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中国人民财产保险股份有限公司

PICC PROPERTY AND CASUALTY COMPANY LIMITED

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2328)

CONTINUING CONNECTED TRANSACTIONS ASSET MANAGEMENT AGREEMENTS WITH PICC AMC AND PICC CAPITAL

On 8 September 2022, the Company renewed the Asset Management Agreements with PICC AMC and PICC Capital, respectively. Pursuant to the Agreements, PICC AMC and PICC Capital will provide the Company with entrusted asset management services, and the Company will pay entrusted management fees to PICC AMC and PICC Capital. In addition, PICC AMC and PICC Capital can subscribe investment products sponsored and managed by PICC AMC, PICC Capital, PICC Equity or China Credit Trust with assets entrusted by the Company, and the Company shall pay product management fees to PICC AMC, PICC Capital, PICC Equity and China Credit Trust.

Pursuant to the relevant provisions of the Listing Rules, under the Agreements, (1) the payments of entrusted management fees to PICC AMC and PICC Capital by the Company, (2) the payments of product management fees to PICC AMC, PICC Capital, PICC Equity and China Credit Trust by the Company, (3) the subscriptions by PICC AMC and PICC Capital of debt investment products sponsored and managed by PICC AMC, PICC Capital or China Credit Trust with assets entrusted by the Company, of which other subscribers include connected persons of the Company, and (4) the subscriptions by PICC AMC and PICC Capital of equity investment products sponsored and managed by PICC AMC, PICC Capital or PICC Equity with assets entrusted by the Company, of which other subscribers include connected persons of the Company constitute continuing connected transactions of the Company. As the highest applicable percentage ratio for each of the aggregate amount of the annual cap of (1) entrusted management fees, (2) product management fees, (3) amount for subscription of debt investment products, and (4) amount for subscription of equity investment products related to the Asset Management Agreements is more than 0.1% but less than 5%. Therefore, according to Chapter 14A of the Listing Rules, such Transactions shall be only subject to the reporting, annual review and announcement requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. INTRODUCTION

On 8 September 2022, the Company renewed the Asset Management Agreements with PICC AMC and PICC Capital, respectively. Pursuant to the Agreements, PICC AMC and PICC Capital will provide the Company with entrusted asset management services, and the Company will pay entrusted management fees to PICC AMC and PICC Capital. In addition, PICC AMC and PICC Capital can subscribe investment products sponsored and managed by PICC AMC, PICC Capital, PICC Equity or China Credit Trust with assets entrusted by the Company, and the Company shall pay product management fees to PICC AMC, PICC Capital, PICC Equity and China Credit Trust.

II. ASSET MANAGEMENT AGREEMENTS

1. Date of Signing

The Asset Management Agreement with PICC AMC and the Asset Management Agreement with PICC Capital were both signed on 8 September 2022.

2. Parties

(1) Asset Management Agreement with PICC AMC

- i. the Company
- ii. PICC AMC

(2) Asset Management Agreement with PICC Capital

- i. the Company
- ii. PICC Capital

3. Term

(1) Asset Management Agreement with PICC AMC

From 1 July 2022 to 30 June 2025

(2) Asset Management Agreement with PICC Capital

From 28 August 2022 to 30 June 2025

4. Matters of Cooperation

Pursuant to the Agreements, the Company entrusts PICC AMC and PICC Capital to manage some of its investment assets, respectively, and PICC AMC and PICC Capital shall manage the entrusted assets in accordance with relevant laws and regulations and regulatory rules, the Asset Management Agreements and the investment guidelines formulated by the Company in consideration of the entrusted asset management fees to be paid by the Company to PICC AMC and PICC Capital. The Company will formulate investment guidelines for PICC AMC and PICC Capital, respectively, and reasonably determine elements such as investment scope, investment quota, investment objectives, investment term and investment restrictions, etc. in accordance with asset allocation plan, requirements for asset and liability management, regulatory policies and characteristics of risks and returns of insurance funds.

In addition, PICC AMC and PICC Capital can subscribe investment products sponsored and managed by PICC AMC, PICC Capital, PICC Equity or China Credit Trust with assets entrusted by the Company, and the Company shall pay product management fees to PICC AMC, PICC Capital, PICC Equity and China Credit Trust.

