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(Stock Code: 2328)

**REVISION OF ANNUAL CAPS FOR
AN EXISTING CONTINUING CONNECTED TRANSACTION -
COOPERATION BETWEEN THE COMPANY AND ZSIB**

Reference is made to the announcement of the Company dated 23 December 2013 in relation to the Agreement entered into between the Company and ZSIB. Pursuant to the Agreement, the Company and ZSIB cooperate in the insurance broker business and other business. In the cooperation in particular projects, the Company shall pay brokerage fees according to the terms negotiated and agreed then by the two parties.

As the cooperation business in motor vehicle insurance between the Company and the subsidiaries of ZSIB develops rapidly in some regions, which has driven the overall cooperation business growing faster than expected, the Company revised the annual caps for the amounts of brokerage fees paid by the Company to ZSIB and its subsidiaries upwards for the years ending 31 December 2014 and 31 December 2015 and for the period from 1 January 2016 to 16 June 2016. As none of the applicable percentage ratios for the revised annual caps exceeds the 5% threshold under Rule 14A.76 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

Reference is made to the announcement of the Company dated 23 December 2013 in relation to the Agreement entered into between the Company and ZSIB. The Company and ZSIB entered into the Agreement on 17 June 2013 for a term of 3 years commencing from 17 June 2013 to 16 June 2016. The Company set the annual caps for the amounts of brokerage fees for the Transaction and disclosed the same in the above announcement.

Pursuant to the Agreement, the Company and ZSIB (and its subsidiaries) cooperate with each other in the insurance broker business and other business. In the insurance business, insurance brokers companies represent clients who want to purchase insurance and have client resources. Subject to the compliance with the regulatory supervision and policies, ZSIB (and its subsidiaries) agree to fulfill insurance intermediary function to recommend the Company as an underwriter when they provide insurance broker services in respect of dispersed business, large projects, etc. In carrying out cooperation in particular insurance broker business, the Company shall enter into specific agreements with ZSIB or its subsidiaries (depending on particular circumstances) on normal commercial terms and shall pay brokerage fees for such particular cooperation business. The terms (including brokerage fee rates and payment terms) of the specific agreements shall be determined by the two parties by reference to the industry market level then and after arm's length negotiation. The brokerage fee level shall be based on the factors such as product types, regional markets and business qualities and be determined

by reference to the market fee rates according to market principles and after arm's length negotiation, which shall not be favorable than that available to independent third parties. The brokerage fees shall be paid in cash by bank account transfer and the terms of payment shall not be favorable than that available to independent third parties.

REVISION OF ANNUAL CAPS

The original annual caps set for the amounts of brokerage fees paid by the Company to ZSIB and its subsidiaries for the years ending 31 December 2014 and 31 December 2015 and for the period from 1 January 2016 to 16 June 2016 were RMB133 million, RMB152 million and RMB87 million, respectively. For the period from 1 January 2014 to 25 November 2014, the amount of brokerage fees paid by the Company to ZSIB and its subsidiaries was approximately RMB124 million, which did not exceed the above relevant annual cap.

As the cooperation business in motor vehicle insurance between the Company and the subsidiaries of ZSIB develops rapidly in some regions, the overall cooperation business grows faster than expected. Therefore, the brokerage fees paid by the Company to ZSIB and its subsidiaries for the years ending 31 December 2014 and 31 December 2015 and for the period from 1 January 2016 to 16 June 2016 will exceed the original annual caps. The Company revised the original annual caps by primarily taking into account the situations of the business development of ZSIB and its subsidiaries, the broker business development of the Company and the cooperation business development between the Company and ZSIB up to the present, etc. The revised annual caps for the brokerage fees paid by the Company to ZSIB and its subsidiaries for the years ending 31 December 2014 and 31 December 2015 and for the period from 1 January 2016 to 16 June 2016 are RMB288 million, RMB390 million and RMB210 million, respectively. The Company entered into the Agreement with ZSIB is beneficial for resources integration and business cooperation of both parties, and also beneficial for the construction of the Company's distribution channels and the promotion of the Company's development capability in the broker business market. The Board, including the independent non-executive Directors, is of the view that the Transaction is entered into on normal commercial terms or better in the ordinary and usual course of business of the Company, the terms of the Agreement and the revised annual caps are fair and reasonable and in the interests of the Company and its 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 ZSIB and its subsidiaries

ZSIB and its non-wholly owned subsidiaries, CIB and PIB, are limited liability companies established in the PRC. The business of ZSIB and of its subsidiaries CIB and PIB includes: drafting insurance proposals for insurance purchasers, selecting insurers and completing insurance formalities; assisting insureds and beneficiaries in claims compensation processes; operating reinsurance broker business; providing consultation services on loss prevention, risk assessment or risk management; and other business approved by the China Insurance Regulatory Commission.

LISTING RULES IMPLICATIONS

ZSIB is a non-wholly owned subsidiary of PICC Group, the Company's controlling shareholder. PICC Group directly holds approximately 69% and approximately 93% of the issued share capital of the Company and ZSIB, respectively. Pursuant to the Listing Rules, ZSIB 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, Ms. Yu Xiaoping, Mr. Li Tao and Mr. Luk Kin Yu, Peter, Directors, hold positions in PICC Group, all of them have abstained from voting on the board resolution for considering and approving the revision of annual caps. Save as disclosed above, no other Directors were required to abstain from voting on the board resolution for considering and approving the revision of annual caps or are regarded as having a material interest in the Agreement. As none of the applicable percentage ratios for the revised annual caps for the brokerage fees paid by the Company to ZSIB and its subsidiaries exceeds the 5% threshold under Rule 14A.76 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.

DEFINITIONS

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

“Agreement”	the comprehensive strategic cooperation agreement entered into by the Company and ZSIB on 17 June 2013
“Board”	the board of directors of the Company
“CIB”	China Insurance Brokers Co., Ltd.
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PIB”	Prime Insurance Brokers Company 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 Hong Kong Stock Exchange
“PRC”	the People's Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Transaction”	the cooperation in insurance broker business and other business between the Company and ZSIB contemplated under the Agreement
“ZSIB”	Zhongsheng International Insurance Brokers Co., Ltd.
“ZSIB and its subsidiaries”	ZSIB, CIB and PIB

By Order of the Board
Zhang Xiaoli
Secretary of the Board

Beijing, the PRC, 26 November 2014

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