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(Stock Code: 2328)

CONTINUING CONNECTED TRANSACTION COOPERATION BETWEEN THE COMPANY AND ZSIB

On 17 June 2013, the Company and ZSIB entered into the Agreement, pursuant to which the Company and ZSIB cooperate in the insurance brokerage business and other business. In the cooperation in specific projects, the Company shall pay brokerage fees according to the terms negotiated and agreed then by the two parties.

Pursuant to the relevant provisions of the Listing Rules, the Transaction constitutes a continuing connected transaction of the Company. On entering into the Agreement, the Company expected that none of the applicable percentage ratios for the brokerage fees paid by the Company to ZSIB and its subsidiaries in the term of the Agreement would exceed the 0.1% threshold under Rule 14A.33 of the Listing Rules, the Transaction would constitute a de minimis continuing connected transaction under Chapter 14A of the Listing Rules. However, according to the present situation of the business cooperation development between the two parties, the Company expects the annual amount of the brokerage fees paid to ZSIB and its subsidiaries by the Company for the year 2013 will not exceed the 0.1% threshold under Rule 14A.33 of the Listing Rules, but the annual amounts of the brokerage fees paid to ZSIB and its subsidiaries by the Company for the years 2014 and 2015 will 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 is subject to the reporting, annual review and announcement requirements, but is exempt from the independent shareholders' approval requirement pursuant to the Listing Rules.

INTRODUCTION

In recent years, the Company and ZSIB cooperate with each other in the insurance brokerage business and other business and entered into relevant cooperation agreement. The relevant cooperation agreement had expired. On 17 June 2013, the Company and ZSIB entered into the Agreement to continue and strengthen the cooperation with each other.

THE AGREEMENT

Principal terms of the Agreement are listed below:

1. Date of Signing

17 June 2013

2. Parties

- (1) the Company
- (2) ZSIB

3. Term

Three years commencing from 17 June 2013 to 16 June 2016.

4. Cooperation Items

The Company and ZSIB (and its subsidiaries) cooperate with each other in the insurance brokerage business and other business. In the insurance business, insurance brokerage companies represent customers who are in need of insurance products and have customer 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 it provides insurance brokerage services for dispersed businesses, large projects, etc.

The Agreement entered into by the Company and ZSIB does not affect the cooperation between the Company and other insurance brokerage companies.

5. Brokerage Fees

In carrying out specific insurance brokerage business cooperation, the Company shall enter into detailed agreements with ZSIB or its subsidiaries (depending on specific circumstances) and shall pay brokerage fees for specific cooperated businesses. The terms (including percentages of brokerage fees and payment terms) of the detailed agreements shall be determined by the two parties by reference to the industry market level and after arm's length negotiation. The brokerage fees shall be paid in cash (bank account transfer).

CAP AMOUNTS

For the year 2013 and the term of the Agreement, the annual caps for the brokerage fees paid by the Company to ZSIB and its subsidiaries are estimated as follows:

Period	Annual Cap (RMB million)
Year ending 31 December 2013	115
Year ending 31 December 2014	133
Year ending 31 December 2015	152
1 January 2016 to 16 June 2016	87

The Company determined the above annual caps mainly by reference to the brokerage fees that have been paid by the Company to ZSIB and its subsidiaries in 2013, the expected situation and development of the business cooperation between the Company and ZSIB and its subsidiaries during the term of the Agreement, the expected market rates of brokerage fees, etc.

HISTORICAL AMOUNTS

The brokerage fees in aggregate paid by the Company to ZSIB and its subsidiaries for the business cooperation for the years ended 31 December 2011 and 2012 were approximately RMB68 million and RMB77 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 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 a reinsurance broking business; providing consultation services on loss prevention, risk assessment or risk management; and other businesses approved by the China Insurance Regulatory Commission.

REASONS FOR AND BENEFITS OF THE AGREEMENT

Insurance brokerage institutions is one of the distribution channels of the Company. The Company has cooperation relationships with many insurance brokerage companies, and all ZSIB and its subsidiaries are insurance brokerage companies cooperating with the Company. Entering into the Agreement is beneficial for the Company and ZSIB to integrate resources and in business cooperation, and also beneficial for the construction of the Company's distribution channels as well as the promotion of the Company's development capability in the brokerage business market. 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

ZSIB is a non-wholly owned subsidiary of PICC Group, the Company's controlling shareholder. PICC Group holds approximately 69% and 83% 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, 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 Agreement. Save as disclosed above, no other Directors were required to abstain from voting on the board resolution for considering and approving the Transaction or are regarded as having a material interest in the Transaction.

Pursuant to the relevant provisions of the Listing Rules, the Transaction constitutes a continuing connected transaction of the Company. On entering into the Agreement, the Company expected that none of the applicable percentage ratios for the brokerage fees paid by the Company to ZSIB and its subsidiaries in the term of the Agreement would exceed the 0.1% threshold under Rule 14A.33 of the Listing Rules, the Transaction would constitute a de minimis continuing connected transaction under Chapter 14A of the Listing Rules. However, due to the factors such as the progress made by the Company and ZSIB in the cooperation in the brokerage business of large projects in some areas and the increased brokerage fees rates caused by market competition, the Company expects the annual amount of the brokerage fees paid to ZSIB and its subsidiaries by the Company for the year 2013 will not exceed the 0.1%

threshold under Rule 14A.33 of the Listing Rules, but the annual amounts of the brokerage fees paid to ZSIB and its subsidiaries by the Company for the years 2014 and 2015 will 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 is subject to the reporting, annual review and announcement requirements, but is exempt from the independent shareholders' approval requirement pursuant to 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, pursuant to the agreement, the Company and ZSIB cooperate in the insurance brokerage business and other business
“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 Hong Kong Stock Exchange
“PRC” or “China”	the People's Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Transaction”	the cooperation in brokerage 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, 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.