5. Amounts of various connected transactions under the Asset Management Agreements

(1) Entrusted Management Fees

Asset Management Agreement with PICC AMC

Entrusted management fees include basic management fee and performance rewards and penalties. The basic management fee is calculated on the basis of the book value of the daily entrusted assets. The basic management fee rate is determined in accordance with the asset category agreed in the Asset Management Agreement with PICC AMC, which is between 0.02% and 0.2%. The basic management fee is accrued on a daily basis and payable semi-annually. Performance rewards and penalties are calculated in accordance with the actual return on investment and performance objectives, and shall not exceed 10% of the basic management fee. Performance rewards and penalties will be calculated on an annual basis and payable in three years.

Asset Management Agreement with PICC Capital

Entrusted management fees include basic management fee and performance rewards and penalties. The basic management fee is calculated on the basis of the book value of the daily entrusted assets. The basic management fee rate is determined in accordance with the asset category agreed in the Asset Management Agreement with PICC Capital. The annual fee rates of entrusted management fees for purchasing insurance asset management products and private equity funds issued by third parties are 0.08% and 0.12%, respectively. The basic management fee is accrued on a daily basis and payable annually. If the actual investment yield of the entrusted investment of private equity fund is higher than the yield objective set in the agreement, the performance reward shall be paid; if the actual investment yield of the entrusted investment of private equity fund is lower than the yield objective set in the agreement, the entrusted management fee shall be reduced. The upper limits of performance rewards and penalties shall not exceed 10% of the accumulated entrusted management fee of the investment, and shall be calculated and paid upon the exit of the investment.

Annual Caps

In accordance with the Agreements, the payments of entrusted management fees to PICC AMC and PICC Capital by the Company constitute continuing connected transactions of the Company. According to Chapter 14A of the Listing Rules, the amounts of the entrusted management fees paid to PICC AMC and PICC Capital by the Company under the Agreements shall be calculated on an aggregated basis.

In accordance with the Agreements, the aggregated annual caps of entrusted management fees paid to PICC AMC and PICC Capital by the Company are as follows:

Period	Aggregated annual caps of entrusted management fees paid to PICC AMC and PICC Capital by the Company
	<i>RMB million</i>
For the year ending 31 December 2022	420
For the year ending 31 December 2023	470
For the year ending 31 December 2024	520
For the period from 1 January 2025 to 30 June 2025	300

The Company mainly referred to the net value of the entrusted assets, the agreed entrusted management fee rate and the standard of performance rewards and penalties during the term of the Agreements when determining the annual caps of the above periods.

In the past, PICC Capital has never invested in investment products issued by third parties with the entrusted assets of the Company, and the Company has never paid entrusted management fees to PICC Capital. After the renewal of the Asset Management Agreement, PICC Capital will invest in investment products issued by third parties with the entrusted assets of the Company, and the Company will pay entrusted management fees to PICC Capital. With the development of the business of the Company, the investment assets of the Company will increase. It is expected that the assets entrusted to PICC AMC and PICC Capital will continue to grow, and the entrusted management fees will increase as well.

Historical Amounts

For the year ended 31 December 2019, the year ended 31 December 2020, the year ended 31 December 2021 and the period from 1 January 2022 to 30 June 2022, the entrusted management fees paid by the Company to PICC AMC were RMB207 million, RMB216 million, RMB224

million and RMB134 million, respectively. The Company has never paid entrusted management fees to PICC Capital in the past, therefore, there was no relevant historical amount.

Pricing Policy

Before entering into the Agreements, the Company conducted extensive research on comparable insurance companies in the same industry to understand the cooperation mode and fee standards in entrusted asset management. The price is fair and the agreed entrusted management fee rate is basically consistent with the industry average level. They were determined after fair negotiations between the Company and PICC AMC, and between the Company and PICC Capital, and consideration of the investment management service scope and management experience that PICC AMC and PICC Capital can provide as well as their previous cooperation experience with the Company.

