

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CNINSURE INC.

(Exact name of registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

Cayman Islands
(State or other jurisdiction of
incorporation or organization)

6411
(Primary Standard Industrial
Classification Code Number)
19/F, Yin Hai Building
No. 299 Yanjiang Zhong Road
Guangzhou, Guangdong 510110
People's Republic of China
(8620) 6122-2777

Not Applicable
(I.R.S. Employer
Identification Number)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

CT Corporation System
111 Eighth Avenue
New York, New York 10011
(212) 664-1666

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

David T. Zhang, Esq.
Latham & Watkins LLP
41st Floor, One Exchange Square
8 Connaught Place, Central
Hong Kong
(852) 2912-2503

Leiming Chen, Esq.
Simpson Thacher & Bartlett LLP
35th Floor, ICBC Tower
3 Garden Road, Central
Hong Kong
(852) 2514-7600

Approximate date of commencement of proposed sale to the public:

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earliest effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price (1)(2)	Amount of registration fee
Ordinary Shares, par value US\$0.001 per share(3)	US\$ 184,000,000	US\$ 5,649

- (1) Estimated solely for the purpose of determining the amount of registration fee in accordance with Rule 457(o) under the Securities Act of 1933.
- (2) Includes ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the shares are first offered to the public, and also includes ordinary shares that may be purchased by the underwriters pursuant to an over-allotment option. These ordinary shares are not being registered for the purpose of sales outside the United States.
- (3) American depositary shares issuable upon deposit of the ordinary shares registered hereby will be registered under a separate registration statement on Form F-6 (Registration No.333-). Each American depositary share represents ordinary shares.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. Neither we nor any of the selling shareholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and neither we nor any of the shareholders are soliciting offers to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS (Subject To Completion)
Issued , 2007

American Depositary Shares



REPRESENTING ORDINARY SHARES

CNinsure Inc. is offering ADSs and the selling shareholders are offering ADSs. Each ADS represents of our ordinary shares. This is our initial public offering and no public market currently exists for the ADSs or our ordinary shares. We anticipate that the initial public offering price will be between US\$ and US\$ per ADS.

We have applied to list the ADSs on the Nasdaq Global Market under the symbol “CISG.”

Investing in the ADSs involves risks. See “Risk Factors” beginning on page 12.

	PRICE US\$	AN ADS		
	Price to Public	Underwriting Discounts and Commissions	Proceeds to CNinsure Inc.	Proceeds to the Selling Shareholders
Per ADS	US\$	US\$	US\$	US\$
Total	US\$	US\$	US\$	US\$

CNinsure Inc. has granted the underwriters the right to purchase up to an additional ADSs to cover over-allotments.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ADSs to purchasers on or about , 2007.

MORGAN STANLEY



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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information that is different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, the ADSs only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the ADSs.

Until , 2007, all dealers that buy, sell, or trade ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

In this prospectus, unless the context otherwise requires, “we,” “us,” “our company,” “our” or “CNinsure” refers to CNinsure Inc. and any entity carrying on CNinsure’s current business prior to the restructuring transactions through which CNinsure became our listing vehicle, and their respective subsidiaries and consolidated affiliated entities; “ADSs” refers to American depositary shares, each representing of our ordinary shares, par value US\$0.001 per share; “China” or the “PRC” refers to the People’s Republic of China, excluding, for the purpose of this prospectus only, Hong Kong, Macau and Taiwan; “Renminbi” or “RMB” refers to the legal currency of China; and “US\$,” “U.S. dollars” or “dollars” refers to the legal currency of the United States. This prospectus contains translations of certain RMB amounts into U.S. dollar amounts at specified rates. All translations from RMB to U.S. dollars were made at the noon buying rate in The City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise stated, the translations of RMB amounts into U.S. dollar amounts have been made at the noon buying rate in effect on June 29, 2007, which was RMB7.6120 to US\$1.00.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in the ADSs discussed under “Risk Factors” before deciding whether to purchase the ADSs.

Overview

We are a leading independent insurance agency and brokerage company operating in China. With approximately 11,000 sales professionals and approximately 171 sales and service outlets operating in eight provinces as of September 30, 2007, our distribution network reaches some of China’s most economically developed regions and some of the most affluent cities in China, such as Beijing, Shanghai, Guangzhou and Shenzhen.

We began our insurance intermediary business in 1999 by distributing automobile insurance products and expanded our product offerings to other property and casualty insurance products in 2002. Our experience in the life insurance segment is more limited as we only began distributing individual life insurance products in January 2006. We intend to further broaden our service offerings by providing insurance claims adjusting services, such as assessment, survey, authentication and loss estimation, beginning in the fourth quarter of 2007.

As an insurance agency and brokerage company, we do not assume underwriting risks. Instead, we distribute insurance products underwritten by domestic and foreign insurance companies operating in China, and provide certain insurance-related services, such as 24-hour emergency services in select cities, damage assessment and assistance with claim settlement, to our customers—individuals and institutions that purchase insurance products through us. In addition, we also introduce customers to insurance companies, which then sell insurance products to them, either directly or through our affiliated insurance intermediaries. We are compensated for our services primarily by commissions and fees paid by insurance companies, typically based on a percentage of the premium paid by the insured. Commission and fee rates generally depend on the type of insurance products, the particular insurance company and the region in which the products are sold. As of the date of this prospectus, we have 21 affiliated insurance intermediaries in the PRC. Seventeen of them are insurance agencies, which act as agents of insurance companies when distributing insurance products to our customers, and the other four are insurance brokerages, which act on behalf of our customers in seeking insurance coverage from insurance companies. According to the Insurance Intermediary Market Development Reports published periodically by the CIRC, four of our affiliated insurance agencies ranked Nos. 3, 11, 14 and 20, respectively, among China’s top 20 insurance agencies in terms of revenue, together accounting for 4.87% of the total revenue of all insurance agencies in China in the first half of 2007, while one of our affiliated insurance brokerages ranked No. 17 among China’s top 20 insurance brokerages in terms of revenue, with 1.12% of the total revenue of all insurance brokerages in China for the same period.

The independent insurance agency and brokerage sector in China is at an early stage of development and highly fragmented. We believe this offers substantial opportunities for further growth and consolidation. We intend to take advantage of these opportunities to increase our market share by aggressively expanding our distribution network through selective acquisitions, recruitment of experienced and entrepreneurial sales agents and franchising. In particular, we intend to devote significant resources to distributing life insurance products in order to benefit from the recurring fee income they generate and to better capture the significant opportunities presented by China’s rapidly growing life insurance market.

Our business has grown substantially in recent years. Our net revenues increased from RMB 34.0 million in 2004 to RMB 143.7 million in 2005 and to RMB 246.5 million (US\$32.4 million) in 2006, representing a compounded annual growth rate, or CAGR, of 169.4% in the three-year period. Our net loss decreased from RMB92.7 million in 2004 to RMB6.7 million in 2005, and we achieved profitability in 2006 with a net income of RMB57.4 million (US\$7.5 million). For the six months ended June 30, 2007, our net revenues and net income were RMB172.6 million (US\$22.7 million) and RMB58.7 million (US\$7.7 million), respectively, representing increases of 61.6% and 142.8%, respectively, from the net revenues and net income for the same period in 2006.

Industry Background

The Chinese insurance industry was the third largest in Asia and the 9th largest in the world by premium in 2006. The industry has grown substantially in recent years, with industry-wide insurance premiums increasing from RMB160.9 billion in 2000 to RMB492.8 billion (US\$64.7 billion) in 2005, according to data published by the China Insurance Regulatory Commission, or the CIRC. Despite this substantial growth and scale, China's insurance penetration rates, which measure industry-wide insurance premiums as a percentage of GDP, were only 1.7% for life insurance and 1.0% for non-life insurance in 2006, compared to 4.0% and 4.8%, respectively, for the United States. These low penetration rates relative to those of developed economies suggest that China's insurance market has significant growth potential. We believe that continued economic growth and the aging of the Chinese population, among other factors, will drive the future growth of China's insurance industry. In particular, we expect that changing demographics will generate substantial demand for life insurance products.

Within China's insurance industry, independent insurance agencies and brokerages are referred to as "professional insurance intermediaries," to differentiate them from entities that distribute insurance products as an ancillary business, such as commercial banks, postal offices and automobile dealerships. The professional insurance intermediary sector in China has also grown significantly in recent years. According to data released by the CIRC, total insurance premiums generated by independent insurance agencies and brokerages increased 91.0% and 36.0%, respectively, from 2004 to 2005; 22.0% and 6.0%, respectively, from 2005 to 2006; and 44.1% and 21.4%, respectively, from the first half of 2006 to the first half of 2007. We believe that there will continue to be substantial growth opportunities in the professional insurance intermediary sector for the following reasons:

- China's insurance industry as a whole has significant growth potential;
- as competition among insurance companies intensifies, insurance companies will focus more on their core competencies and increasingly outsource part of the distribution of their products;
- an increasing number of international insurance companies are entering the Chinese market and they tend to outsource the distribution of their products because they seek to quickly penetrate the market but lack a distribution network and sales force of their own;
- as Chinese consumers become more sophisticated, they will increasingly seek a greater selection of insurance products and services from different insurance companies with the benefit of independent professional advice; and
- the favorable regulatory environment will benefit professional insurance intermediaries with potential to grow into nation-wide service providers.

Despite rapid growth in recent years, the professional insurance intermediary sector in the PRC is still at an early stage of development and highly fragmented. According to the Insurance Intermediary Market Development Report for the first half of 2007 released by the CIRC, as of June 30, 2007 there were 1,688 insurance agencies and 318 insurance brokerages in the PRC.

Our Strengths

We believe the following competitive strengths contribute to our success and differentiate us from our competitors:

- leading position among professional insurance intermediaries in China;
- scalable unified operating platform;
- extensive customer reach through distribution network and customer database;
- attractive and differentiated performance-based entrepreneurial agent program;

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- dynamic product offerings;
- firm commitment to rigorous training and development; and
- experienced management team.

Our Strategy

Our goal is to become the largest independent insurance agency and brokerage company in China and further develop our nationwide distribution network while delivering superior long-term returns to our shareholders. To achieve this goal, we intend to capitalize on the growth potential of China's insurance industry and insurance intermediary sector, leverage our competitive strengths and pursue the following elements of our strategy:

- further expand into the fast-growing life-insurance sector while continuing to grow our property and casualty business;
- further expand our distribution network through selective acquisitions, recruitment of entrepreneurial agents and franchising;
- further improve our unified operating platform to support future growth;
- continue to strengthen our relationships with leading insurance companies;
- expand our product and service offerings to meet customer needs; and
- increase the use of new distribution channels.

Our Challenges

The successful execution of our strategies is subject to certain risks and uncertainties, including those relating to:

- our limited operating history, especially our limited experience in selling life insurance products;
- our ability to attract and retain productive agents, especially entrepreneurial agents;
- our ability to maintain existing and develop new business relationships with insurance companies;
- our ability to execute our growth strategy by successfully acquiring and integrating insurance agencies and brokerages;
- our ability to adapt to the evolving regulatory environment in the Chinese insurance industry; and
- our ability to compete effectively against insurance companies, professional insurance intermediaries and other entities that distribute insurance products.

In addition to the above risks and uncertainties, you should also consider the risks discussed in "Risk Factors" and elsewhere in this prospectus.

Our Corporate History and Structure

Our founders, Mr. Yinan Hu and Mr. Qiuping Lai, formed two PRC companies, Guangzhou Nanyun Car Rental Services Co., Ltd. and Guangdong Nanfeng Automobile Association Co., Ltd., initially to provide automobile-related services, such as car rental and emergency services. In 1999, we began distributing automobile insurance products on an ancillary basis. In 2001, our founders transferred their interests in the two PRC companies to China United Financial Services Holdings Ltd, or China United Financial Services, then known as China Automobile Association Holdings Limited, a newly established British Virgin Islands company,

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as part of a series of transactions in which Cathay Capital Group, a private equity group, made an investment by subscribing for 40% of the equity interests in China United Financial Services.

As part of its corporate restructuring to facilitate international fundraising, China United Financial Services incorporated CISG Holdings Ltd., or CISG, a British Virgin Islands company, in June 2004 as the holding company for its insurance agency and brokerage businesses and transferred to CISG all of its rights and interests in four PRC insurance intermediary companies it then controlled. In September 2004, Cathay Capital Group subscribed for approximately 27.8% of the equity interests in CISG.

In December 2005, an entity affiliated with CDH, a private equity firm, subscribed for approximately 26.4% of the equity interests in CISG. In connection with this investment, the shareholders of CISG entered into a shareholder agreement that provided for, among other things, the management of the affairs of CISG. In anticipation of this offering, we incorporated CNinsure Inc. in the Cayman Islands in April 2007. In July 2007, CNinsure Inc., on a 10,000-for-one basis, issued its ordinary shares to then the existing shareholders of CISG in exchange for all of the outstanding CISG shares. After this restructuring transaction, CNinsure became our ultimate holding company.

PRC laws and regulations place certain restrictions on foreign investment in and ownership of insurance agencies and brokerages. Accordingly, we conduct our operations in China principally through contractual arrangements among our PRC subsidiaries, the shareholders of two PRC affiliated entities, Guangdong Meidiya Investment Co., Ltd., or Meidiya Investment, and Sichuan Yihe Investment Co., Ltd., or Yihe Investment, and the subsidiaries of Meidiya Investment and Yihe Investment. Meidiya Investment and Yihe Investment together, directly or indirectly, hold equity interests ranging from 51% to 100% in 17 insurance agencies and four insurance brokerages. With the exception of the sole minority shareholder of Shenzhen Nanfeng Insurance Agency Co., Ltd., who is an executive officer of our company holding shares on our behalf, the other minority shareholders of the insurance agencies and brokerages majority-owned by Meidiya Investment and Yihe Investment are either founders of such company or entrepreneurial agents with whom we jointly set up such company. Most of those minority shareholders have been employed as managers and are in charge of the day-to-day operations of the insurance agencies and brokerages in which they hold minority interests. These subsidiaries of Meidiya Investment and Yihe Investment hold the licenses and permits necessary to conduct our insurance intermediary business in China. We have no equity interests in Meidiya Investment, Yihe Investment or any of their subsidiaries and rely entirely on contractual arrangements to control and derive economic benefit from these companies.

