

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Stock Code: 2328)

**REVISION OF ANNUAL CAPS FOR
AN EXISTING CONTINUING CONNECTED TRANSACTION
FRAMEWORK AGREEMENT ON REINSURANCE BUSINESS COOPERATION**

Reference is made to the announcement of the Company dated 25 March 2013 in relation to the Framework Agreement on Reinsurance Business Cooperation entered into between the Company and PICC HK. Pursuant to the Agreement, the Company agreed to cede insurance premiums to PICC HK and receive commissions, and PICC HK agreed to cede insurance premiums to the Company and receive commissions.

As the Company will appropriately increase its commercial motor vehicle cession ratio, the Company revised the annual caps for the amount of premiums ceded by the Company to PICC HK and the amount of commissions received by the Company from PICC HK for the year ending 31 December 2013 upwards for the Agreement. As none of the applicable percentage ratios for the revised annual caps exceeds the 5% threshold under Rule 14A.34 of the Listing Rules, the Transaction is still 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

The Company and PICC HK entered into the Framework Agreement on Reinsurance Business Cooperation on 25 March 2013 for a term from 1 January 2013 to 31 December 2013, and the Company made an announcement on 25 March 2013. When entering into the Agreement, the Company set the annual caps for the amount of premiums ceded by the Company to PICC HK and the amount of commissions received by the Company from PICC HK, which were disclosed in the above announcement. 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. The party to the Agreement who acts as reinsurer will accept the risks of and pay commissions to the other party to the Agreement in return for the agreed insurance premiums receivable from such other party. Under the framework provided in the Agreement, the parties to the Agreement shall enter into various types of reinsurance agreements in respect of specific reinsurance businesses. The reinsurance agreements shall be entered into on normal commercial terms. The commissions receivable by the respective parties to the Agreement shall be based on the 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 premiums ceded and commissions shall be paid in cash and the payment dates shall be based on the payment terms agreed by the parties to the Agreement after arm's length negotiation when entering into the reinsurance agreements.

REVISION OF ANNUAL CAPS

The annual caps set for the amount of premiums ceded by the Company to PICC HK and the amount of commissions (excluding taxes) received by the Company from PICC HK for the year ending 31 December 2013 when entering into the Agreement were RMB380 million and RMB108 million, respectively. For the period from 1 January 2013 to 22 December 2013, the amount of premiums ceded by the Company to PICC HK and the amount of commissions (excluding taxes) received by the Company from PICC HK were approximately RMB354 million and RMB104 million, respectively, which did not exceed the above annual caps. Due to the rapid development of the Company's business, the Company will increase its commercial motor vehicle cession ratio appropriately. Therefore, the premiums ceded by the Company to PICC HK in this year will increase, and the original annual caps for the premiums ceded and commissions will be exceeded.

The Company revised the original annual caps by reference to the data of the amounts of premiums ceded by the Company to PICC HK and the relevant commissions received up to present in this year and the expected size of premiums to be ceded to PICC HK in recent period. The revised annual caps for the amount of premiums ceded by the Company to PICC HK and the amount of commissions (excluding taxes) received by the Company from PICC HK for the year ending 31 December 2013 are RMB480 million and RMB159 million, respectively. The Company entered into the Agreement with PICC HK in order to achieve risk diversification and stable business operation. The Board, including the independent non-executive Directors, is of the view that the revision of annual caps is fair and reasonable and in the interests of the Company and the shareholders as a whole.

GENERAL INFORMATION

Information on the Company

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

Information on PICC HK

PICC HK is a limited liability company incorporated in Hong Kong, which 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.

LISTING RULES IMPLICATIONS

PICC HK is a non-wholly owned subsidiary of the Company's controlling shareholder, PICC Group. PICC Group holds approximately 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 resolutions for considering and approving the Agreement and the revision of annual caps. Save as disclosed above, no other Directors were required to abstain from voting on the board resolutions for considering and approving the Transaction and the revision of annual caps or are regarded as having a material interest in the

Transaction. As none of the applicable percentage ratios for the revised annual caps for the amount of premiums ceded by the Company to PICC HK and the amount of commissions received by the Company from PICC HK exceeds the 5% threshold under Rule 14A.34 of the Listing Rules, the Agreement is still 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.

DEFINITIONS

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

“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
“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”	the Hong Kong Special Administrative Region of the People's Republic of China
“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 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 Hong Kong Stock Exchange
“PICC HK”	The People's Insurance Company of China (Hong Kong), Limited
“PRC”	the People's Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Transaction”	the reinsurance transactions in respect of insurance premiums ceded by the Company to PICC HK and commissions received by the Company from PICC HK contemplated under the Agreement

By Order of the Board
Zhang Xiaoli
Secretary of the Board

Beijing, the PRC, 23 December 2013

On the date of this announcement, the Chairman of the Board is Mr. Wu Yan (executive director), the non-executive directors are Mr. Wang Yincheng, Mr. Zhou Shurui, Ms. Yu Xiaoping, Mr. Li Tao and Mr. Tse Sze-Wing, Edmund, Mr. Guo Shengchen and Mr. Wang He are executive directors and the independent non-executive directors are Mr. Luk Kin Yu, Peter, Mr. Ding Ningning, Mr. Liao Li and Mr. Lin Hanchuan.