

ANNOUNCEMENT

This announcement is made in accordance with Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

PICC Property and Casualty Company Limited (the “Company”) announces that the Company is currently in discussions with PICC Life Insurance Company Limited (“PICC Life”) and its shareholders about a possible investment in PICC Life by the Company. According to the Company’s preliminary intention, the Company proposes to subscribe for new shares in PICC Life of approximately RMB841 million, representing approximately 29% of the enlarged share capital of PICC Life. At present, no definitive agreement in relation to the investment has been entered into or reached, and the proposed investment may or may not proceed or proceed as intended.

PICC Life is a subsidiary of PICC Holding Company (“PICC Holding”) and its registered capital is held as to 51% by PICC Holding. PICC Holding is the promoter and the controlling shareholder of the Company. PICC Life, a limited liability company established in the PRC, started its business in November 2005 and is principally engaged in life insurance, health insurance, accidental injury insurance and the related reinsurance business in the PRC. The proposed investment, if proceeds, will constitute a connected transaction of the Company under the Listing Rules, and the Company will comply with the relevant requirements of the Listing Rules accordingly.

Investors and shareholders of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Liu Zhenghuan
Secretary of the Board

Beijing, PRC, 17 April 2007

On the date of this announcement, the Chairman of the Board is Mr. Wu Yan (executive director), the Vice Chairman is Mr. Wang Yi (executive director), Mr. Wang Yincheng and Md. Liu Zhenghuan are the executive directors, the non-executive directors are Mr. Tse Sze-Wing, Edmund, Mr. Wu Gaolian, Mr. Zhou Shurui and Mr. Li Tao, the independent non-executive directors are Mr. Cheng Wai Chee, Christopher, Mr. Lu Zhengfei, Mr. Luk Kin Yu, Peter and Mr. Ding Ningning.

Please also refer to the published version of this announcement in South China Morning Post.