Our contractual arrangements with the shareholders of Meidiya Investment and Yihe Investment and their subsidiaries enable us to:

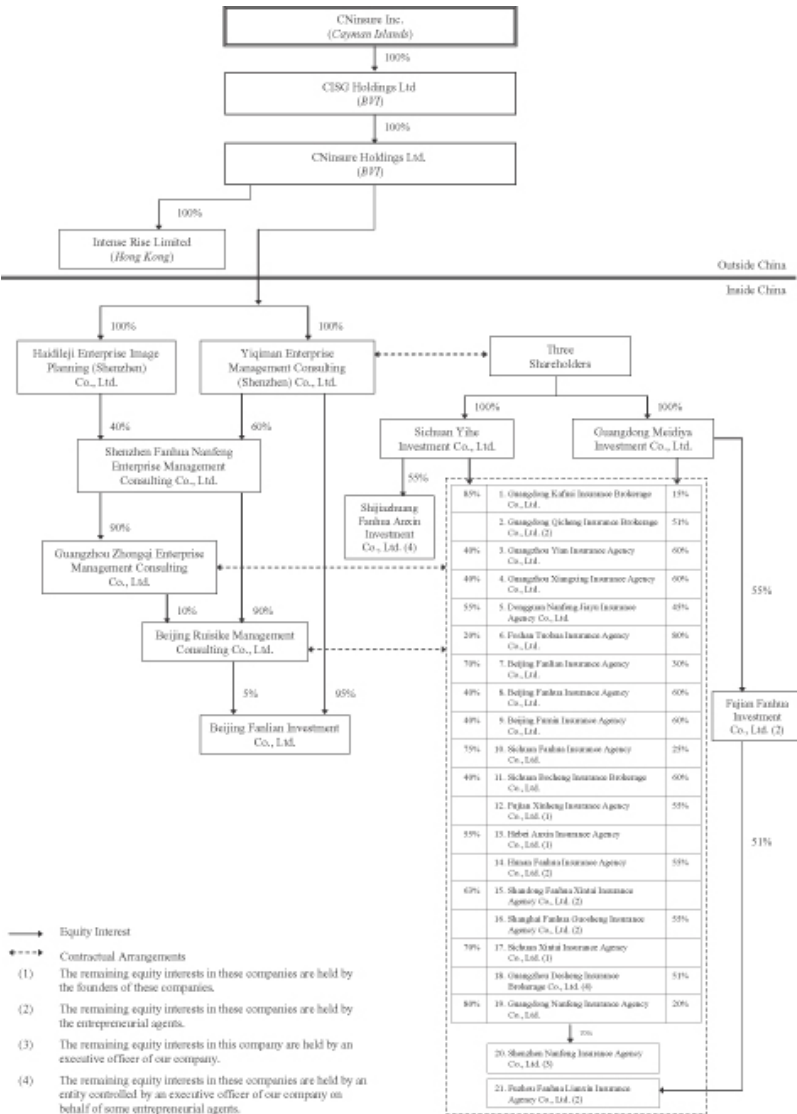
- exercise effective control over Meidiya Investment, Yihe Investment and their subsidiaries;
- receive a substantial portion of the economic benefits of the subsidiaries of Meidiya Investment and Yihe Investment in consideration for the services provided by our subsidiaries in China; and
- have an exclusive option to purchase all or part of the equity interests in each of Meidiya Investment and Yihe Investment when and to the extent permitted by PRC law.

As a result of these contractual arrangements, we are deemed the primary beneficiary of Meidiya Investment and Yihe Investment and hence treat them and their subsidiaries as our consolidated affiliated entities. Revenues generated by the insurance agency and brokerage subsidiaries of Meidiya Investment and Yihe Investment altogether accounted for 56.4% of our total net revenues in 2006 and 51.0% of our total net revenues for the first half of 2007. The remainder of our total net revenues in those periods came from two of our subsidiaries, which run our operating platform, maintain our customer database and provide information about potential customers to insurance companies. Those insurance companies pay fees to these subsidiaries if those customers actually purchase insurance.

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See “Corporate Structure” for further information on our contractual arrangements with the shareholders of Meidiya Investment and Yihe Investment and their subsidiaries.

The following diagram illustrates our corporate structure as of September 30, 2007:



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Our Offices

Our principal executive offices are located at 19/F, Yinhai Building, No. 299 Yanjiang Zhong Road, Guangzhou, Guangdong 510110, People's Republic of China. Our telephone number at this address is +86-20-6122-2777 and our fax number is +86-20-6122-2329. Our registered office in the Cayman Islands is c/o M&C Corporate Services Limited, P.O. Box 309 GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. Our telephone number at this address is +1-345-949-8066.

Investor inquiries should be directed to us at the address and telephone number of our principal executive offices set forth above. Our website address is www.cninsure.net. The information contained on our website is not part of this prospectus. Our agent for service of process in the United States is CT Corporation System, located at 111 Eighth Avenue, New York, New York 10011.

THE OFFERING

American depositary shares offered:

By us	ADSs
By the selling shareholders	ADSs
Total	ADSs
Price per ADS	We currently estimate that the initial public offering price will be between US\$ and US\$ per ADS.
Over-allotment option	We have granted a 30-day option (commencing from the date of this prospectus) to the underwriters to purchase up to an additional ADSs to cover over-allotments.
ADSs outstanding immediately after this offering	ADSs
Ordinary shares outstanding immediately after this offering	shares
The ADSs	<p>Each ADS represents ordinary shares, par value US\$0.001 per share. The depositary will hold the shares underlying your ADSs and you will have rights as provided in the deposit agreement.</p> <p>We may amend or terminate the deposit agreement without your consent. If you continue to hold your ADSs, you agree to be bound by the deposit agreement as amended.</p> <p>To better understand the terms of the ADSs, you should carefully read the “Description of American Depositary Shares” section of this prospectus. You should also read the deposit agreement, which is filed as an exhibit to the registration statement that includes this prospectus.</p>
Depositary	JPMorgan Chase Bank, N.A.
Dividend policy	We have no plan to pay dividends on our ordinary shares. We plan to retain any earnings for use in the operation of our business and to fund future growth.
Use of proceeds	<p>We intend to use the net proceeds from this offering as follows:</p> <ul style="list-style-type: none">• up to US\$60 million to fund acquisitions and establishment of joint ventures;• up to US\$40 million to fund enhancement of our service systems; and• the balance to fund our working capital requirements.

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See “Use of Proceeds” for more information. We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.

Nasdaq Global Market symbol

CISG

Lockup

We, our directors and executive officers and all of our existing shareholders have agreed with the underwriters not to sell, transfer or dispose of any ADSs, ordinary shares or similar securities for a period of 180 days after the date of this prospectus. See “Shares Eligible for Future Sale” and “Underwriters” for more information.

Risk factors

See “Risk Factors” and other information included in this prospectus for a discussion of risks you should carefully consider before investing in the ADSs.

The number of ordinary shares that will be outstanding immediately after this offering:

- is based upon 684,210,526 ordinary shares outstanding as of the date of this prospectus;
- excludes 5,473,684 ordinary shares issuable upon the exercise of options outstanding as of the date of this prospectus at an exercise price of RMB2.3214 (US\$0.30) per share and an additional 42,000,000 ordinary shares issuable upon the exercise of options outstanding as of the date of this prospectus at an exercise price to be equal to the price per ordinary share in this offering; and
- excludes 26,421,053 ordinary shares reserved for future issuance under our 2007 share incentive plan.

Except as otherwise indicated, all information in this prospectus assumes no exercise by the underwriters of their option to purchase additional ADSs.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following summary consolidated statement of operations data for the three years ended December 31, 2004, 2005 and 2006 has been derived from our audited consolidated financial statements included elsewhere in this prospectus. The following summary consolidated financial data for the six months ended June 30, 2006 and 2007 and the consolidated balance sheet data as of June 30, 2007 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus and have been prepared on the same basis as our audited consolidated financial data. The unaudited financial information includes all adjustments, consisting only of normal and recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating results for the periods presented. Our historical results do not necessarily indicate results expected for any future periods. In addition, our unaudited results for the six months ended June 30, 2007 may not be indicative of our results for the full year ending December 31, 2007. You should read the summary consolidated financial data in conjunction with our audited consolidated financial statements and related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with generally accepted accounting principles in the United States, or U.S. GAAP.

The historical results for the year ended December 31, 2004 are prepared to reflect, on a combined basis, all of the insurance brokerage and agency service businesses for the entire year of 2004, including those entities transferred from China United Financial Services on June 9, 2004 and those operations held by entities of China United Financial Services that we did not acquire. Accordingly, the revenues, expenses, assets and liabilities related to the insurance brokerage and agency services for the period from January 1, 2004 to June 8, 2004 and as of June 8, 2004 held by the China United Financial Services entities that we did not acquire have been “carved-out” from those entities and combined with those of our company for the entire period on a basis that our management considers to be reasonable. Accordingly, the historical financial information that has been presented for the periods prior to the reorganization on June 9, 2004 does not necessarily reflect what our financial position, results of operations and cash flows would have been had we been a separate, stand-alone entity during the periods presented. China United Financial Services did not account for us, and we were not operated, as a separate, stand-alone entity prior to June 9, 2004. We prepared our combined financial information for the year ended December 31, 2004 on the same basis as that adopted for the preparation of the consolidated financial information for the years ended December 31, 2005 and 2006. In this prospectus, our consolidated financial information for 2004, 2005, 2006 and 2007 refers collectively to our combined financial information for the year ended December 31, 2004 and the consolidated financial information for the years ended December 31, 2005 and 2006 and for the six months ended June 30, 2006 and 2007.

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	Year Ended December 31,				For the Six Months Ended June 30,		
	2004	2005	2006		2006	2007	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
(in thousands, except share, per share and per ADS data)							
Consolidated Statement of Operations Data							
Net revenues:							
Commissions and fees	33,401	142,520	245,652	32,271	106,543	172,323	22,638
Other service fees	564	1,179	897	118	248	238	31
Total net revenues	33,965	143,699	246,549	32,389	106,791	172,561	22,669
Operating costs and expenses:							
Commissions and fees	(4,256)	(65,752)	(133,076)	(17,482)	(53,321)	(87,275)	(11,465)
Selling expenses	(2,432)	(5,527)	(11,288)	(1,483)	(5,288)	(4,196)	(551)
General and administrative expenses ⁽¹⁾	(120,576)	(78,879)	(52,119)	(6,847)	(25,793)	(25,915)	(3,404)
Total operating costs and expenses	(127,264)	(150,158)	(196,483)	(25,812)	(84,402)	(117,386)	(15,420)
Income (loss) from operations	(93,299)	(6,459)	50,066	6,577	22,389	55,175	7,249
Other income (expense), net:							
Interest income	49	445	5,364	705	1,596	1,980	260
Interest expense	(15)	(19)	(34)	(5)	(28)	(66)	(9)
Others, net	158	(15)	5	1	10	15	2
Net income (loss) before income taxes	(93,107)	(6,048)	55,401	7,278	23,967	57,104	7,502
Net Income tax benefit (expense)	396	(672)	573	75	42	(176)	(23)
Net income (loss) before minority interest	(92,711)	(6,720)	55,974	7,353	24,009	56,928	7,479
Minority interest	—	27	1,421	187	160	1,762	231
Net income (loss)	(92,711)	(6,693)	57,395	7,540	24,169	58,690	7,710

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	Year Ended December 31,				For the Six Months Ended June 30,		
	2004	2005	2006		2006	2007	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands, except share, per share and per ADS data)						
Net income (loss) per share (giving effects to the 10,000-for-1 share exchange in 2007):							
Basic	(0.5552)	(0.0139)	0.0883	0.0116	0.0372	0.0903	0.0119
Diluted	(0.5552)	(0.0139)	0.0875	0.0115	0.0370	0.0891	0.0117
Net income (loss) per ADS:							
Basic							
Diluted							
Shares used in calculating net income (loss) per share (giving effects to the 10,000-for-1 share exchange in 2007):							
Basic	166,980,000	482,770,000	650,000,000	650,000,000	650,000,000	650,000,000	650,000,000
Diluted	166,980,000	482,770,000	655,970,000	655,970,000	652,884,328	658,927,355	658,927,355
Dividends declared per share ⁽²⁾							
	170	523	585	75	—	—	

(1) Share-based compensation expenses included in our general and administrative expenses were RMB109.3 million, RMB56.5 million, RMB24.1 million (US\$3.2 million), RMB13.0 million and RMB0.8 million (US\$0.1 million) in 2004, 2005, 2006 and the six months ended June 30, 2006 and 2007, respectively.

(2) The 2004 and 2005 dividends were declared in 2006 and the 2006 dividends were declared in 2007. These dividends were not paid at the time they were declared. In 2007, we paid out RMB28.7 million (US\$3.8 million) of the previously declared but unpaid dividends, and we expect to pay out the remainder of those previously declared but unpaid dividends to our existing shareholders before the completion of this offering. The per-share amounts were determined based on the number of CISG shares outstanding as of the respective record dates for the dividends declared, without giving effect to the share exchange in July 2007.

The following table presents a summary of our consolidated balance sheet data as of December 31, 2006:

- on an actual basis; and
- on a pro forma as adjusted basis to give effect to the issuance and sale of the ordinary shares in the form of ADSs by us in this offering.

