for the premium amount and commission amount of the Ceded-in Reinsurance Transaction exceeds the 0.1% threshold under Rule 14A.33 of the Listing Rules, therefore the Ceded-in Reinsurance Transaction is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements.

INTRODUCTION

The Framework Agreement on Reinsurance Business Cooperation entered into between the Company and PICC HK on 28 March 2012 expired on 31 December 2012. The Company and PICC HK renewed the Framework Agreement on Reinsurance Business Cooperation on 25 March 2013 to continue consolidating the current business cooperation relationship between the Company and PICC HK, promote the sustainable development of the business of each other, and ensure the reinsurance business between the parties to the Agreement being conducted under the framework provided in the Agreement and in compliance with laws and regulations. From 1 January 2013 until the date of this announcement, the reinsurance business between the Company and PICC HK is still being conducted. None of the applicable percentage ratios for the Ceded-out Reinsurance Transaction and the Ceded-in Reinsurance Transaction under the Agreement from 1 January 2013 to 24 March 2013 exceeded the 0.1% threshold under Rule 14A.33 of the Listing Rules.

THE REINSURANCE FRAMEWORK AGREEMENT

Date

25 March 2013

Parties

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

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 HK is principally engaged in property insurance in Hong Kong, including general insurance business such as cargo insurance, travel accidental insurance, household insurance, motor vehicle insurance, hull insurance and various liability insurance, reinsurance, and the application of its own fund and insurance fund.

Description

Pursuant to the Agreement, the Company agreed to cede insurance premiums to PICC HK from time to time and PICC HK agreed to cede insurance premiums to the Company from time to time. Pursuant to the Agreement, the party to the Agreement who acts as reinsurer shall accept the risks of and pay commission to the other party to the Agreement in return for the agreed insurance premiums received from such other party. Under the framework provided in the Agreement, the parties to the Agreement may enter into various types of reinsurance agreements in respect of particular reinsurance businesses. The amount of premiums to be ceded, the rate of commission receivable, etc. for each particular reinsurance business shall be decided by the two parties by reference to the market level and after arm's length negotiation. The above reinsurance agreements shall be entered into on normal commercial terms. The reinsurance business consists of treaty and facultative reinsurance businesses, and the risks covered include all lines of general reinsurance business risks on a proportional and non-proportional basis.

The commission payable to the respective parties to the Agreement shall be based on the total premiums ceded and the relevant rates. The commission rates shall be determined by reference to the market level and after arm's length negotiation. The commission rates for different types of reinsurance such as proportional treaty reinsurance, non-proportional treaty reinsurance and various classes of facultative reinsurance are different. The ceded premiums and commission shall be payable in cash with the payment date to be based on the payment terms agreed by both parties when entering into the above reinsurance agreements.

The Agreement is for a term of one year commencing from 1 January 2013 and expiring on 31 December 2013.

CAP AMOUNTS

The annual caps for the Ceded-out Reinsurance Transaction under the Agreement for the year ending 31 December 2013 are as follows:

	RMB million
Premiums ceded by the Company to PICC HK	380
Commission (excluding taxes) received by the Company from PICC HK	108

The above annual cap for ceded premiums was determined primarily based on the data on the reinsurance business carried out between the Company and PICC HK in the past years, and the expected size of reinsurance business to be conducted with PICC HK during the term of

the Agreement. The above annual cap for commission was calculated based on the market rates of the commissions of historical transactions and the above annual cap for ceded premiums.

It is expected that for the year ending 31 December 2013 (the term of the Agreement), the Ceded-in Reinsurance Transaction of the Agreement constitutes a de minimis continuing connected transaction pursuant to Rule 14A.33(3) of the Listing Rules, therefore no annual cap for the Ceded-in Reinsurance Transaction for the year ending 31 December 2013 has been set.

HISTORICAL FIGURES

The aggregate premiums ceded by the Company to PICC HK and the aggregate commission received by the Company from PICC HK for the years ended 31 December 2010, 2011 and 2012 and for the period from 1 January 2013 to 24 March 2013 were as follows:

	Premiums ceded by the Company to PICC HK	Commission received by the Company from PICC HK (excluding taxes)
	RMB million	RMB million
For the year ended 31 December 2010	714	230
For the year ended 31 December 2011	450	133
For the year ended 31 December 2012	446	149
From 1 January 2013 to 24 March 2013	98	24

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

PICC HK is principally engaged in general insurance business, reinsurance business and the application of its own fund and insurance fund in Hong Kong, and is one of the reinsurers of the Company. The Company entered into the Agreement with PICC HK so as to diversify risks and stabilise the operation. The Board, including the independent non-executive Directors, is of the view that the transactions under the Agreement will be conducted in the ordinary and usual course of business of the Company and on normal commercial terms, the terms of the Agreement and the proposed annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

PICC HK is an overseas subsidiary of the Company's controlling shareholder, PICC Group. PICC Group is holding 69% and 75% of the issued share capital of the Company and PICC HK, respectively. Pursuant to the Listing Rules, PICC HK is a connected person of the Company. Accordingly, the Agreement constitutes a continuing connected transaction of the Company. As Mr. Wu Yan, Mr. Wang Yincheng, Mr. Zhou Shurui, Ms. Yu Xiaoping and Mr. Li Tao, Directors of the Company, hold positions in PICC Group, all of them have abstained from voting on the board resolution for considering and approving the Agreement. As none of the applicable percentage ratios for the premium amount and commission amount of the Ceded-out Reinsurance Transaction exceeds the 5% threshold under Rule 14A.34 of the Listing Rules, the Ceded-out Reinsurance 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. None of the applicable percentage ratios for the premium amount and commission amount of the Ceded-in

Reinsurance Transaction exceeds the 0.1% threshold under Rule 14A.33 of the Listing Rules, therefore the Ceded-in Reinsurance Transaction is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements.

DEFINITIONS

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

“Agreement” or “Reinsurance Framework Agreement”	the Framework Agreement on Reinsurance Business Cooperation dated 25 March 2013 entered into between the Company and PICC HK
“Board”	the board of directors of the Company
“Ceded-in Reinsurance Transaction”	the reinsurance transactions in respect of insurance premiums ceded and to be ceded by PICC HK to the Company and commission received and to be received by PICC HK from the Company under the Agreement
“Ceded-out Reinsurance Transaction”	the reinsurance transactions in respect of insurance premiums ceded and to be ceded by the Company to PICC HK and commission received and to be received by the Company from PICC HK under the Agreement
“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
“connected person”	has the meaning as defined in the Listing Rules
“Directors”	directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PICC Group”	The People's Insurance Company (Group) of China 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
“PICC HK”	The People's Insurance Company of China (Hong Kong), Limited, a limited liability company incorporated in Hong Kong
“PRC”	the People's Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

By Order of the Board
Zhang Xiaoli
Secretary of the Board

Beijing, the PRC, 25 March 2013

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), Mr. Guo Shengchen and Mr. Wang He are executive directors, the non-executive directors are Mr. Zhou Shurui, Ms. Yu Xiaoping, Mr. Li Tao and Mr. Tse Sze-Wing, Edmund, and the independent non-executive directors are Mr. Luk Kin Yu, Peter, Mr. Ding Ningning, Mr. Liao Li and Mr. Lin Hanchuan.