

**ANNOUNCEMENT IN RELATION TO FINANCIAL STATEMENTS  
OF THE COMPULSORY THIRD PARTY MOTOR INSURANCE**

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.

PICC Property and Casualty Company Limited (the “Company”) was notified by China Insurance Regulatory Commission (“CIRC”) that CIRC will publish on its official website ([www.circ.gov.cn](http://www.circ.gov.cn)) the financial statements of the compulsory third party motor insurance (the “Compulsory Motor Insurance”) for the period from 1 July 2006 to 30 June 2007 (the “Period”) submitted to CIRC by each of the insurance companies carrying on the Compulsory Motor Insurance business in the PRC.

The financial statements of the Compulsory Motor Insurance of the Company for the Period (the “Financial Statements”) submitted to CIRC by the Company have been prepared in accordance with the PRC Accounting Standards for Business Enterprises, the related regulations of CIRC and the Company’s expense allocation policies previously filed with CIRC (the “Basis of Preparation”). The Financial Statements have been audited by the domestic auditors of the Company and approved by the Board of Directors of the Company. According to the Financial Statements, among other things, premium income was RMB21,394.8 million, total premium earned was RMB9,803.5 million, total claims was RMB6,166.7 million, total operating expenses was RMB5,156.0 million, investment income allocated was RMB481.9 million, the operating losses and accumulated losses at the end of the Period was RMB1,037.3 million in respect of the Compulsory Motor Insurance segment of the Company for the Period.

The Financial Statements are not prepared in accordance with Hong Kong Financial Reporting Standards and the accounting principles generally accepted in Hong Kong adopted in the Company’s published financial statements. Under the requirements of the Basis of Preparation, policy acquisition costs are not allowed to be deferred. According to the accounting policies adopted in the Company’s published financial statements, policy acquisition costs are required to be deferred. In the case of policy acquisition costs are deferred, the total operating expenses of the Compulsory Motor Insurance segment of the Company for the Period is reduced, underwriting results is at a breakeven level, and after adding investment income, the Compulsory Motor Insurance segment records an operating profit. For the operating results of the Company for 2006 and the first half of 2007, please refer to the financial information included in the Company’s published 2006 annual report and 2007 interim report.

The purpose of this announcement is to notify investors of the above matter and disclose the aforementioned financial information in this announcement.

**Investors 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, the PRC, 29 November 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.*