	As of December 31, 2006		As of June 30, 2007			
	Actual		Actual		Pro Forma As Adjusted	
	RMB	US\$	RMB (unaudited) (in thousands)	US\$ (unaudited)	RMB (unaudited)	US\$ (unaudited)
Consolidated Balance Sheet Data						
Cash and cash equivalents	223,926	29,417	363,406	47,741		
Total current assets	355,703	46,729	443,436	58,255		
Total assets	379,622	49,871	468,999	61,613		
Total current liabilities	75,524	9,922	137,972	18,126		
Total liabilities	76,321	10,026	139,576	18,337		
Minority interests	13,717	1,802	18,499	2,430		
Total shareholders' equity	289,584	38,043	310,924	40,846		
Total liabilities and owners' equity	379,622	49,871	468,999	61,613		

RISK FACTORS

You should carefully consider the risks described below in conjunction with the other information and our consolidated financial statements and related notes included elsewhere in this prospectus before making an investment decision. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of our ADSs could decline due to any of these risks, and you may lose all or part of your investment. This prospectus also contains forward-looking statements relating to events subject to risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements due to the material risks that we face described below.

Risks Related to Our Business and Our Industry

Our limited operating history, especially our limited experience in distributing life insurance products, may not provide an adequate basis to judge our future prospects and results of operations.

We have a limited operating history. We commenced our insurance intermediary business in 1999 by distributing automobile insurance products and expanded our offerings to other types of property and casualty insurance products in 2002. We started distributing individual life insurance products in January 2006. In 2006, we also acquired, through our consolidated affiliated entities, majority interests in three insurance agencies that specialize in distributing life insurance products. Life insurance products accounted for 8.4% of our total commissions and fees earned in 2006 and 11.3% in the first half of 2007. We have made the distribution of life insurance products one of the focuses of our future growth strategy. We cannot assure you that this strategic move will be successfully implemented. If our life insurance business fails to grow successfully, our future growth will be significantly affected. In addition, our limited operating history, especially our limited experience in selling life insurance products, may not provide a meaningful basis for you to evaluate our business, financial performance and prospects.

If we fail to attract and retain productive agents, especially entrepreneurial agents, our business could suffer.

A substantial portion of our sales of property and casualty insurance products and our entire sales of life insurance products are conducted through our individual sales agents, who are not our employees. In 2006, individual sales agents contributed 68.9% of our commissions and fees earned from property and casualty insurance products. Some sales agents are more productive than others. Further, in recent years, some entrepreneurial management staff or senior sales agents of major insurance companies in China have chosen to leave their employers or principals and become independent agents. We refer to these individuals as entrepreneurial agents. An entrepreneurial agent is usually able to assemble and lead a team of sales agents. We have been actively recruiting and will continue to recruit entrepreneurial agents to join our distribution network as our sales agents. Entrepreneurial agents have been instrumental to the development of our life insurance business. If we are unable to attract, retain and build on the core group of highly productive agents and entrepreneurial agents, our business could be materially and adversely affected. Competition for agents from insurance companies and other insurance intermediaries may also force us to increase the compensation of our agents and in-house sales representatives, which would increase operating costs and reduce our profitability.

Because the commission and fee revenue we earn on the sale of insurance products is based on premiums and commission and fee rates set by insurance companies, any decrease in these premiums or commission and fee rates may have an adverse effect on our results of operation.

We are engaged in the insurance agency and brokerage business and derive revenues primarily from commissions and fees paid by the insurance companies whose policies our customers purchase. The commission and fee rates are set by insurance companies and are based on the premiums that the insurance companies charge. Commission and fee rates and premiums can change based on the prevailing economic, regulatory, taxation and competitive factors that affect insurance companies. These factors, which are not within our control, include the

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capacity of insurance companies to place new business, underwriting and non-underwriting profits of insurance companies, consumer demand for insurance products, the availability of comparable products from other insurance companies at a lower cost, the availability of alternative insurance products, such as government benefits and self-insurance plans, to consumers and the tax deductibility of commissions and fees. In addition, premium rates for certain insurance products, such as the mandatory automobile liability insurance that each automobile owner in the PRC is legally required to purchase, are tightly regulated by the CIRC.

Because we do not determine, and cannot predict, the timing or extent of premium or commission and fee rate changes, we cannot predict the effect any of these changes may have on our operations. Since China's entry into the WTO in December 2001, intense competition among insurance companies has led to a gradual decline in premium rate levels of some property and casualty insurance products. Although such decline may stimulate demand for insurance products and increase our total sales volume, it also reduces the commissions and fees we earned on each policy sold. Any decrease in premiums or commission and fee rates may significantly affect our profitability. In addition, our budget for future acquisitions, capital expenditures, dividend payments, loan repayments and other expenditures may be disrupted by unexpected decreases in revenues caused by decreases in premiums or commission and fee rates, thereby adversely affecting our operations.

Competition in our industry is intense and, if we are unable to compete effectively, we may lose customers and our financial results may be negatively affected.

The insurance intermediary industry in China is highly competitive, and we expect competition to persist and intensify. We face competition from insurance companies that use their in-house sales force and exclusive sales agents to distribute their products, from business entities that distribute insurance products on an ancillary basis, such as commercial banks, postal offices and automobile dealerships, and from other professional insurance intermediaries. We compete for customers on the basis of product offerings, customer services and reputation. Many of our competitors have greater financial and marketing resources than we do and may be able to offer products and services that we do not currently offer and may not offer in the future. If we are unable to compete effectively against those competitors, we may lose customers and our financial results may be negatively affected.

Quarterly and annual variations in our commission and fee revenue may have unexpected impacts on our results of operations.

Our commission and fee income is subject to both quarterly and annual fluctuations as a result of the seasonality of our business, the timing of policy renewals and the net effect of new and lost business. Historically, our commission and fee income for the fourth quarter of any given year has been the highest among all four quarters, while our commission and fee income for the first quarter of any given year has been the lowest among all four quarters. The factors that cause the quarterly and annual variations are not within our control. Specifically, consumer demand for insurance products can influence the timing of renewals, new business and lost business, which generally includes policies that are not renewed, and cancellations. As a result, you may not be able to rely on quarterly or annual comparisons of our operating results as an indication of our future performance.

We may be unsuccessful in identifying and acquiring suitable acquisition candidates, which could adversely affect our growth.

We expect a significant portion of our future growth to come from acquisitions of high-quality independent insurance agencies or brokerages. There is no assurance that we can successfully identify suitable acquisition candidates, especially in those provinces and municipalities where we do not yet have a presence. Even if we identify suitable candidates, we may not be able to complete an acquisition on terms that are commercially acceptable to us. In addition, we compete with other entities to acquire high-quality independent insurance agencies and brokerages. Many of our competitors may have substantially greater financial resources than we do.

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and may be able to outbid us for these acquisition targets. If we are unable to complete acquisitions, our growth strategy will be impeded and our earnings or revenue growth will be negatively affected.

If we fail to integrate acquired companies efficiently, or if the acquired companies do not perform to our expectations, our business and results of operations may be adversely affected.

Even if we succeed in acquiring other insurance agencies and brokerages, our ability to integrate an acquired entity and its operations is subject to a number of factors. These factors include difficulties in the integration of acquired operations and retention of personnel, especially the sales agents who are not employees of the acquired company, entry into unfamiliar markets, unanticipated problems or legal liabilities, and tax and accounting issues. The need to address these factors may divert management's attention from other aspects of our business and materially and adversely affect our business prospects.

Furthermore, the acquired companies may not perform to our expectations for various reasons, including legislative or regulatory changes that affect the insurance products in which a company specializes, the loss of key clients after the acquisition closes, general economic factors that impact a company in a direct way and the cultural incompatibility of an acquired company's management team with us. Our inability to successfully integrate an acquired entity or its failure to perform to our expectations may materially and adversely affect our business, prospects, results of operations and financial condition.

Our business and prospects could be materially and adversely affected if we are not able to manage our growth successfully.

We commenced our insurance intermediary business in 1999 and have expanded our operations substantially in recent years. Our distribution network has expanded from one company in one province to 21 insurance intermediaries in eight provinces as of the date of the prospectus. We anticipate significant continued growth in the future. Our expansion has placed, and will continue to place, substantial demands on our managerial, operational, technological and other resources. To manage and support our continued growth, we must continue to improve our operational, administrative, financial and technological systems, procedures and controls, and expand, train and manage our growing employee and agent base. Furthermore, our management will be required to maintain and expand our relationships with insurance companies, other insurance intermediaries, regulators and other third parties. We cannot assure you that our current and planned personnel, systems, procedures and controls will be adequate to support our future operations. Any failure to effectively and efficiently manage our expansion could materially and adversely affect our ability to capitalize on new business opportunities, which in turn could have a material adverse effect on our results of operations.

If our contracts with insurance companies are terminated or changed, our business and operating results could be adversely affected.

We primarily act as agents for insurance companies in distributing their products to retail customers. Our relationships with the insurance companies are governed by agreements between us and the insurance companies. Most of our contracts with insurance companies are entered into at a local level between their respective provincial, city and district branches and our affiliated insurance agencies and brokerages. Generally, each branch of these insurance companies has independent authority to enter into contracts with our affiliated insurance agencies and brokerages, and the termination of a contract with one branch has no effect on our contracts with the other branches. See "Business—Insurance Company Partners." These contracts establish, among other things, the scope of our authority, the pricing of the insurance products we distribute and our fee rates. These contracts typically have a term of a year and some of them can be terminated by the insurance companies with little advance notice. Moreover, before or upon expiration of a contract, the insurance company that is a party to that contract may agree to renew it only with changes in its terms, including the amount of commissions and fees we receive, which could reduce our revenues from that contract.

For the year ended December 31, 2006, our top five insurance company partners, after aggregating the business conducted between their local branches and our insurance agencies and brokerages, were PICC Property

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and Casualty Company Limited, Ping An Property & Casualty Insurance Company of China, Ltd., AVIVA-COFCO Life Insurance Co., Ltd., Tai Ping Insurance Company Ltd. and China Pacific Property Insurance Company, Ltd. Two of these, PICC and Ping An Property, each accounted for more than 10% of our total commissions and fees in 2006, with PICC accounting for 61% and Ping An Property accounting for 11%. For the six months ended June 30, 2007, our top five insurance company partners, after similar aggregation, were PICC, Ping An Property, China Pacific Property, Yong An Property Insurance Co., Ltd. and AVIVA-COFCO Life Insurance Co., Ltd. During this period, PICC and Ping An Property accounted for 47% and 10%, respectively, of our total commissions and fees. The termination of our contracts with insurance companies that in the aggregate account for a significant portion of our business, or changes in the material terms of these contracts, could adversely affect our business and operating results.

The level of bonuses we receive from insurance companies is difficult to predict and any material decrease in our collection of them is likely to have an adverse impact on our operating results.

Some insurance companies pay us bonuses for achieving specified sales goals set by them, after considering the loss experience or renewal rate of the insurance we distribute for them and other factors. Bonuses accounted for 1.1% of our total commissions and fees in 2006. We did not receive any bonuses for 2005. Due to the contingent nature of these bonus arrangements, it is difficult to predict the amount, if any, of these payments. Bonuses from insurance companies affect our revenues, and decreases in their payment to us may have an adverse effect on our results of operations.

Our operating structure may make it difficult to respond quickly to operational or financial problems, which could negatively affect our financial results.

We operate through insurance agency and brokerage subsidiaries of our PRC affiliated entities that are located in eight provinces. These insurance agencies and brokerages report their results to our corporate headquarters monthly. If these companies delay either reporting results or informing corporate headquarters of a negative business development such as the possible loss of a relationship with an insurance company or a regulatory inquiry or other action, we may not be able to take action to remedy the situation in a timely fashion. This in turn could have a negative effect on our financial results. In addition, if one of these companies were to report inaccurate financial information, we might not learn of the inaccuracies on a timely basis and be able to take corrective measures promptly, which could negatively affect our ability to report our financial results.

Our dependence on the founders and key managers of the acquired firms may limit our ability to effectively manage our business.

In the three acquisitions we have completed to date, the founders and key managers of the acquired firms continue to manage the acquired business. They are responsible for ordinary course operational decisions, including personnel, culture and office location, subject to our oversight. They also maintain the primary relationship with customers and the local branches of insurance companies. Although we maintain internal controls that allow us to oversee our nationwide operations, this operating structure exposes us to the risk of losses resulting from day-to-day decisions of the managers of the acquired firms. Unsatisfactory performance by these managers could hinder our ability to grow and could have a material adverse effect on our business.

Our future success depends on the continuing efforts of our senior management team and other key personnel, and our business may be harmed if we lose their services.

Our future success depends heavily upon the continuing services of the members of our senior management team and other key personnel, in particular Mr. Yinan Hu, our chairman and chief executive officer, Mr. Qiuping Lai, our executive director and president, Dr. En Ming Tseng, our vice president, chief operating officer and chairman of our life insurance committee, Mr. David Tang, our chief financial officer, Mr. Peng Ge, our vice president and general manager of our finance and accounting department, and Mr. Chunlin Wang, our vice president and chairman of our property and casualty insurance committee. In addition, because of the importance

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of training to our business, our team of dedicated training professionals plays a key role in our operations. If one or more of our senior executives or other key personnel, including key training personnel, are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our financial condition and results of operations may be materially and adversely affected. Competition for senior management and key personnel is intense, the pool of qualified candidates is very limited, and we may not be able to retain the services of our senior executives or key personnel, or attract and retain high-quality senior executives or key personnel in the future. As is customary in the PRC, we do not have insurance coverage for the loss of our senior management team or other key personnel.

