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(Stock Code: 2328)

CONTINUING CONNECTED TRANSACTION LEASE OF AND USING SERVICES IN SOUTH INFORMATION CENTER

The Company has been leasing certain areas of South Information Center as workplaces, meeting rooms and server installation positions and also using the WAN services provided by PICC Group in South Information Center since year 2011. The two parties entered into the relevant lease agreements on South Information Center in 2011 and 2012, and the Company paid the relevant rents. On 5 December 2013, the two parties concluded the lease of workplaces, meeting rooms and server installation positions in South Information Center and signed the Lease Agreement. As there are different charging rates for the WAN services, the two parties agreed to enter into another agreement on the WAN services as soon as possible.

Pursuant to the relevant provisions of the Listing Rules, the transaction under the Lease Agreement and the WAN services constitute continuing connected transactions of the Company. As none of the applicable percentage ratios for the annual amounts in aggregate for the lease of workplaces, meeting rooms and server installation positions and use of the WAN services in South Information Center for the years 2011 and 2012 exceeded the 0.1% threshold under Rule 14A.33 of the Listing Rules, the relevant transactions constituted de minimis continuing connected transactions under the Listing Rules. It is expected that the applicable percentage ratios for the aggregate amounts of the annual rents under the Agreement and the WAN service fees for 2013 and 2014 also will not exceed the 0.1% threshold under Rule 14A.33 of the Listing Rules, but the applicable percentage ratio for the aggregate amount of the annual rent under the Agreement and the WAN service fees for 2015 may exceed the 0.1% threshold under Rule 14A.33 of the Listing Rules but below the 5% threshold under Rule 14A.34 of the Listing Rules, the Transaction (if exceeds the 0.1% threshold but below the 5% threshold in 2015) is subject to the reporting, annual review and announcement requirements, but is exempt from the independent shareholders' approval requirement pursuant to the Listing Rules. The Company will make an announcement in accordance with the relevant requirements under the Listing Rules when entering into the WAN Service Agreement.

INTRODUCTION

The Company has been leasing certain areas of South Information Center as workplaces, meeting rooms and server installation positions and also using the WAN services provided by PICC Group in South Information Center since year 2011. The two parties entered into the relevant lease agreements on South Information Center in 2011 and 2012, and the Company paid the relevant rents. On 5 December 2013, the two parties concluded the lease of workplaces, meeting rooms and server installation positions in South Information Center and signed the Lease Agreement. As there are different charging rates for the WAN services, the two parties agreed to enter into another agreement on the WAN services as soon as possible.

THE LEASE AGREEMENT

Principal terms of the Lease Agreement are listed below:

1. Date of Signing

5 December 2013

2. Parties

(1) Lessee: the Company

(2) Lessor: PICC Group

3. Rents

Total RMB75 million.

4. Term

One year commencing from 1 January 2013 to 31 December 2013. Upon the expiration of the Lease Agreement, if neither party to the Agreement proposes by notice in writing to terminate the Agreement, the Agreement shall automatically be extended for another one year. The extended term shall be no longer than two years. The Company expects that the Lease Agreement will be extended for another two years and the actual effective term of the Agreement will be three years. If the Lease Agreement is not extended for another two years, the Company will make an announcement in a timely manner.

5. Subject of the Lease

Workplaces of approximately 27 thousand square metres in the office building, meeting rooms (rents to be paid according to the actual rental hours) and approximately 9 hundred server installation positions in the server building located in the South Information Center. It is expected that the areas of workplaces and the number of server installation positions rented will be adjusted according to the business development need of the Company.

6. Rents and Terms of Payment

The Company shall pay rents for the workplaces, meeting rooms and server installation positions rented under the Lease Agreement. The rents shall be determined based on the rentals per unit as well as the areas of workplaces rented, rental hours for the meeting rooms and the number of server installation positions rented by the Company. The rentals per unit shall be determined by the Company and PICC Group after arm's length negotiation, mainly by reference to the relevant costs of South Information Center and the market rents for the office buildings of same level in the neighbourhood.

The annual rent for year 2013 shall be paid in cash by the Company to PICC Group within one month upon the signing of the Lease Agreement.

7. Determination of Rents for the Extended Term

The rentals per unit for the extended term shall be determined by the Company and PICC Group after arm's length negotiation and by reference to the then relevant costs of South Information Center and the market rents for the office buildings of same level in the neighbourhood. Except for special cases such as adding relevant facilities, adjustments to the rentals per unit shall be no more than 10% than that of previous year. The rents for the

extended term shall be determined based on the rentals per unit for the extended term as well as the actual areas of workplaces rented, rental hours for the meeting rooms and the number of server installation positions rented by the Company.