(2) Product Management Fees

In accordance with the Agreements, while PICC AMC and PICC Capital subscribe for the investment products sponsored and managed by PICC AMC, PICC Capital, PICC Equity or China Credit Trust with the assets entrusted by the Company, PICC AMC, PICC Capital, PICC Equity or China Credit Trust, as the sponsor and manager of such products, shall charge corresponding product management fees pursuant to the product subscription contracts. The product management fees are calculated on the basis of the subscription amounts and the product management rates. The product management fee is paid in cash subject to agreement under each product contract, which is directly deducted by PICC AMC, PICC Capital, PICC Equity or China Credit Trust from the product asset pursuant to the market practice.

Annual Caps

The payments of product management fees to PICC AMC, PICC Capital, PICC Equity and China Credit Trust by the Company constitute continuing connected transactions of the Company. According to Chapter 14A of the Listing Rules, the amounts of the product management fees paid to PICC AMC, PICC Capital, PICC Equity and China Credit Trust by the Company under the Agreements shall be calculated on an aggregated basis.

In accordance with the Agreements, the aggregated annual caps of product management fees paid to PICC AMC, PICC Capital, PICC Equity and China Credit Trust by the Company are as follows:

Period	Aggregated annual caps of product management fees paid to PICC AMC, PICC Capital, PICC Equity and China Credit Trust by the Company
	<i>RMB million</i>
For the year ending 31 December 2022	260
For the year ending 31 December 2023	300
For the year ending 31 December 2024	350
For the period from 1 January 2025 to 30 June 2025	200

The abovementioned annual caps of product management fees were calculated on the basis of the scale of investment products that the Company expected to subscribe for, which were sponsored and managed by PICC AMC, PICC Capital, PICC Equity or China Credit Trust, as well as the estimated product management fee rates.

The above-mentioned annual caps increase to some extent in comparison with the historical amounts, mainly due to the fact that PICC Capital has not obtained relevant license in the past, resulting in a limited issuance of product. However, PICC Capital has already obtained the license as an insurance asset management company granted by the CBIRC. The volume of products issued is expected to have a significant increase in the future. In addition, with the implementation of the requirements of the country to serve the real economy, the scale of issuance of investment products will be enlarged, and the Company expects that cooperations with PICC AMC, PICC Capital, PICC Equity and China Credit Trust will increase significantly in the next three years.

Historical Amounts

For the year ended 31 December 2019, the year ended 31 December 2020, the year ended 31 December 2021 and the period from 1 January 2022 to 30 June 2022, the amounts of the product management fees paid by the Company to PICC AMC, PICC Capital, PICC Equity and China Credit Trust calculated on an aggregated basis were RMB54 million, RMB69 million, RMB76 million and RMB68 million, respectively.

Pricing Policy

Product management fee rates are determined on the basis of factors such as the nature of the project, the yield level, market supply and demand, as well as the fee rates charged by independent third-party institutions in the market for issuing similar products. The product management fee rate for each product is determined case by case, and the final product management fee rate is subject to the negotiations between the Company and the product sponsor and manager, which is specified in the product subscription contract. In addition, the Company's product management fee rates for subscribing investment products sponsored and managed by PICC AMC, PICC Capital, PICC Equity or China Credit Trust shall be the same as those of other investors (no matter whether independent third parties or connected persons).

(3) Amount for subscription of debt investment products

Under the Agreements, PICC AMC and PICC Capital will use the assets entrusted by the Company to subscribe for the debt investment products sponsored and managed by PICC AMC, PICC Capital or China Credit Trust. If the subscribers of these investment products include connected persons of the Company, then the subscription by the Company of the same investment products will constitute continuing connected transactions of the Company.

Annual Caps

According to Chapter 14A of the Listing Rules, the amounts of the debt investment products subscribed by the Company under the Agreements where connected persons participate in the subscription as mentioned above shall be calculated on an aggregated basis. According to the Agreements, for each calendar year, the aggregated annual cap of the amount of the debt investment products subscribed by the Company where connected persons participate in the subscription shall be RMB8,500 million.