In addition, if any member of our senior management team or any of our other key personnel joins a competitor or forms a competing company, we may lose customers, sensitive trade information and key professionals and staff members. Each of our executive officers and key employees has entered into an employment agreement with us which contains confidentiality and non-competition provisions. These agreements generally have an initial term of three years, and are automatically extended for successive one-year terms unless terminated earlier pursuant to the terms of the agreement. See “Management—Employment Agreements” for a more detailed description of the key terms of these employment agreements. If any disputes arise between any of our senior executives or key personnel and us, we cannot assure you of the extent to which any of these agreements may be enforced.

Agent and employee misconduct is difficult to detect and deter and could harm our reputation or lead to regulatory sanctions or litigation costs.

Agent or employee misconduct could result in violations of law by us, regulatory sanctions, litigation or serious reputational or financial harm. Misconduct could include:

- engaging in misrepresentation or fraudulent activities when marketing or selling insurance products to customers;
- hiding unauthorized or unsuccessful activities, resulting in unknown and unmanaged risks or losses; or
- otherwise not complying with laws and regulations or our control policies or procedures.

We cannot always deter agent or employee misconduct, and the precautions we take to prevent and detect these activities may not be effective in all cases. We cannot assure you, therefore, that agent or employee misconduct will not lead to a material adverse effect on our business, results of operations or financial condition.

All of our personnel engaging in insurance agency or brokering activities are required under relevant PRC regulations to have a qualification certificate issued by the CIRC. If these qualification requirements are strictly enforced, our business may be materially and adversely affected.

All of our personnel who engage in insurance agency or brokering activities are required under relevant PRC regulations to obtain a qualification certificate from the CIRC in order to conduct insurance agency or brokering business. See “Regulation.” Under these regulations, insurance agencies and brokerages that retain unqualified personnel to engage in insurance sales activities may be fined up to RMB10,000. As of December 31, 2006, approximately 79% of our sales professionals had received a qualification certificate, compared with a national average qualification rate of approximately 75% for insurance intermediaries as reported by the CIRC.

In addition, we understand that the CIRC may require, in the near future, that every individual agent carry credentials showing specified information when conducting agency business. If more local CIRC agencies were to strictly enforce these regulations in the future, and if a substantial number of our sales forces remain unqualified, our business may be adversely affected. Moreover, we may be subject to fines and other administrative proceedings for the failure of our insurance professionals to obtain the necessary CIRC qualification certificate. Any such fines or administrative proceedings could materially and adversely affect our business, financial condition and results of operations.

Our businesses are highly regulated, and the administration, interpretation and enforcement of the laws and regulations currently applicable to us involve uncertainties, which could materially and adversely affect our business and results of operations.

We operate in a highly regulated industry. The CIRC has extensive authority to supervise and regulate the insurance industry in China. In exercising its authority, the CIRC is given wide discretion, and the administration, interpretation and enforcement of the laws and regulations applicable to us involve uncertainties that could materially and adversely affect our business and results of operations. For example, it is not clear when the CIRC will start strictly enforcing the qualification requirements for sales professionals affiliated with professional insurance intermediaries like us. Although we have not had any material violations to date, we cannot assure you that our operations will always be consistent with the interpretation and enforcement of the laws and regulations by the CIRC from time to time.

Further development of regulations in China may impose additional costs and restrictions on our activities.

China's insurance regulatory regime is undergoing significant changes. Some of these changes and the further development of regulations applicable to us may result in additional restrictions on our activities or more intensive competition in this industry. For example, under the consultation paper for administration of insurance agencies and brokerages promulgated by the CIRC, insurance agency or brokerage companies will likely be required to increase their guaranty deposit, which generally cannot be withdrawn without the CIRC's approval, when they open any new branches. Such increase would reduce the amount of cash available for other business purposes. Under the same consultation paper, sole-proprietor insurance agencies will likely be allowed, which could lead to intensified competition among insurance agencies. Such development of regulations could materially and adversely affect our business and results of operations.

We conduct some of our business through two of our subsidiaries, which do not possess insurance agency or brokerage licenses.

Two of our subsidiaries run our operating platform and maintain our customer database. In addition, they provide information about potential customers to insurance companies, which pay fees to these subsidiaries if these customers purchase insurance policies. Our PRC counsel, Commerce & Finance Law Offices, has informed us that, in its opinion, the provision of customer information to and the collection of fees from insurance companies by our subsidiaries comply with existing PRC laws and regulations. We cannot assure you, however, that the relevant PRC regulatory authorities will not take a view contrary to ours or that of our PRC counsel. If the CIRC clarifies existing regulations on insurance agencies and brokerages or adopts new regulations that classify the provision of customer information to insurance companies as a form of insurance agency or brokerage services, our subsidiaries may be deemed to have engaged in insurance agency or brokerage services without proper license and, as a result, we may be subject to administrative penalties, which may have a material adverse effect on our results of operations.

We have identified several significant deficiencies in our internal control over financial reporting. If we fail to maintain an effective system of internal controls over financial reporting, we may not be able to accurately report our financial results or prevent fraud.

We will be subject to reporting obligations under U.S. securities laws. The Securities and Exchange Commission, as required by Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring every public company to include a management report on such company's internal controls over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal controls over financial reporting. In addition, an independent registered public accounting firm must attest to and report on management's assessment of the effectiveness of the company's internal controls over financial reporting. These requirements will first apply to our annual report on Form 20-F for the fiscal year ending on December 31, 2008.

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Our management may conclude that our internal controls over financial reporting are not effective. Moreover, even if our management concludes that our internal controls over financial reporting are effective, our independent registered public accounting firm may still decline to attest to our management's assessment or may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. Our reporting obligations as a public company will place a significant strain on our management, operational and financial resources and systems for the foreseeable future.

Prior to this offering, we have been a private company with limited accounting personnel with U.S. GAAP experience and other resources with which to adequately address our internal control over our financial closing and reporting process and other procedures. During the course of preparing our consolidated financial statements as of and for the three years ended December 31, 2004, 2005 and 2006 in connection with this offering, we identified a number of control deficiencies, which include significant deficiencies, in our internal control over financial reporting. Many of the deficiencies noted below were communicated to us from our independent registered public accounting firm as observations which stemmed from their audit. However, as noted in their report, their audit included consideration of internal control over financial reporting as a basis for designing the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of our internal control over financial reporting. The significant deficiencies identified include: (1) a lack of formal internal controls over financial closing and reporting processes; (2) a lack of a formal risk assessment process; (3) a lack of accounting personnel with knowledge of U.S. GAAP and SEC financial reporting requirements; (4) a lack of regular preparation of U.S. GAAP consolidated management accounts; and (5) the absence of an audit committee. It is important to note that we did not undertake a comprehensive assessment of our internal controls for purposes of identifying and reporting control deficiencies as we will be required to do after we are a public company. Had we undertaken such an assessment, additional significant deficiencies and/or material weaknesses may have been identified.

We plan to take a number of measures to tackle the control deficiencies identified, including: (1) preparing a comprehensive accounting policies and procedures manual that covers U.S. GAAP and ensuring that accounting personnel are familiar with and follow the manual; (2) establishing a risk assessment process that complies with the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission, a private sector organization dedicated to improving the quality of financial reporting; (3) hiring additional accounting personnel with external reporting experience, including knowledge of the SEC reporting requirements and U.S. GAAP, and investor relations personnel; (4) developing formal procedures to prepare U.S. GAAP consolidated financial information on a monthly basis; and (5) establishing an audit committee complying with SEC and applicable Nasdaq Global Market requirements.

We plan to remediate these significant deficiencies in time to meet the deadline for compliance with the requirements of Section 404 of the Sarbanes-Oxley Act. If, however, we fail to timely achieve and maintain the adequacy of our internal controls, we may not be able to conclude that we have effective internal controls over financial reporting. Moreover, effective internal controls over financial reporting are necessary for us to produce reliable financial reports and are important to help prevent fraud. As a result, our failure to achieve and maintain effective internal controls over financial reporting could result in the loss of investor confidence in the reliability of our financial statements, which in turn could harm our business and negatively impact the trading price of our ADSs. Furthermore, we anticipate that we will incur considerable costs and devote significant management time and efforts and other resources to comply with Section 404 of the Sarbanes-Oxley Act.

We may face legal action by the former employers or principals of entrepreneurial agents who join our distribution network.

Competition for productive sales agents is intense within the Chinese insurance industry. When an entrepreneurial agent leaves his or her employer or principal to join our distribution network as our sales agent, we may face legal action by the former employer or principal of the entrepreneurial agent on the ground of unfair competition or breach of contract. As of the date of this prospectus, there has been no such action filed or

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threatened against us. We cannot assure you that this will not happen in the future. Any such legal actions, regardless of merit, could be expensive and timing consuming and could divert resources and management attention from the operation of our business. If we were found liable in such a legal action, we might be required to pay substantial damages to the former employer or principal of the entrepreneurial agent, and our business reputation might be harmed. Moreover, the filing of such a legal action may discourage potential entrepreneurial agents from leaving their employers or principals, thus reducing the number of entrepreneurial agents we can recruit and potentially harming our growth prospects.

If we are required to write down goodwill and other intangible assets, our financial condition and results may be materially and adversely affected.

When we acquire a business, a substantial portion of the purchase price of the acquisition is generally allocated to goodwill and other identifiable intangible assets. The amount of the purchase price that is allocated to goodwill and other intangible assets is determined by the excess of the purchase price over the net identifiable assets acquired. As of June 30, 2007, goodwill represented RMB7.0 million (US\$0.9 million), or 2.3% of our total shareholders' equity of RMB310.9 million (US\$40.8 million). As of June 30, 2007, other intangible assets represented RMB4.3 million (US\$0.6 million), or 1.4% of our total shareholders' equity. Under current accounting standards, if we determine goodwill or intangible assets are impaired, we will be required to write down the value of such assets and recognize corresponding impairment charges. As we implement our growth strategy through acquisitions, goodwill and intangible assets may comprise an increasingly larger percentage of our shareholders' equity and any writedown related to such goodwill and intangible assets may adversely and materially affect our shareholders' equity and financial results.

Any significant failure in our information technology systems could have a material adverse effect on our business and profitability.

Our business is highly dependent on the ability of our information technology systems to timely process a large number of transactions across different markets and products at a time when transaction processes have become increasingly complex and the volume of such transactions is growing rapidly. The proper functioning of our financial control, accounting, customer database, customer service and other data processing systems, together with the communication systems between our various subsidiaries and our main offices in Guangzhou, is critical to our business and to our ability to compete effectively. We cannot assure you that our business activities would not be materially disrupted in the event of a partial or complete failure of any of these primary information technology or communication systems, which could be caused by, among other things, software malfunction, computer virus attacks or conversion errors due to system upgrading. In addition, a prolonged failure of our information technology system could damage our reputation and materially and adversely affect our future prospects and profitability.

If we are unable to respond in a timely and cost-effective manner to rapid technological change in the insurance intermediary industry, there may be a resulting adverse effect on business and operating results.

The insurance industry is increasingly influenced by rapid technological change, frequent new product and service introductions and evolving industry standards. For example, the insurance intermediary industry has increased use of the Internet to communicate benefits and related information to consumers and to facilitate information exchange and transactions. We believe that our future success will depend on our ability to continue to anticipate technological changes and to offer additional product and service opportunities that meet evolving standards on a timely and cost-effective basis. There is a risk that we may not successfully identify new product and service opportunities or develop and introduce these opportunities in a timely and cost-effective manner. In addition, product and service opportunities that our competitors develop or introduce may render our products and services noncompetitive. As a result, we can give no assurances that technological changes that may affect our industry in the future will not have a material adverse effect on our business and results of operations.

We face risks related to health epidemics and other outbreaks, which could result in reduced activity level of our sales force.

Our business could be materially and adversely affected by the outbreak of avian flu, severe acute respiratory syndrome, or SARS, or another epidemic. In 2005 and 2006, there have been reports on the occurrences of avian flu in various parts of China, including a few confirmed human cases and deaths. Because our business operations rely heavily on the sales efforts of individual sales agents and in-house sales representatives, any prolonged recurrence of avian flu, SARS or other adverse public health developments in China may significantly disrupt our staffing and otherwise reduce the activity level of our sales force, thus causing a material and adverse effect on our business operations.

Risks Related to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating our China business do not comply with applicable PRC laws and regulations, we could be subject to severe penalties.

PRC laws and regulations place certain restrictions on foreign investment in and ownership of insurance agencies and brokerages. We conduct our operations in China principally through contractual arrangements among our PRC subsidiaries, the shareholders of two PRC companies, Meidiya Investment and Yihe Investment, and the subsidiaries of Meidiya Investment and Yihe Investment. Meidiya Investment and Yihe Investment together, directly or indirectly, hold equity interests ranging from 51% to 100% in 21 PRC insurance agencies and brokerages. These wholly and majority-owned subsidiaries of Meidiya Investment and Yihe Investment hold the licenses and permits necessary to conduct our insurance intermediary business in China.

Our contractual arrangements with the shareholders of Meidiya Investment and Yihe Investment enable us to:

- Exercise effective control over Meidiya Investment, Yihe Investment and their subsidiaries;
- Receive a substantial portion of the economic benefits of the subsidiaries of Meidiya Investment and Yihe Investment in consideration for the services provided by our wholly-owned subsidiaries in China; and
- Have an exclusive option to purchase all or part of the equity interests in each of Meidiya Investment, Yihe Investment and their subsidiaries when and to the extent permitted by PRC law.

Because of these contractual arrangements, Meidiya Investment and Yihe Investment are treated as our consolidated affiliated entities. If we, our PRC subsidiaries, Meidiya Investment, Yihe Investment or any of the existing and future subsidiaries of Meidiya Investment and Yihe Investment are found to be in violation of any existing or future PRC laws or regulations or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities, including the CIRC, would have broad discretion in dealing with such violations, including:

- revoking the business and operating licenses of our PRC subsidiaries and affiliated entities;
- restricting or prohibiting any related-party transactions among our PRC subsidiaries and affiliated entities;
- imposing fines or other requirements with which we or our PRC subsidiaries and affiliated entities may not be able to comply;
- requiring us or our PRC subsidiaries and affiliated entities to restructure the relevant ownership structure or operations; or
- restricting or prohibiting our use of the proceeds of this offering to finance our business and operations in China.

