

**Composition, Duties and Responsibility of the Board of Directors,  
Committees of the Board of Directors and the Supervisory Committee**

**OVERVIEW**

PICC Property and Casualty Company Limited (The "Company") believes that maintaining sound corporate governance is

## **BOARD OF DIRECTORS**

### **Composition**

| <b>Name</b>                    | <b>Position</b>                     | <b>Date of Commencement of Directorship</b> | <b>Term</b>                               |
|--------------------------------|-------------------------------------|---|---|
| Mr Wu Yan                      | Chairman, Executive Director        | 23 March 2007                               | From 23 March 2007 to 22 March 2010       |
| Mr Wang Yicheng                | Vice Chairman, Executive Director   | 6 July 2003                                 | From 18 October 2006 to 5 July 2009       |
| Mr Tse Sze-Wing, Edmund        | Non-executive Director              | 15 June 2004                                | From 6 July 2006 to 5 July 2009           |
| Mr Cheng Wai Chee, Christopher | Independent Non-executive Director  | 30 July 2003                                | From 30 July 2006 to 5 July 2009          |
| Mr Lu Zhengfei                 | Independent Non-executive Director  | 24 February 2004                            | From 24 February 2007 to 23 February 2010 |
| Mr Luk Kin Yu, Peter           | Independent Non-executive Director  | 29 April 2005                               | From 29 April 2008 to 28 April 2011       |
| Mr Ding Ningning               | Independent Non-executive Director  | 18 January 2006                             | From 18 January 2006 to 17 January 2009   |
| Mr Wu Gaolian                  | Non-executive Director              | 18 October 2006                             | From 18 October 2006 to 5 July 2009       |
| Mr Zhou Shurui                 | Non-executive Director              | 6 July 2003                                 | From 18 October 2006 to 5 July 2009       |
| Ms Liu Zhenghuan               | Secretary of the Board of Directors | 6 July 2003                                 | From 18 October 2006 to 5 July 2009       |
| Mr Li Tao                      | Non-executive Director              | 18 October 2006                             | From 18 October 2006 to 5 July 2009       |

### **Duties and Responsibilities**

- convene shareholders' general meetings, report its work to the shareholders' general meetings;

- implement the resolutions of the shareholders' general meetings;
- determine the annual business plans and annual investment plans of the Company;
- formulate the annual preliminary and final budget;
- formulate the Company's plan for distribution of profits and recovery of losses;
- formulate proposals for the increase in or reduction of the registered capital of the Company and the issue of corporate bonds;
- draw up plans for the merger, division, change of company form or dissolution of the Company;
- determine the internal management structure of the Company;
- appoint or remove the Company's president and the secretary of the board of directors, and to decide on their remuneration, rewards and punishments, and, based on the nominations of the president, to appoint or remove the vice-president(s), financial assistant(s) and president's assistant(s), and to decide on their remuneration, rewards and punishments;
- approve the basic management system of the Company;
- formulate proposals for any amendment to the Articles of Association;
- elect members to the board committees;
- approve the Company's investment in other enterprises or provision of guarantee for persons other than shareholders or a de facto controller of the Company;
- exercise other powers and duties conferred by the shareholders' general meetings and the Articles of Association ;
- be ultimately liable for the internal control, risk and legality of the Company.

## **AUDIT COMMITTEE**

### **Composition**

Chairman: Lu Zhengfei

Members: Luk Kin Yu, Peter, Li Tao

### **Duties and Responsibilities**

- relations with the external auditors of the Company:
  - make recommendations to the Board of Directors in relation to the appointment, removal or reappointment of the external auditors, and dealing with any matters concerning the resignation or removal of such auditors;
  - consider the remuneration and terms of engagement of the external auditors;
  - assess the independence of the external auditors and the effectiveness of their audit procedures, discuss with the external auditors the nature and scope of the audit and the relevant reporting obligations before commencement of the audit;
  - assess and ascertain the independence and objectivity of the external auditors in

- respect of providing non-audit services, decide whether to retain such auditors for non-audit services, and formulate relevant policies and monitor implementation of such policies;
- meet at least once a year with the external auditors to discuss matters concerning the audit and the auditors' remuneration;
- examine the completeness of the Company's financial statements, annual reports and accounts, interim reports and, if prepared for publication, quarterly reports and review material opinions on financial reporting matters set out in such statements and reports:
    - in examining the relevant statements and reports, the Audit Committee should focus on examining the changes in accounting policies and practices, material judgment, material audit adjustment, assumptions of going concern and qualified opinions (if any), and whether the Company has complied with the provisions relating to financial reporting under the applicable accounting standards, the Listing Rules and other laws and regulations;
    - in examining the relevant statements, reports and accounts, the Audit Committee should consider the material or unusual matters that are reflected or should be reflected in such statements, reports and accounts, and consider appropriately the matters raised by the Company's qualified accountant or assistants, head of the finance and accounting department, head of the supervisory department, head of the internal audit department or the external auditors;
  - monitor and inspect the financial reporting procedures and internal control system of the Company:
    - examine the financial control, internal control and risk management systems of the Company;
    - discuss with the management on the internal control system of the Company and ensure that the management establishes an effective internal control system;
    - study major findings of investigations into matters relating to the internal control and the management's response;
    - coordinate the work undertaken by the internal audit department and the external auditors;
    - monitor the implementation of the internal audit system of the Company, examine the effectiveness of the internal audit, and ensure that the internal audit department is adequately resourced and has appropriate positioning within the Company;
    - review the Management Letters issued by the external auditors to the management, any material queries raised by the external auditors to the management in respect of accounting records, accounts or the internal control system and the management's response in relation thereto, and ensure timely response by the Board of Directors to the matters raised in the Management Letters;
    - examine and verify material connected transactions of the Company;
    - evaluate the work of the personnel in charge of the finance and accounting department and internal audit department of the Company;
    - monitor and provide guidance on the special audit projects carried out by the internal audit department;
  - other matters authorised by the Board of Directors.