In the future, the Company's demand for non-standard debt investment products will grow significantly, and the scale of issuance by PICC AMC, PICC Capital and China Credit Trust will grow as well. After comprehensive consideration of the situation of the insurance asset management industry, the Company's business needs and the historical transaction amounts, the Company determined the abovementioned annual caps for subscription of debt investment products.

Historical Amounts

For the year ended 31 December 2019, the year ended 31 December 2020, the year ended 31 December 2021 and the period from 1 January 2022 to 30 June 2022, the amounts of the debt investment products subscribed by PICC AMC and PICC Capital with the assets entrusted by the Company, that were sponsored and managed by PICC AMC, PICC Capital or China Credit Trust with connected persons participating in the subscription, calculated on an aggregated basis were RMB5,915 million, RMB5,391 million, RMB85 million and RMB3,110 million, respectively.

Pricing Policy

According to relevant regulations and insurance-related regulatory provisions, the expected yield of debt investment products sponsored and managed by PICC AMC, PICC Capital or China Credit Trust is determined according to the following principles: (1) PICC AMC, PICC Capital or China Credit Trust, as the trustee of debt investment products, must organise a professional rating agency recognised by the CBIRC to conduct credit rating on the investment products. The credit rating must reflect the default risk of the financing entity, the underlying assets and the product structure. (2) Although the pricing of debt investment products is mainly based on the credit rating of investment products, it is also required to take into account the various market factors, such as, amongst others, the issuance rates of the same type of products for the same term, the yields of bonds issued by the same type of enterprises for the same term, the loan interest rates available from banks to enterprises with the same rating for the same term in the market. In addition, the expected yield applicable to the Company for the debt investment products sponsored and managed by PICC AMC, PICC Capital or China Credit Trust, shall be the same as that applicable to other investors (no matter whether independent third parties or connected persons).

(4) Amount for subscription of equity investment products

Under the Agreements, PICC AMC and PICC Capital will use the assets entrusted by the Company to subscribe for the equity investment products sponsored and managed by PICC AMC, PICC Capital or PICC Equity. If the subscribers of these investment products include connected persons of the Company, then the subscription by the Company of the same investment products will constitute continuing connected transactions of the Company.

Annual Caps

According to Chapter 14A of the Listing Rules, the amounts of the equity investment products subscribed by the Company under the Agreements where connected persons participate in the subscription as mentioned above shall be calculated on an aggregated basis. According to the Agreements, for each calendar year, the aggregated annual cap of the amount of the equity investment products subscribed by the Company where connected persons participate in the subscription shall be RMB8,500 million.

In order to implement the national requirements for insurance funds to support scientific and technological innovation, PICC AMC, PICC Capital and PICC equity will increase the issuance of equity investment products, and the Company will also strengthen the investment in relevant fields to better serve the major national strategic projects. After comprehensive consideration of the situation of insurance asset management industry and the business needs of the Company, the Company has set the above-mentioned annual cap for the subscription of equity investment products.

Historical Amounts

For the year ended 31 December 2019, the year ended 31 December 2020, the year ended 31 December 2021 and the period from 1 January 2022 to 30 June 2022, the amounts of the equity investment products subscribed by PICC AMC and PICC Capital with the assets entrusted by the

Company, that were sponsored and managed by PICC AMC, PICC Capital or PICC Equity with connected persons participating in the subscription, calculated on an aggregated basis were RMB287 million, RMB284 million, RMB139 million and RMB0 million, respectively.

Pricing Policy

According to relevant regulations and insurance-related regulatory provisions, the expected yield of equity investment products sponsored and managed by PICC AMC, PICC Capital or PICC Equity is determined according to the following principles: PICC AMC, PICC Capital or PICC Equity, as the trustee of equity investment products, shall engage a professional rating agency specified by the CBIRC to continuously conduct evaluation and stress testing on the equity assets they are investing in by adopting more than two valuation/appraisal methods internationally and commonly used so as to achieve prudent and reasonable valuation results, and the valuation methods shall include but are not limited to book value method, cost replacement method, market comparison method, discounted cash flow method and multiplier method, etc. The expected yield of equity investment products shall be determined by referring to the internal rate of return of the target entities mentioned in the equity investment product during the term of the product. In addition, the expected yield applicable to the Company for the equity investment products sponsored and managed by PICC AMC, PICC Capital or PICC Equity, shall be the same as that applicable to other investors (no matter whether independent third parties or connected persons).