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The imposition of any of these penalties could result in a material and adverse effect on our ability to conduct our business.

We rely on contractual arrangements with our PRC affiliated entities and their subsidiaries and shareholders for our China operations, which may not be as effective in providing operational control as direct ownership.

We have relied and expect to continue to rely on contractual arrangements with our PRC affiliated entities, Meidiya Investment and Yihe Investment, and their subsidiaries and shareholders to operate our business in China. For a description of these contractual arrangements, see “Corporate Structure—Our Corporate Structure and Contractual Arrangements” and “Related Party Transactions—Contractual Arrangements with Our PRC Affiliated Entities, Their Shareholders and Their Subsidiaries.” These contractual arrangements may not be as effective in providing us with control over Meidiya Investment, Yihe Investment and their subsidiaries as direct ownership. We have no direct or indirect equity interests in Meidiya Investment, Yihe Investment or any of their subsidiaries.

If we had direct ownership of Meidiya Investment, Yihe Investment and their subsidiaries, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of Meidiya Investment, Yihe Investment and their subsidiaries, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. But under the current contractual arrangements, as a legal matter, if Meidiya Investment, Yihe Investment or any of their subsidiaries and shareholders fails to perform their obligations under these contractual arrangements, we may have to incur substantial costs and resources to enforce such arrangements and rely on legal remedies under PRC law, including seeking specific performance or injunctive relief and claiming damages, which may not be effective. For example, if the shareholders of Meidiya Investment and Yihe Investment were to refuse to transfer their equity interest in Meidiya Investment and Yihe Investment to us or our designee when we exercise the call option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal action to compel them to fulfill their contractual obligations.

To secure our loans to the three individual shareholders of Meidiya Investment and Yihe Investment, we entered into equity pledge agreements with them under which they pledged their equity interests in Meidiya Investment and Yihe Investment to us. But we were unable to register the pledges because the relevant local administration for industry and commerce, which maintain public records of business entities, did not handle this kind of pledge at the time when our equity pledge agreements became effective. This could allow the shareholders to dishonor their pledges and re-pledge the equity interests to another person. Due to the lack of registration with the relevant administration for industry and commerce, we rely on these individuals to abide by the contracts laws of China and honor their contracts with us. According to the Property Rights Law, which became effective as of October 1, 2007, pledge rights for a pledge of equity are created at the time of the processing of the registration of the pledge by the relevant administration for industry and commerce. Although the PRC Property Rights Law does not have retrospective effect on pledges created prior to its effectiveness, we would need to register our existing pledges with the relevant administration for industry and commerce before any third party could register its pledge rights in order to protect our pledge rights against any third party to whom the shareholders might re-pledge their equity interests after the effectiveness of the Property Rights Law. Due to the lack of operational procedures under the Property Rights Law applicable to the registration of equity pledges, we cannot assure you that we will be able to get our equity pledge registration processed by the relevant administration for industry and commerce before any third party would be able to complete the registration.

Many of these contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal environment in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. In the event we are unable to enforce these contractual arrangements, we may not be able to exert effective control over our affiliated entities, and our ability to conduct our business may be negatively affected.

The shareholders of our PRC affiliated entities may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Three individual shareholders, Mr. Jianguo Cui, Mr. Zhenyu Wang and Mr. Qiuping Lai, hold 100% of the equity interests in each of Meidiya Investment and Yihe Investment. Mr. Wang was designated by CDH Inservice Limited, one of our principal shareholders. Mr. Lai is our co-founder and chief operating officer. Mr. Cui was designated by Cathay Auto Services Limited, another of our principal shareholders. Conflicts of interest may arise between Mr. Wang's or Mr. Cui's dual role as a shareholder of our affiliated entities subject to various contractual arrangements with us and as a director or officer of CDH Inservice Limited or Cathay Auto Services Limited. Similarly, Mr. Lai's dual role as a shareholder of our affiliated entities and as our chief operating officer may cause conflicts of interest. We do not have existing arrangements to address these potential conflicts of interest and cannot assure you that when conflicts arise, those individuals will act in the best interest of our company or that conflicts will be resolved in our favor.

Contractual arrangements we have entered into among our subsidiaries and our PRC affiliated entities and their subsidiaries may be subject to scrutiny by the PRC tax authorities and a finding that we or our PRC affiliated entities and their subsidiaries owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among Yiqiman Management, our wholly owned subsidiary in China, Meidiya Investment and Yihe Investment and their subsidiaries do not represent an arm's-length price and adjust Meidiya Investment, Yihe Investment or any of their subsidiaries' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by Meidiya Investment, Yihe Investment or any of their subsidiaries, which could in turn increase their respective tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties on our affiliated entities for underpayment of taxes. Our consolidated net income may be materially and adversely affected if our affiliated entities' tax liabilities increase or if they are found to be subject to late payment fees or other penalties.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds we expect to receive from this offering to make loans to our PRC subsidiaries and PRC affiliated entities or to make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through PRC subsidiaries and PRC affiliated entities. In utilizing the proceeds we expect to receive from this offering for the purposes described in "Use of Proceeds," we may make loans to our PRC subsidiaries and PRC affiliated entities, or we may make additional capital contributions to our PRC subsidiaries.

Any loans we make to either of our directly-held PRC subsidiaries, Haidileji Enterprise or Yiqiman Management, both of which are treated as foreign-invested enterprises under PRC law, cannot exceed statutory limits and must be registered with the State Administration of Foreign Exchange, or SAFE, or its local counterparts. Under applicable PRC law, the Chinese regulators must approve the amount of a foreign-invested enterprise's registered capital, which represents shareholders' equity investments over a defined period of time, and the foreign-invested enterprise's total investment, which represents the total of the company's registered capital plus permitted loans. The registered capital/total investment ratio cannot be lower than the minimum statutory requirement and the excess of the total investment over the registered capital represents the maximum amount of borrowings that a foreign invested enterprise is permitted to have under PRC law. Our directly-held PRC subsidiaries are allowed to incur a total of HK\$184 million in foreign debts as of the date of this prospectus. We expect that the net proceeds we will receive from this offering will exceed the maximum amount of foreign debt our directly-held PRC subsidiaries are permitted to incur. If we were to advance some net proceeds to our

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directly-held PRC subsidiaries in the form of loans, we would have to apply to the relevant government authorities for an increase in their permitted total investment amounts. The various applications could be time consuming and their outcomes would be uncertain. Concurrently with the loans, we might have to make capital contributions to these subsidiaries in order to maintain the statutory minimum registered capital/total investment ratio, and such capital contributions involve uncertainties of their own, as discussed below. Furthermore, even if we make loans to our directly-held PRC subsidiaries that do not exceed their current maximum amount of borrowings, we will have to register each loan with SAFE or its local counterpart within 15 days after the signing of the relevant loan agreement. Subject to the conditions stipulated by SAFE, SAFE or its local counterpart will issue a registration certificate of foreign debts to us within 20 days after reviewing and accepting our application. In practice, it may take longer to complete such SAFE registration process.

Any loans we make to any of our indirectly-held PRC subsidiaries (those PRC subsidiaries which we hold indirectly through Haidileji Enterprise and Yiqiman Management) or to any of our PRC affiliated entities, all of which are treated as PRC domestic companies rather than foreign-invested enterprises under PRC law, are also subject to various PRC regulations and approvals. Under applicable PRC regulations, medium- and long-term international commercial loans to PRC domestic companies are subject to approval by the National Development and Reform Commission, and short-term international commercial loans to PRC domestic companies are subject to the balance control system effected by SAFE. Due to the above restrictions, we are not likely to make loans to any of our indirectly-held PRC subsidiaries or to any of our PRC affiliated entities.

Any capital contributions we make to our PRC subsidiaries, including directly-held and indirectly-held PRC subsidiaries, must be approved by the PRC Ministry of Commerce or its local counterparts and registered with SAFE or its local counterparts. Such applications and registrations could be time consuming and their outcomes would be uncertain.

We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or PRC affiliated entities or with respect to future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we expect to receive from this offering and to capitalize or otherwise fund our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

Risks Related to Doing Business in China

Adverse changes in economic and political policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could adversely affect our business.

Substantially all of our business operations are conducted in China. Accordingly, our results of operations, financial condition and prospects are subject to a significant degree to economic, political and legal developments in China. China's economy differs from the economies of most developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the PRC economy has experienced significant growth in the past 30 years or so, growth has been uneven across different regions and among various economic sectors of China. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. While some of these measures benefit the overall PRC economy, they may also have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although the PRC government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, the PRC government still owns a substantial portion of productive assets in China. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or

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companies. Since late 2003, the PRC government implemented a number of measures, such as raising interest rates and bank reserve requirements to place additional limitations on the ability of commercial banks to make loans, in order to contain the growth of specific segments of China's economy that it believed to be overheating. These actions, as well as future actions and policies of the PRC government, could materially affect our liquidity and access to capital and our ability to operate our business.

Our revenue and earnings from the distribution of life insurance products may be affected by fluctuations in interest rates and other general economic conditions in China.

General economic and market factors in China, such as changes in interest rates and in the securities markets, can affect our commission and fee revenue from the sale of life insurance products. These factors can affect the volume of new sales and the extent to which our customers keep their policies in force year after year. Due to China's recent fast growing economy, the Chinese government may take further measures, including further raising interest rates, in an effort to ensure sustainable economic growth. If interest rates were to further increase in the future, competing investment products offering higher returns could become more attractive to potential purchasers than the life insurance products we market and distribute. Increases in interest rates also may lead our customers to surrender and withdraw some life insurance policies purchased from us in order to seek other investments with higher returns. These surrenders and withdrawals will end the recurring fee revenue we would otherwise earn if the insurance policies were maintained. China's stock market has experienced substantial growth since 2005. The perceived higher returns of investments in the stock market also may lead to reduced sales, and early terminations, of certain life insurance policies, thus adversely affecting our commission and fee revenue. We cannot guarantee that we will be able to compete with alternative products if these market forces make the life insurance products we sell unattractive to our target customers.

Uncertainties with respect to the PRC legal system could adversely affect us.

We conduct our business primarily through our subsidiaries and affiliated entities in China. Our operations in China are governed by PRC laws and regulations. Our subsidiaries are generally subject to laws and regulations applicable to foreign investments in China and, in particular, laws applicable to wholly foreign-owned enterprises. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value.

Although since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China, China has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until some time after the violation. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China based on United States or other foreign laws against us or our management named in the prospectus.

We conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, all of our senior executive officers reside within China. As a result, it may not be possible to effect service of process within the United States or elsewhere outside China upon our senior executive officers, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Moreover, our PRC counsel has advised us that the PRC does not have treaties with the United States or many other countries providing for the reciprocal recognition and enforcement of judgment of courts.

Governmental control of currency conversion may affect the value of your investment.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in RMB. Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries and our affiliated entities to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. But approval from appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

If we are considered a “resident enterprise” under the new PRC tax law or if income tax on the dividends that we receive from our PRC subsidiaries cannot be exempted, our results of operations and financial conditions would be materially and adversely affected.

On March 16, 2007, the National People’s Congress of China enacted the Enterprise Income Tax Law, or the new tax law, which will become effective on January 1, 2008. Under currently applicable PRC tax laws, we are exempted from withholding tax on the dividends received from our subsidiaries in China. Under the new tax law, enterprises established under the laws of foreign countries or regions whose “de facto management bodies” are located within the PRC territory are considered as “resident enterprises” and thus will normally be subject to the enterprise income tax, or EIT, at the rate of 25% on global income. Non-resident enterprises with an institution or establishment inside China must pay enterprise income tax at the rate of 25% on income derived from inside China as well as on income earned outside China but which has a connection with such institution or establishment. Non-resident enterprises without any institution or establishment inside China or non-resident enterprises whose income has no connection to its institution or establishment inside China must pay a withholding enterprise income tax at the rate of 20% on income derived from inside China. Under the new tax law, dividends, bonuses and other equity investment proceeds received by an enterprise are exempt from EIT if distributed between qualified resident enterprises or if obtained by a non-resident enterprise with institutions or establishments in China from a resident enterprise and which have a connection with such institutions or establishments.

The new tax law allows for exemptions or reductions from withholding of EIT in respect of dividends, bonuses and other equity investment proceeds obtained by non-resident enterprises without any institution or establishment inside China, or by non-resident enterprises with an institution or establishment inside China if the relevant proceeds have no connection to such institution or establishment inside China. However, the new tax law does not define the term “de facto management bodies” nor does it clarify the scope of eligibility for exemptions or reductions from the withholding tax. Therefore, we cannot assure you that we will not be considered a “resident enterprise” under the new tax law and therefore be subject to the new tax law at the rate of 25% on our global income. We also cannot assure you that the withholding EIT on the dividends we receive from our subsidiaries will be exempted or reduced.

We rely principally on dividends and other distributions on equity paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our subsidiaries entities to make payments to us could have a material adverse effect on our ability to conduct our business.