## **THE NOMINATION, REMUNERATION AND REVIEW COMMITTEE**

### **Composition**

Chairman: Cheng Wai Chee, Christopher

Members: Lu Zhengfei, Luk Kin Yu, Peter, Ding Ningning, Zhou Shurui, Wang Yincheng, Liu Zhenghuan

### **Duties and Responsibilities**

- evaluate the structure of the Board, its size and composition (taking into account factors such as skills, knowledge and experiences) at regular intervals, and make corresponding proposals to the Board;
- recommend to the Board candidates for directorship;
- evaluate the independence of the independent non-executive directors;
- propose to the Board in respect of the overall policy and structure for the remuneration of directors, the President and other senior management and the procedures for formulating remuneration policy;
- evaluate and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is in accordance with relevant contractual terms or that such compensation is fair;
- evaluate and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are in accordance with relevant contractual terms or that such arrangements are fair;
- formulate appraisal standards for directors, the President and other senior management, conduct annual appraisals and make recommendations in relation thereto;
- other matters authorised by the Board.

## **STRATEGIC PLANNING COMMITTEE**

### **Composition**

Chairman: Wu Yan

Members: Tse Sze-Wing, Edmund, Ding Ningning, Wu Gaolian, Li Tao

### **Duties and Responsibilities**

- consider strategic development plans for the Company, formulate strategic objectives and strategic implementation measures;
- consider the Company's plans to make equity investments by acting as a promoter or by purchasing equity interest in a company;
- consider the Company's plans for mergers and acquisitions;

- consider the Company's business plans, annual budgets, financial reports, profit distribution plans and loss recovery plans;
- consider the Company's annual, medium-term and long-term investment plans in fixed assets;
- consider the Company's plans for the disposition of its material assets;
- consider the Company's plans for the issue of shares and bonds;
- consider the Company's plans to increase or reduce its registered capital and to repurchase its own shares;
- consider the Company's plans for mergers, divisions, dissolution and liquidation;
- consider the Company's plans for amendments to its Articles of Association;
- consider any delegation by the Board to the management;
- consider the Company's plans for material modification to its organisation structure;
- other matters authorised by the Board.

## **RISK MANAGEMENT AND INVESTMENT DECISION-MAKING COMMITTEE**

### **Composition**

Chairman: Wu Yan

Members: Luk Kin Yu, Peter, Wu Gaolian, Zhou Shurui, Wang Yincheng, Liu Zhenghuan

### **Duties and Responsibilities**

- examine the management of the use of insurance funds, and plans for the delegation and custody of insurance funds;
- examine regulations, decision-making procedures and delegation policies in respect of the use of insurance funds;
- examine the delegation by the Board to the management in respect of the use of insurance funds;
- formulate annual strategic plans on the allocation of assets and investment strategies, including targeted rate of return, investment principles, risk tolerance level together with the terms and indicators for selecting, restricting or abandoning certain kinds of assets;
- formulate investment strategies and plans for new investment products;
- review at regular intervals findings of the Company's risk control inspection on its use of funds, and understand at regular intervals the risks faced by the Company in its use of funds;
- review the Reports on Assets and Liabilities Matching of the Company;
- examine matters in respect of changes in the accounting policies regarding the use of insurance funds;

- other matters authorised by the Board.

## **SUPERVISORY COMMITTEE**

### **Composition**

Chairman: Ding Yunzhou

Supervisors: Li Dianjun, Sheng Hetai, He Bangshun

### **Duties and Responsibilities**

- examine the financial affairs of the Company;
- take supervisory actions against the directors, the President and other senior management for breaching the laws, administrative regulations or the Articles of Association while carrying out their duties;
- request the directors, the President or other senior management to rectify their actions in the event that such actions infringe the interests of the Company;
- verify the financial information to be submitted by the Board of Directors at general meetings including financial reports, business reports and profit distribution plans, appointing registered accountants or practicing auditors to re-examine such information if such information is in doubt;
- make proposals to convene special general meetings;
- negotiate with or initiate proceedings against the directors on behalf of the Company;
- make recommendations in relation to the appointment of auditors of the Company and, if necessary, appoint another auditor in the name of the Company to conduct an independent audit of the financial affairs of the Company or report directly to the securities regulators and other relevant authorities;
- attend board meetings;
- report its supervisory work of the preceding year at annual general meetings, including:
  - results of examination of the financial affairs of the Company;
  - status of diligence of and compliance with laws, regulations and the Articles of Association by the directors, the President and other senior management;
  - other major events which the Supervisory Committee considers necessary to report at shareholders' general meetings;
- other duties conferred by the Articles of Association.