The two parties shall negotiate for the rentals per unit for the extended term within one month after the Company leases for the extended term. The annual rents for the extended term shall be paid in cash within one month after the rents are agreed on.

CAP AMOUNTS

During the term of the Lease Agreement and the maximum term that may be extended automatically, the annual caps for the rents to be paid by the Company to PICC Group in respect of the Transaction are estimated as follows:

| Period | Annual Cap (RMB million) |
|------------------------------|-------------------------------------|
| Year ending 31 December 2013 | 75 |
| Year ending 31 December 2014 | 97 |
| Year ending 31 December 2015 | 110 |

The Company determined the above annual caps mainly by reference to the rentals per unit under the Lease Agreement and the adjustments expected to be made to the rentals per unit for the extended term, and the existing and expected areas of workplaces rented, rental hours for the meeting rooms and the number of server installation positions rented by the Company.

HISTORICAL AMOUNTS

The aggregate amounts of the rents and service fees payable by the Company to PICC Group for the lease of workplaces, meeting rooms and server installation positions in South Information Center by the Company and use of the WAN services provided by PICC Group in South Information Center for the years ended 31 December 2011 and 2012 were approximately RMB42 million and RMB83 million respectively. As none of the applicable percentage ratios for the above aggregate annual amounts exceeded the 0.1% threshold under Rule 14A.33 of the Listing Rules, the relevant transactions constituted de minimis continuing connected transactions under the Listing Rules.

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 Group

PICC Group is a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on the Hong Kong Stock Exchange. PICC Group is principally engaged in the investment and the holding of shares of listed corporations, insurance institutions and other financial institutions, the supervision and management of various domestic and overseas businesses of its controlled enterprises and the policy-guided insurance business that is authorised or appointed by the State.

REASONS FOR AND BENEFITS OF THE LEASE AGREEMENT

For its business and operational needs, the Company rents workplaces in the office building in South Information Center as the Company's back up center and the south operation center of the Company's E-commerce Department and as the 95518 Customer Service Center of Guangdong Provincial Branch, and accordingly requires to rent the server installation positions in the server building and the meeting rooms as well as use the WAN services provided by PICC Group in South Information Center. The Board, including the independent non-executive Directors, is of the view that the Transaction is entered into on normal commercial terms in the ordinary and usual course of business, the terms of the Transaction 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 Group is the controlling shareholder of the Company, holding approximately 69% of the issued share capital of the Company. Pursuant to the Listing Rules, PICC Group is a connected person of the Company. Accordingly, the Lease 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, hold positions in PICC Group, all of them have abstained from voting on the board resolution for considering and approving the Lease Agreement. Save as disclosed above, no other Directors have abstained from voting on the board resolution for considering and approving the Transaction or are regarded as having a material interest in the Transaction.

It is expected that the applicable percentage ratios for the aggregate amounts of the annual rents under the Agreement and the WAN service fees for 2013 and 2014 will not exceed the 0.1% threshold under Rule 14A.33 of the Listing Rules, but the applicable percentage ratio for the aggregate amount of the annual rent under the Agreement and the WAN service fees for 2015 may exceed the 0.1% threshold under Rule 14A.33 of the Listing Rules but below the 5% threshold under Rule 14A.34 of the Listing Rules, the Transaction (if exceeds the 0.1% threshold but below the 5% threshold in 2015) is subject to the reporting, annual review and announcement requirements, but is exempt from the independent shareholders' approval requirement pursuant to the Listing Rules. The Company will make an announcement in accordance with the relevant requirements under the Listing Rules when entering into the WAN Service Agreement.

DEFINITIONS

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

| | |
|----------------------------|---|
| “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 Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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|----------------------------------|--|
| “Lease Agreement” or “Agreement” | the South Information Center Lease Agreement entered into between the Company and PICC Group on 5 December 2013 |
| “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 |
| “PRC” or “China” | the People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “South Information Center” | the South Information Center of PICC Group located in No. 16 Denghu East Road, Guicheng, Nanhai District, Foshan, Guangdong Province, China |
| “WAN” | wide area network |
| “WAN Service Agreement” | the WAN service agreement to be entered into by the Company and PICC Group |
| “Transaction” | the Company rents workplaces in the office building, meeting rooms and server installation positions in the server building from PICC Group contemplated under the Lease Agreement |

By Order of the Board
Zhang Xiaoli
Secretary of the Board

Beijing, the PRC, 5 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.