We are a holding company, and we rely principally on dividends from our subsidiaries in China and service, license and other fees paid to our wholly owned subsidiaries by some of our affiliated entities for our cash

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requirements, including any debt we may incur. As of the date of this prospectus, our subsidiaries in China have declared dividends of RMB7.0 million, RMB25.0 million, RMB38.0 million (US\$5.0 million) for the years 2004, 2005 and 2006, respectively. We allowed our subsidiaries in China to defer payment of these dividends in order to use the additional cash to grow their businesses. In 2007, we paid out RMB28.7 million (US\$3.8 million) of the previously declared but unpaid dividends, and we expect to pay out the remainder to our existing shareholders before the completion of this offering. In October 2007, we declared dividends of RMB70.0 million (US\$9.2 million) for the year 2007 and we expect to pay out these declared dividends before the completion of this offering. Current PRC regulations permit our subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our subsidiaries and affiliated entities in China is required to set aside at least 10% of its after-tax profits each year as reported in its PRC statutory financial statements, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital, and each of our subsidiaries that are considered foreign invested enterprises is required to further set aside a portion of its after-tax profits as reported in its PRC statutory financial statements to fund the employee welfare fund at the discretion of the board. These reserves are not distributable as cash dividends. As of December 31, 2006, the total retained earnings of our PRC subsidiaries available for dividend distributions were RMB81.8 million (US\$10.8 million). Furthermore, if our subsidiaries and affiliated entities in China incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. In addition, the PRC tax authorities may require us to adjust our taxable income under the contractual arrangements we currently have in place in a manner that would materially and adversely affect our subsidiaries' ability to pay dividends and other distributions to us. Any limitation on the ability of our subsidiaries and affiliated entities to distribute dividends or other payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends, or otherwise fund and conduct our business.

Recent PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident shareholders to personal liability and limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute profits to us, or otherwise adversely affect us.

The SAFE issued a public notice in October 2005, commonly known in China as "SAFE Circular 75," requiring PRC residents to register with the local SAFE branch before establishing or controlling any company outside of China, referred to in the notice as an "offshore special purpose company," for the purpose of raising capital backed by assets or equities of PRC companies. PRC residents that are shareholders of offshore special purpose companies established before November 1, 2005 were required to register with the local SAFE branch before March 31, 2006. See "Regulation—Regulations on Foreign Exchange—Foreign Exchange Registration of Offshore Investment by PRC Residents."

Almost all of the shareholders of CAA Holdings Company Limited and Kingsford Resources Limited, two British Virgin Islands companies that indirectly held beneficial ownership interests in CISG, our wholly-owned subsidiary, before our restructuring in July 2007, are PRC residents. After our restructuring, the shareholders of CAA Holdings Company Limited and Kingsford Resources Limited became our indirect beneficial owners. To our knowledge, a total of 167 beneficial owners of our company will need to either file initial registrations or amend their previously filed registrations with SAFE in connection with our restructuring and this offering. We have requested our beneficial owners who are PRC residents to make the necessary applications, filings and amendments as required under SAFE Circular 75 and other related rules. We attempt to comply, and attempt to ensure that our beneficial owners who are subject to these rules comply, with the relevant requirements. However, we cannot assure you that all of our beneficial owners who are PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements under SAFE Circular 75 or other related rules. The failure of these beneficial owners to timely amend their SAFE registrations pursuant to SAFE Circular 75 or the failure of future beneficial owners of our company who are PRC residents to comply with the registration procedures set forth in SAFE Circular 75 may subject such beneficial owners to fines and legal sanctions and may also limit our ability to contribute capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute dividends to our company or otherwise adversely affect our business.

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On December 25, 2006, the People's Bank of China promulgated the "Measures for the Administration of Individual Foreign Exchange," and on January 5, 2007, the SAFE further promulgated implementation rules for those measures (collectively, referred to as the "Individual Foreign Exchange Rules"). Both became effective on February 1, 2007. According to the implementation rules, PRC citizens who are granted shares or share options by a company listed on an overseas stock market according to its employee share option or share incentive plan are required, through the PRC subsidiary of such overseas listed company or any other qualified PRC agent, to register with the SAFE and to complete certain other procedures related to the share option or other share incentive plan. Foreign exchange income received from the sale of shares or dividends distributed by the overseas listed company may be remitted into a foreign currency account of such PRC citizen or be exchanged into Renminbi. Our PRC citizen employees who have been granted share options will be subject to the Individual Foreign Exchange Rules upon the listing of our ADSs on the Nasdaq Global Market. If we or our PRC citizen employees fail to comply with these regulations, we or our PRC option holders may be subject to fines and legal sanctions.

Fluctuation in the value of the RMB may have a material adverse effect on your investment.

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the RMB to the U.S. dollar. Under the new policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in an approximately 9.5% appreciation of the RMB against the U.S. dollar between July 21, 2005 and September 30, 2007. While the international reaction to the RMB revaluation has generally been positive, there remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of the RMB against the U.S. dollar. But on the other hand, there is no assurance that the RMB would not depreciate against the U.S. dollar in the future.

Our revenues and costs are mostly denominated in the RMB, and a significant portion of our financial assets are also denominated in RMB. We rely entirely on dividends and other fees paid to us by our subsidiaries and affiliated entities in China. Any significant appreciation or depreciation of the RMB against the U.S. dollar may affect our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable on, our ADSs in U.S. dollars. For example, a further appreciation of the RMB against the U.S. dollar would make any new RMB-denominated investments or expenditures more costly to us, to the extent that we need to convert U.S. dollars into the RMB for such purposes. An appreciation of the RMB against the U.S. dollar would also result in foreign currency translation losses for financial reporting purposes when we translate our U.S. dollar denominated financial assets into the RMB, as the RMB is our reporting currency. Conversely, a significant depreciation of the RMB against the U.S. dollar may significantly reduce the U.S. equivalent of the earnings of our PRC subsidiaries and affiliated entities, and may adversely affect the price of our ADSs.

The approval of the China Securities Regulatory Commission, or the CSRC, may be required in connection with this offering under a recently adopted PRC regulation. Based on advice of our PRC counsel, we do not intend to seek CSRC's approval for this offering. Any requirement to obtain prior CSRC approval could delay this offering and a failure to obtain this approval, if required, could have a material adverse effect on our business, operating results, reputation and trading price of our ADSs, and may also create uncertainties for this offering.

On August 8, 2006, six PRC regulatory agencies, namely, the PRC Ministry of Commerce, the State Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, the CSRC and the SAFE, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, which became effective on September 8, 2006. The new regulations purport, among other things, to require offshore special purpose vehicles, or SPVs, formed for overseas listing purposes and controlled by PRC companies or individuals to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange. On September 21, 2006, the CSRC

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published a notice on its official website specifying documents and materials required to be submitted to it by SPVs seeking CSRC approval of their overseas listings.

While the application of the new regulations remain unclear, our PRC counsel, Commerce & Finance Law Offices, has advised us that, based on their understanding of the current PRC laws and regulations as well as the procedures announced on September 21, 2006:

- the CSRC has jurisdiction over our offering;
- the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this new procedure; and
- despite the above, given that we have completed our inbound investment before September 8, 2006, the effective date of the new regulations, an application is not required under the new regulations to be submitted to the CSRC for its approval of the listing and trading of our ADSs on the Nasdaq Global Market, unless we are clearly required to do so by subsequent rules of the CSRC.

Based on advice of our PRC counsel, we do not intend to seek CSRC's approval for this offering. We, however, cannot assure you that the relevant PRC government agencies, including the CSRC, would reach the same conclusion as our PRC counsel. If the CSRC or other PRC regulatory agencies subsequently determines that we need to obtain the CSRC's approval for this offering, we may face sanctions by the CSRC or other PRC regulatory agencies. In such event, these regulatory agencies may impose fines and penalties on our operations in the PRC, limit our operating privileges in the PRC, delay or restrict the repatriation of the proceeds from this offering into the PRC, or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to halt this offering before settlement and delivery of the ADSs offered by this prospectus.

The recently adopted regulation discussed above could also make it more difficult for us to pursue growth through acquisitions.

The new regulations discussed in the preceding risk factor also established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex, including requirements in some instances that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. To date, we have conducted our acquisitions in China exclusively through our PRC affiliated entities. In the future, we may grow our business in part by directly acquiring complementary businesses rather than through our PRC affiliated entities, although we do not have any plans to do so at this time. Complying with the requirements of the new regulations to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Risks Related to Our ADSs and This Offering

There has been no public market for our shares or ADSs prior to this offering, and you may not be able to resell our ADSs at or above the price you paid, or at all.

Prior to this initial public offering, there has been no public market for our shares or ADSs. We have applied to list our ADSs on the Nasdaq Global Market. Our ordinary shares will not be listed on any exchange or quoted for trading on any automated quotation system. If an active trading market for our ADSs does not develop after this offering, the market price and liquidity of our ADSs will be materially and adversely affected.

The initial public offering price for our ADSs will be determined by negotiations between us and the underwriters and may bear no relationship to the market price for our ADSs after the initial public offering. An

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active trading market for our ADSs may not develop and the market price of our ADSs may decline below the initial public offering price.

The market price for our ADSs may be volatile.

The market price for our ADSs may be volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our quarterly operating results;
- changes in financial estimates by securities research analysts;
- conditions in the Chinese insurance industry;
- changes in the economic performance or market valuations of other insurance intermediaries;
- announcements by us or our competitors of new products, acquisitions, strategic partnerships, joint ventures or capital commitments;
- addition or departure of key personnel;
- fluctuations of exchange rates between the RMB and U.S. dollar or other foreign currencies;
- potential litigation or administrative investigations;
- release of lock-up or other transfer restrictions on our outstanding ADSs or ordinary shares or sales of additional ADSs; and
- general economic or political conditions in China.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our ADSs.

You will experience immediate and substantial dilution in the net tangible book value of ADSs purchased.

The initial public offering price per ADS will be substantially higher than the net tangible book value per ADS prior to the offering. Consequently, when you purchase ADSs in the offering at the initial public offering price of US\$ per ADS (the midpoint of the estimated initial public offering price range shown on the front cover of this prospectus), you will incur immediate dilution of US\$ per ADS, representing the difference between our net tangible book value per ADS as of December 31, 2006, after giving effect to this offering, and the assumed initial public offering price. In other words, investors who purchase our ADSs in this offering will contribute % of the total amount we received from our shareholders, but will own only % of our total shares outstanding immediately after this offering. See “Dilution.” In addition, you may experience further dilution to the extent that additional ordinary shares are issued upon exercise of outstanding options and options we may grant from time to time. As of the date of this prospectus, there are 5,473,684 ordinary shares issuable upon the exercise of outstanding options at an exercise price below the price per share in this offering; the exercise price of these options is RMB2.3214 (US\$0.30) per share.

We may need additional capital, and the sale of additional ADSs or other equity securities could result in additional dilution to our shareholders.

We believe that our current cash and cash equivalents, anticipated cash flow from operations and the proceeds from this offering will be sufficient to meet our anticipated cash needs for the foreseeable future. We may, however, require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If these resources are

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insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity securities could result in additional dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

Substantial future sales of our ordinary shares or ADSs in the public market, or the perception that these sales could occur, could cause the price of our ADSs to decline.

Additional sales of our ordinary shares or ADSs in the public market after this offering, or the perception that these sales could occur, could cause the market price of our ADSs to decline. Upon completion of this offering, we will have ordinary shares outstanding, including ordinary shares represented by ADSs. In addition, options to purchase 47,473,684 ordinary shares of our company are outstanding as of the date of this prospectus. All ADSs sold in this offering will be freely transferable without restriction or additional registration under the Securities Act of 1933. The remaining ordinary shares outstanding after this offering will be available for sale, upon the expiration of the 180-day lock-up period beginning from the date of the prospectus, subject to volume and other restrictions as applicable under Rule 144 and Rule 701 under the Securities Act. See “Shares Eligible for Future Sale” and “Underwriters” for a detailed description of the lock-up restrictions. Any or all of these shares may be released prior to expiration of the lock-up period at the discretion of the lead underwriters for this offering. To the extent shares are released before the expiration of the lock-up period and these shares are sold into the market in the form of ADSs, the market price of our ADSs could decline.

In addition, certain holders of our ordinary shares after the completion of this offering will have the right to require us to register the sale of a total of shares under the Securities Act. Sales of these shares in the form of ADSs in the public market under an effective registration statement could cause the price of our ADSs to decline.

Our corporate actions are substantially controlled by our officers, directors and principal shareholders.

After this offering, our executive officers, directors and principal shareholders will beneficially own approximately % of our outstanding shares. These shareholders could exert substantial influence over matters requiring approval by our shareholders, including electing directors and approving mergers or other business combination transactions, and they may not act in the best interests of other minority shareholders. This concentration of our share ownership also may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and might reduce the price of our ADSs. These actions may be taken even if they are opposed by our other shareholders, including those who purchase ADSs in this offering.

You may not have the same voting rights as the holders of our ordinary shares and may not receive voting materials in time to be able to exercise your right to vote.

As a holder of ADSs, you will not be treated as one of our shareholders. Instead, the depositary will be treated as the holder of the shares underlying your ADSs. However, you may exercise some of the shareholders’ rights through the depositary, and you will have the right to withdraw the shares underlying your ADSs from the deposit facility as described in “Description of American Depositary Shares—Deposit, Withdrawal and Cancellation” and “—Your Right to Receive the Shares Underlying Your ADRs.”

Except as described in this prospectus and in the deposit agreement, holders of our ADSs will not be able to exercise voting rights attaching to the shares evidenced by our ADSs on an individual basis. Holders of ADSs may instruct the depositary to exercise the voting rights attaching to the Shares represented by the ADSs. If no instructions are received by the depositary on or before a date established by the depositary, the depositary shall deem the holders to have instructed it to give a discretionary proxy to a person designated by us to exercise their voting rights. You may not receive voting materials in time to instruct the depositary to vote, and it is possible

that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

You may not be able to participate in rights offerings and may experience dilution of your holdings as a result.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. Under the deposit agreement for the ADSs, the depositary will not offer those rights to ADS holders unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act with respect to all holders of ADSs. We are under no obligation to file a registration statement with respect to any such rights or underlying securities or to endeavor to cause such a registration statement to be declared effective. In addition, we may not be able to take advantage of any exemptions from registration under the Securities Act. Accordingly, holders of our ADSs may be unable to participate in our rights offerings and may experience dilution in their holdings as a result.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

You may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited, because we are incorporated under Cayman Islands law, conduct substantially all of our operations in China and most of our directors and officers reside outside the United States. In addition, Cayman Islands securities laws provide significantly less protection to investors as compared to U.S. laws.