III. INTERNAL CONTROL MEASURES

The Company has formulated management regulations and operational guidelines on related party transactions, which set out requirements and rules on the management body, reporting and disclosure, management procedures, supervision of related party transactions, etc. The Company supervises and manages each related party transaction in accordance with the abovementioned regulations. The Company regularly records and reports on the occurrence and implementation of related party transactions, monitors the implementation of the transactions and earnestly performs its internal control obligations. The Company has established an early warning mechanism for the annual caps of transactions. When the actual transaction amount reaches the early warning line of the set annual cap (i.e. 80% of the annual cap of the transaction amount) during the implementation of the agreement, the relevant functional department will promptly inform the relevant department of the Related Party Transaction Control Committee of the Company to pay close attention to it, reset the annual cap in a timely manner and go through the corresponding procedures. In addition, the Company conducts annual internal special audits for related party transactions and reports the audit results to the Board and the supervisory committee of the Company. The Independent Directors and external auditors of the Company review and give their opinions on the continuing connected transactions on an annual basis.

IV. GENERAL INFORMATION

1. Information of the Company

The Company is a joint stock limited liability company incorporated in the PRC, whose H shares are listed on the Hong Kong Stock Exchange. The Company is principally engaged in motor vehicle insurance, commercial property insurance, cargo insurance, liability insurance, accidental injury insurance, short-term health insurance, agriculture insurance, credit insurance, surety insurance, homeowners insurance, marine hull insurance and other insurance business, which are denominated in RMB and foreign currencies, and the related reinsurance business as well as investment and funds application business permitted under the relevant laws and regulations of the PRC. As at the date of this announcement, PICC Group is the controlling shareholder of the Company, holding 68.98% of the total share capital of the Company.

2. Information of PICC Group

PICC Group is a joint stock limited company incorporated in the PRC with limited liability, whose shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively. PICC Group mainly invests in and holds shares in listed companies, insurance agencies and other financial institutions, supervises and manages various domestic and international businesses of its invested companies and policy-oriented insurance businesses authorised or entrusted by the government, etc. As at the date of this announcement, the Ministry of Finance is the controlling shareholder and the ultimate beneficial owner of PICC Group, holding 60.84% of the total share capital of PICC Group.

3. Information of PICC AMC

PICC AMC is a limited liability company incorporated in the PRC. Its principal business scope includes management and utilisation of its own funds, trusted or entrusted asset management business, consultation business in relation to the asset management business and other asset management business permitted by the PRC laws and regulations. As at the date of this Announcement, it is a wholly-owned subsidiary of PICC Group, which is the controlling shareholder of the Company.

4. Information of PICC Capital

PICC Capital is a limited liability company incorporated in the PRC. Its principal business scope includes alternative investment business with RMB or foreign currencies entrusted, management and utilisation of RMB and foreign currencies, insurance asset management products business such as debt investment plans and equity investment plans and consulting business related to asset management. As at the date of the Announcement, it is a wholly-owned subsidiary of PICC Group, which is the controlling shareholder of the Company.

V. REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

1. Asset Management Agreement with PICC AMC

PICC AMC is the first asset management company in the PRC insurance industry, mainly provides asset management and asset management consulting services in the PRC, has experience and expertise in asset management and satisfactory capability of investment management, and has established good cooperation relationship with the Company. The Board (including the Independent Directors) is of the view that the Asset Management Agreement with PICC AMC is entered into in the ordinary and usual course of business of the Company and on normal commercial terms and the terms of the Asset Management Agreement and the proposed annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

2. Asset Management Agreement with PICC Capital

PICC Capital is the first investment institution in the industry with main business in non-standard investment of insurance funds, an insurance asset management company focusing on non-standard investment, has rich experience and excellent teams in the development and investment of non-standard products, and has established good cooperation relationship with Company in early cooperations. The Board (including the Independent Directors) is of the view that the Asset Management Agreement with PICC Capital is entered into in the ordinary and usual course of business of the Company and on normal commercial terms and the terms of the Asset Management Agreement and the proposed annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

VI. LISTING RULES IMPLICATIONS

Each of PICC AMC and PICC Capital is a wholly-owned subsidiary of PICC Group. According to the Listing Rules, each of PICC AMC and PICC Capital is a connected person of the Company. Therefore, the Transactions constitute continuing connected transactions of the Company. As Mr.