We are incorporated in the Cayman Islands, and conduct substantially all of our operations in China through our wholly owned subsidiaries and consolidated affiliated entities in China. Most of our directors and officers reside outside the United States and some or all of the assets of those persons are located outside of the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the Cayman Islands or in China in the event that you believe that your rights have been infringed under the securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will generally recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits. For more information regarding the relevant laws of the Cayman Islands and China, see “Enforceability of Civil Liabilities.”

Our corporate affairs are governed by our memorandum and articles of association and by the Companies Law (2007 Revision) and common law of the Cayman Islands. The rights of shareholders to take legal action against our directors and us, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States. In particular, because Cayman Islands law has no legislation specifically dedicated to the rights of investors in securities, and thus no statutorily defined private causes of action specific to investors in securities such as those found under the Securities Act of 1933 or the Securities Exchange Act of 1934 in the United States,

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it provides significantly less protection to investors. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action before the federal courts of the United States.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests through actions against our management, directors or major shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

Our articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and ADSs.

We intend to adopt amended and restated articles of association that will become effective upon the completion of this offering. Our new articles of association will contain provisions limiting the ability of others to acquire control of our company or cause us to enter into change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. For example, our board of directors will have the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADS or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of our ADSs may fall and the voting and other rights of the holders of our ordinary shares and ADSs may be materially and adversely affected.

Our management will have considerable discretion as to the use of the net proceeds from this offering.

Our management will have considerable discretion in the application of the net proceeds received by us. You will not have the opportunity, as part of your investment decision, to assess whether proceeds are being used appropriately. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. The net proceeds may be used for corporate purposes that do not improve our efforts to maintain profitability or increase the price of our ADSs. The net proceeds from this offering may be placed in investments that do not produce income or that lose value.

Because we do not expect to pay dividends in the foreseeable future, you must rely on price appreciation of our ADSs for any return on your investment.

Although we have declared cash dividends in the past, we currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our ADSs will likely depend entirely upon any future price appreciation of our ADSs. There is no guarantee that our ADSs will appreciate in value after this offering or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in our ADSs and you may even lose your entire investment in our ADSs.

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We may be classified as a passive foreign investment company, which could result in adverse United States federal income tax consequences for U.S. Holders.

Based on the estimated value of our company before this offering, the price of the ADSs in this offering, as well as the expected price of our ADSs and ordinary shares following this offering, and the composition of our income and assets, we do not expect to be considered a “passive foreign investment company,” or PFIC, for United States federal income tax purposes for our current taxable year ending December 31, 2007. However, we must make a separate determination each year as to whether we are a PFIC (after the close of each taxable year). Accordingly, we cannot assure you that we will not be a PFIC for our current taxable year ending December 31, 2007 or any future taxable year. A non-U.S. corporation will be considered a PFIC for any taxable year if either (i) at least 75% of its gross income is passive income or (ii) at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income. The value of our assets generally will be determined by reference to the market price of our ADSs or ordinary shares, which may fluctuate considerably. In addition, the composition of our income and assets will be affected by how, and how quickly, we spend the cash we raise in any offering. If we were treated as a PFIC for any taxable year during which a U.S. Holder held an ADS or an ordinary share, a U.S. Holder directly or indirectly owning the ADSs or ordinary shares would be required to (i) pay an interest charge together with tax calculated at maximum ordinary income rates on “excess distributions,” which are defined to include gain on a sale or other disposition of the ADSs or ordinary shares, or (ii) so long as the ADSs or ordinary shares are regularly traded on a qualified exchange, elect to recognize as ordinary income each year the excess in the fair market value, if any, of the ADSs or ordinary shares held (or deemed held) by the holder at the end of the taxable year over such holder’s adjusted basis in such ADSs or ordinary shares and, to the extent of prior inclusions of ordinary income, recognize ordinary loss for the decrease in value of such ADSs or ordinary shares. For the definition of “U.S. Holder” and a more detailed discussion of United States federal income tax consequences to U.S. Holders, see “Taxation—United States Federal Income Taxation—Passive Foreign Investment Company.”

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that reflect our current expectations and views of future events. The forward looking statements are contained principally in the sections entitled “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business.” Known and unknown risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify some of these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements relating to:

- our anticipated growth strategies;
- the anticipated growth of our life insurance business;
- our future business development, results of operations and financial condition;
- factors that affect our future revenues and expenses;
- the future growth of the Chinese insurance industry as a whole and the professional insurance intermediary sector in particular;
- trends and competition in the Chinese insurance industry; and
- economic and demographic trends in the PRC.

You should read thoroughly this prospectus and the documents that we refer to with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements. Other sections of this prospectus include additional factors which could adversely impact our business and financial performance.

This prospectus contains statistical data that we obtained from various government publications. We have not independently verified the data in these reports. Statistical data in these publications also may include projections based on a number of assumptions. If any one or more of the assumptions underlying the statistical data turns out to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

USE OF PROCEEDS

We estimate that, assuming an initial public offering price of US\$ per ADS, the midpoint of the estimated range of the initial public offering price, the net proceeds to us from this offering, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us and assuming no exercise of the underwriters' over-allotment option, will be approximately US\$ million. If the underwriters exercise their over-allotment option in full, we estimate that the net proceeds to us will be approximately US\$ million. Assuming the number of ADSs offered by us as set forth on the cover page of this prospectus remains the same, a US\$1.00 increase (decrease) in the assumed initial public offering price of US\$ per ADS would increase (decrease) the net proceeds of this offering to us by US\$ million after deducting underwriting discounts and commissions and the estimated offering expenses payable by us.

We intend to use the net proceeds from this offering as follows:

- up to US\$60 million to fund acquisitions and establishment of joint ventures in order to enter new geographical markets and further expand our product and service offerings;
- up to US\$40 million to fund enhancement of our service systems, including approximately US\$28 million for the upgrading of our IT infrastructure, approximately US\$8 million for the expansion of our call center operations and the establishment of Internet-based direct sales operations, and approximately US\$4 million for other capital expenditures; and
- the balance to fund our working capital requirements.

At this time, we have not entered into advanced discussions or negotiations with respect to any potential material acquisitions. Our management will have significant flexibility in applying the net proceeds we receive from this offering. Depending on future events and other changes in the business climate, we may determine at a later time to use the net proceeds for different purposes. Pending their use, we intend to invest our net proceeds in short-term, interest-bearing bank deposits.

We intend to make capital contributions or loans to our directly-held PRC subsidiaries and have our directly-held PRC subsidiaries make loans to our PRC affiliated entities so that the net proceeds of the offering can be used in the manner described above. Such capital contributions or loans are subject to a number of limitations and approval processes under PRC laws and regulations. We cannot assure you that we can obtain the approvals from the relevant governmental authorities, or complete the registration and filing procedures required to use our net proceeds as described above, in each case on a timely basis, or at all. See "Risk Factors—Risks Related to Our Corporate Structure—PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC operating subsidiaries and affiliated entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business."

We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.

DIVIDEND POLICY

In 2006, we declared dividends of RMB170 and RMB523 per share for 2004 and 2005, respectively. In March 2007, we declared a dividend of RMB585 (US\$77) per share for 2006. These dividends were not paid at the time they were declared. In 2007, we paid out RMB28.7 million (US\$3.8 million) of the previously declared but unpaid dividends, and we expect to pay out the remainder of those previously declared but unpaid dividends to our existing shareholders before the completion of this offering. In October 2007, after we issued new ordinary shares on a 10,000 for-one basis in exchange for CISG shares, we declared a dividend of RMB0.102308 per share for 2007 and we expect to pay out these declared dividends before the completion of this offering. We have no plan to declare and pay cash dividends in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Our board of directors has complete discretion as to whether to distribute dividends. Even if our board of directors decides to pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors.

If we pay any dividends, we will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See “Description of American Depositary Shares.” Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

We are a holding company incorporated in the Cayman Islands. We rely on dividends from our subsidiaries in China to fund our payment of dividends, if any, to our shareholders. Current PRC regulations permit our subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our subsidiaries in China is required to set aside a certain amount of its accumulated after-tax profits each year, if any, to fund certain statutory reserves. These reserves may not be distributed as cash dividends. Further, if our subsidiaries in China incur debt on their own behalf, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. Furthermore, the new PRC enterprise income tax law scheduled to take effect on January 1, 2008 may eliminate the current exemption of enterprise income tax on dividends derived by foreign investors from foreign invested enterprises and may impose on our subsidiaries in China an obligation to withhold tax on dividend distributions to us.

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2007:

- on an actual basis; and
- on an adjusted basis to give effect to the issuance and sale of the ordinary shares in the form of ADSs by us in this offering, assuming an initial public offering price of US\$ per ADS, the mid-point of the estimated range of the initial public offering price, after deducting underwriting discounts, commissions and estimated offering expenses and assuming no exercise of the underwriters' over-allotment option.

You should read this table together with our consolidated financial statements and the related notes included elsewhere in this prospectus and the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of June 30, 2007			
	Actual		As Adjusted	
	RMB	US\$	RMB	US\$
	(in thousands)			
Indebtedness:				
Long-term borrowings	99	13		
Shareholders' equity:				
Ordinary shares, US\$0.001 par value, 1,000,000,000 authorized shares, 650,000,000 shares issued and outstanding	5,073	667		
Additional paid-in capital	370,618	48,688		
Accumulative other comprehensive loss	(61)	(8)		
Accumulated deficit	(64,706)	(8,501)		
Total shareholders' equity	310,924	40,846		
Total capitalization	311,023	40,859		

Assuming the number of ADSs offered by us as set forth on the cover page of this prospectus remains the same, and after deduction of underwriting discounts and commissions and the estimated offering expenses payable by us, a US\$1.00 increase (decrease) in the assumed initial public offering price of US\$ would increase (decrease) each of additional paid-in capital, total shareholders equity and total capitalization by RMB (US\$).

DILUTION

If you invest in our ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the fact that the initial public offering price per ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of June 30, 2007 was approximately RMB million (US\$ million), or RMB (US\$) per ordinary share as of that date, and US\$ per ADS. Net tangible book value represents the amount of our total consolidated tangible assets, less the amount of our total consolidated liabilities. Dilution is determined by subtracting net tangible book value per ordinary share, after giving effect to the additional proceeds we will receive from this offering, from the assumed initial public offering price per ordinary share, which is the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Without taking into account any other changes in net tangible book value after June 30, 2007, other than to give effect to our sale of the ADSs offered in this offering at the initial public offering price of US\$ per ADS, the midpoint of the estimated range of the initial offering price, after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma net tangible book value as of June 30, 2007 would have been RMB million (US\$ million), or RMB (US\$) per outstanding ordinary share, and RMB (US\$) per ADS. This represents an immediate increase in net tangible book value of US\$ per ordinary share and US\$ per ADS, to the existing shareholders and an immediate dilution in net tangible book value of US\$ per ordinary share and US\$ per ADS, to investors purchasing ADSs in this offering. The following table illustrates such dilution:

Assumed initial public offering price per ordinary share	US\$
Net tangible book value per ordinary share as of June 30, 2007	US\$
Pro forma net tangible book value per ordinary share after giving effect to this offering	US\$
Pro forma net tangible book value per ADS after giving effect to this offering	US\$
Amount of dilution in net tangible book value per ordinary share to new investors in the offering	US\$
Amount of dilution in net tangible book value per ADS to new investors in the offering	US\$

The following table summarizes, on a pro forma basis as of June 30, 2007, the differences between existing shareholders and the new investors with respect to the number of ordinary shares (in the form of ADSs or shares) purchased from us, the total consideration paid and the average price per ordinary share/ADS paid before deducting the underwriting discounts and commissions and estimated offering expenses. The total number of ordinary shares does not include ordinary shares underlying the ADSs issuable upon the exercise of the overallotment option granted to the underwriters.

	Ordinary Shares Purchased		Total Consideration		Average Price Per Ordinary Share	Average Price Per ADS
	Number	Percent	Amount	Percent		
Existing shareholders		%	US\$	%	US\$	US\$
New investors						
Total		%	US\$	%		

A US\$1.00 increase (decrease) in the assumed public offering price of US\$ per ADS would increase (decrease) our pro forma net tangible book value after giving effect to the offering by US\$ million, the pro forma net tangible book value per ordinary share and per ADS after giving effect to this offering by US\$ per ordinary share and US\$ per ADS and the dilution in pro forma net tangible book value

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per ordinary share and per ADS to new investors in this offering by US\$ per ordinary share and per ADS, assuming no charge to the number of ADSs offered by us as set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and other offering expenses.

The pro forma information discussed above is illustrative only. Our net tangible book value following the completion of this offering is subject to adjustment based on the actual initial public offering price of our ADSs and other terms of this offering determined at pricing.

The discussion and tables above also assume no exercise of any outstanding stock options. As of the date of this prospectus, there were 5,473,684 ordinary shares issuable upon exercise of outstanding stock options at an exercise price of RMB2.3214 (US\$0.30) per share and an additional 42,000,000 ordinary shares issuable upon the exercise of options outstanding at an exercise price to be equal to the price per ordinary share in this offering, and there were 26,421,053 ordinary shares available for future issuance upon the exercise of future grants under our 2007 share incentive plan. To the extent that any of these options are exercised, there will be further dilution to new investors.