Luo Xi, Director of the Company, holds positions in PICC Group and PICC AMC, Mr. Yu Ze, Director of the Company, holds position in PICC Group, Mr. Li Tao, Director of the Company, holds position in PICC Life, a subsidiary of the PICC Group, they abstained from voting on the board resolution for considering and approving the Agreements. Save as disclosed above, no other Directors were required to abstain from voting on the board resolution for considering and approving the Agreements or are regarded as having a material interest in the Agreements.

Pursuant to the relevant provisions of the Listing Rules, under the Agreements, (1) the payments of entrusted management fees to PICC AMC and PICC Capital by the Company, (2) the payments of product management fees to PICC AMC, PICC Capital, PICC Equity and China Credit Trust by the Company, (3) the subscriptions by PICC AMC and PICC Capital of debt investment products sponsored and managed by PICC AMC, PICC Capital or China Credit Trust with assets entrusted by the Company, of which other subscribers include connected persons of the Company, and (4) the subscriptions by PICC AMC and PICC Capital of equity investment products sponsored and managed by PICC AMC, PICC Capital or PICC Equity with assets entrusted by the Company, of which other subscribers include connected persons of the Company constitute continuing connected transactions of the Company. As the highest applicable percentage ratio for each of the aggregate amount of the annual cap of (1) entrusted management fees, (2) product management fees, (3) amount for subscription of debt investment products, and (4) amount for subscription of equity investment products related to the Asset Management Agreements is more than 0.1% but less than 5%. Therefore, according to Chapter 14A of the Listing Rules, such Transactions shall be only subject to the reporting, annual review and announcement requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

VII. DEFINITIONS

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

"Agreements" or "Asset Management Agreement(s)"	the Asset Management Agreement and Supplemental Agreement entered into between the Company and PICC AMC, the Asset Management Agreement and Supplemental Agreement entered into between the Company and PICC Capital on 8 September 2022
"Board"	the board of directors of the Company
"CBIRC"	China Banking and Insurance Regulatory Commission
"China Credit Trust"	China Credit Trust Co., Ltd., a limited liability company registered and incorporated in the PRC, with approximately 32.9% of its issued share capital held by PICC Group, the controlling shareholder of the Company
"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
"PICC AMC"	PICC Asset Management Company Limited
"PICC Capital"	PICC Capital Insurance Asset Management Company Limited
"PICC Equity"	PICC Capital Equity Investment Company Limited, a limited liability company registered and incorporated in the PRC. As at the date of the announcement, it is a wholly-owned subsidiary of PICC Capital
"PICC Group"	The People's Insurance Company (Group) of China Limited
"PICC Life"	PICC Life Insurance Company Limited, a joint stock company registered and incorporated in the PRC with limited liability, approximately 80.0% of whose issued share capital is directly and indirectly held by PICC Group, the controlling shareholder of the Company, among which approximately 8.62% of its issued share capital is held by the Company
"PRC"	the People's Republic of China
"Transactions"	the entrusted investment activities under the Asset Management Agreements between the Company and PICC AMC and PICC Capital, respectively
"RMB"	Renminbi, the lawful currency of the PRC
"%"	percentage

By Order of the Board
PICC Property and Casualty Company Limited
Jiang Caishi
Executive Director

Beijing, the PRC, 8 September 2022

As at the date of this announcement, the Chairman of the Board is Mr. Luo Xi (Non-executive Director), the Executive Directors are Mr. Yu Ze, Mr. Jiang Caishi and Mr. Zhang Daoming, Mr. Li Tao is a Non-executive Director, and the Independent Directors are Mr. Lin Hanchuan, Mr. Lo Chung Hing and Ms. Qu Xiaohui.