EXCHANGE RATE INFORMATION

Our business is primarily conducted in China and all of our revenues are denominated in Renminbi. This prospectus contains translations of RMB amounts into U.S. dollars at specific rates solely for the convenience of the reader. The conversion of RMB into U.S. dollars in this prospectus is based on the noon buying rate in The City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise noted, all translations from RMB to U.S. dollars and from U.S. dollars to RMB in this prospectus were made at a rate of RMB7.6120 to US\$1.00, the noon buying rate in effect as of June 29, 2007. We make no representation that any RMB or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or RMB, as the case may be, at any particular rate, the rates stated below, or at all. The Chinese government imposes control over its foreign currency reserves in part through direct regulation of the conversion of RMB into foreign exchange and through restrictions on foreign trade. On October 10, 2007, the noon buying rate was RMB7.5075 to US\$1.00.

The following table sets forth information concerning exchange rates between the RMB and the U.S. dollar for the periods indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this prospectus or will use in the preparation of our periodic reports or any other information to be provided to you. The source of these rates is the Federal Reserve Bank of New York.

Period	Noon Buying Rate			
	Period End	Average(1)	Low	High
		(RMB per US\$1.00)		
2002	8.2800	8.2772	8.2800	8.2700
2003	8.2767	8.2771	8.2800	8.2765
2004	8.2765	8.2768	8.2774	8.2764
2005	8.0702	8.1826	8.2765	8.0702
2006	7.8041	7.9579	8.0702	7.8041
2007				
Six months ended June 30	7.6120	7.7014	7.8127	7.6120
April	7.7090	7.7247	7.7345	7.7090
May	7.6516	7.6773	7.7065	7.6463
June	7.6120	7.6333	7.6680	7.6120
July	7.5720	7.5757	7.6055	7.5580
August	7.5462	7.5734	7.6181	7.5420
September	7.4928	7.5196	7.5540	7.4928
October (through October 10)	7.5075	7.5088	7.5158	7.5000

- (1) Averages for a period are calculated by using the average of the exchange rates on the end of each month during the period. Monthly averages are calculated by using the average of the daily rates during the relevant period.

ENFORCEABILITY OF CIVIL LIABILITIES

We were incorporated in the Cayman Islands in order to enjoy certain benefits, such as political and economic stability, an effective judicial system, a favorable tax system, the absence of exchange control or currency restrictions, and the availability of professional and support services. However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include a less developed body of Cayman Islands securities laws that provide significantly less protection to investors as compared to the laws of the United States, and the potential lack of standing by Cayman Islands companies to sue before the federal courts of the United States.

Our organizational documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

Substantially all of our operations are conducted in China, and substantially all of our assets are located in China. A majority of our directors and officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have appointed CT Corporation System, 111 Eighth Avenue, New York, NY 10011, as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Maples and Calder, our counsel as to Cayman Islands law, and Commerce and Finance Law Offices, our counsel as to PRC law, have advised us, respectively, that there is uncertainty as to whether the courts of the Cayman Islands and China, respectively, would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Maples and Calder has further advised us that a final and conclusive judgment in the federal or state courts of the United States under which a sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings as a debt in the courts of the Cayman Islands under the common law doctrine of obligation.

Commerce & Finance Law Offices has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on reciprocity between jurisdictions. China does not have any treaties or other agreements that provide for the reciprocal recognition and enforcement of foreign judgments with the United States. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. So, it is uncertain whether a PRC court would enforce a judgment rendered by a court in the United States.

CORPORATE STRUCTURE

Our History

Our founders, Mr. Yinan Hu and Mr. Qiuping Lai, formed two PRC companies, Guangzhou Nanyun Car Rental Services Co., Ltd. and Guangdong Nanfeng Automobile Association Co., Ltd., initially to provide automobile-related services, such as car rental and emergency services. In 1999, we began distributing automobile insurance products on an ancillary basis. In 2001, our founders transferred their interests in the two PRC companies to China United Financial Services, then known as China Automobile Association Holdings Limited, a newly established British Virgin Islands company, as part of a series of transactions in which Cathay Capital Group, a private equity group, made an investment in China United Financial Services by subscribing for 40% of the equity interests. We established two insurance agencies, Beijing Fanlian Insurance Agency Co., Ltd. and Guangdong Nanfeng Insurance Agency Co., Ltd., in April and May 2002, respectively, and obtained professional agency licenses to distribute insurance products in Beijing and Guangdong.

As part of its corporate restructuring to facilitate international fundraising, China United Financial Services incorporated CISG, a British Virgin Islands company, in June 2004 as the holding company for its insurance agency and brokerage businesses and transferred to CISG all of its rights and interests in four PRC insurance intermediary companies it then controlled. In September 2004, Cathay Capital Group subscribed for approximately 27.8% of the equity interests in CISG. Between June 2004 and December 2005, we expanded our operations by establishing eight insurance agencies and brokerages in Beijing, Sichuan and Guangdong.

In December 2005, an entity affiliated with CDH, a private equity firm, subscribed for approximately 26.4% of the equity interests in CISG. In connection with this investment, the shareholders of CISG entered into a shareholder agreement that provided for, among other things, the management of the affairs of CISG. With the assistance of the CDH investment, we further expanded our operations by acquiring three insurance agencies in Sichuan, Hebei and Fujian, respectively, and establishing four insurance agencies in Shandong, Hunan, Shenzhen and Shanghai, respectively, in 2006. We established one insurance agency in Fujian and one insurance brokerage in Guangdong, respectively, in early 2007. In anticipation of this offering, we incorporated CNinsure Inc. in the Cayman Islands in April 2007. In July 2007, CNinsure Inc., on a 10,000-for-one basis, issued its ordinary shares to then the existing shareholders of CISG in exchange for all of the outstanding shares of CISG. After this restructuring transaction, CNinsure became the ultimate holding company of our group.

Our Corporate Structure and Contractual Arrangements

PRC laws and regulations place certain restrictions on foreign investment in and ownership of insurance agencies and brokerages. Accordingly, we conduct our operations in China principally through contractual arrangements among three of our PRC subsidiaries, two PRC affiliated entities and their shareholders, and the subsidiaries of the two PRC affiliated entities.

The three PRC subsidiaries are:

- Yiqiman Management, which is party to various agreements with the shareholders of our PRC affiliated entities;
- Guangzhou Zhongqi Enterprise Management Consulting Company Limited, or Zhongqi Consulting, which is party to a number of technology consulting and service agreements with some subsidiaries of our PRC affiliated entities; and
- Beijing Ruisike Management Consulting Company Limited, or Ruisike Consulting, which is party to a number of technology consulting and service agreements and trademark licensing agreement with some subsidiaries of our PRC affiliated entities.

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The two PRC affiliated entities are:

- Meidiya Investment; and
- Yihe Investment.

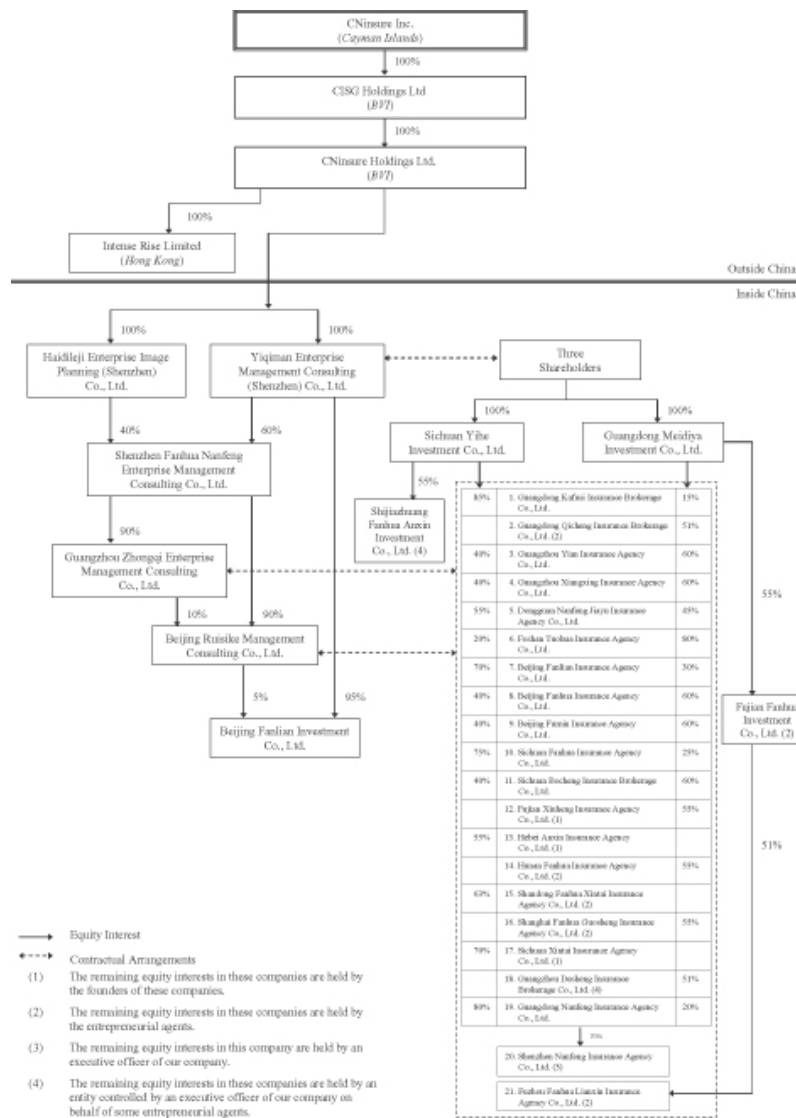
Three individual shareholders, Mr. Jianguo Cui, Mr. Zhenyu Wang and Mr. Qiuping Lai, hold 100% of the equity interests in each of Meidiya Investment and Yihe Investment. Mr. Zhenyu Wang was designated by our shareholder CDH Inservice Limited. Mr. Qiuping Lai is our co-founder and chief operating officer. Mr. Jianguo Cui is designated by our shareholder Cathay Auto Services Limited. All of the three individual shareholders are PRC citizens. Meidiya Investment and Yihe Investment together hold equity interests, directly or indirectly, ranging from 51% to 100% in 17 insurance agencies and four insurance brokerages. With the exception of the sole minority shareholder of Shenzhen Nanfeng Insurance Agency Co., Ltd., who is an executive officer of our company holding shares on our behalf, the other minority shareholders of the insurance agencies and brokerages majority-owned by Meidiya Investment and Yihe Investment are either founders of such company or entrepreneurial agents with whom we jointly set up the such company. Most of those minority shareholders are in charge of the day-to-day operations of the insurance agencies and brokerages in which they hold minority interests. The subsidiaries of Meidiya Investment and Yihe Investment hold the licenses and permits necessary to conduct our insurance intermediary business in China. We have no equity interests in Meidiya Investment, Yihe Investment or any of their subsidiaries and rely entirely on contractual arrangements to control and derive economic benefit from these companies.

Our contractual arrangements with the shareholders of Meidiya Investment and Yihe Investment enable us to:

- exercise effective control over Meidiya Investment, Yihe Investment and their subsidiaries;
- receive a substantial portion of the economic benefits of the subsidiaries of Meidiya Investment and Yihe Investment in consideration for the services provided by our subsidiaries in China; and
- have an exclusive option to purchase all or part of the equity interests in each of Meidiya Investment and Yihe Investment when and to the extent permitted by PRC law.

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The following diagram illustrates our corporate structure as of September 30, 2007:



Agreements that Provide Us Effective Control over Meidiya Investment, Yihe Investment and Their Subsidiaries

Loan Agreements. Each shareholder of Meidiya Investment entered into a loan agreement on December 20, 2005 with our subsidiary Yiqiman Management, evidencing a zero interest loan granted to such shareholder. The principal amounts of the loans to Mr. Lai, Mr. Wang and Mr. Cui were RMB2.94 million, RMB1.58 million and RMB1.48 million, respectively. The term of the loan agreement is 10 years and may be extended upon written agreement of the parties. Upon the expiration of its term and subject to then applicable PRC laws, the loan can be repaid only with the proceeds from the transfer of the shareholder's equity interest in Meidiya Investment to Yiqiman Management or another person designated by Yiqiman Management. Yiqiman Management may accelerate the loan repayment upon certain events, including if the shareholder quits or is dismissed or if Yiqiman Management exercises its option to purchase the shareholder's equity interest in Meidiya Investment pursuant to the exclusive equity purchase option agreement described below.

The loan agreement contains a number of covenants that restrict the actions the shareholder can take or cause Meidiya Investment to take, or that require the shareholder to take or cause Meidiya Investment to take specific actions. For example, these covenants provide that the shareholder will:

- not transfer, pledge or otherwise dispose of or encumber his equity interest in Meidiya Investment without the prior written consent of Yiqiman Management, except for equity pledge for the benefit of Yiqiman Management.
- not take any action without the prior written consent of Yiqiman Management, if the action will have a material impact on the assets, business and liabilities of Meidiya Investment.
- not vote for, or execute any resolutions to approve, the sale, transfer, mortgage, or disposal of, or the creation of any encumbrance on, any legal or beneficial interests in the equity of Meidiya Investment without the prior written consent of Yiqiman Management, except to Yiqiman Management or its designee.
- not vote for, or execute any resolutions to approve, any merger or consolidation with any person, or any acquisition of or investment in any person by Meidiya Investment without the prior written consent of Yiqiman Management.
- vote to elect the directors candidates nominated by Yiqiman Management.
- cause Meidiya Investment not to supplement, amend or modify its articles of association in any manner, increase or decrease registered capital or change the capital structure in any way without the prior written consent of Yiqiman Management.
- cause Meidiya Investment not to execute any contract with a value exceeding RMB100,000 without the prior written consent of Yiqiman Management, except in the ordinary course of business.

Each shareholder of Yihe Investment entered into a loan agreement on December 20, 2005 with Yiqiman Management that is substantially similar to the loan agreements described above, except that the principal amounts of the loans to Mr. Lai, Mr. Wang and Mr. Cui under these loan agreements were RMB9.78 million, RMB 5.28 million and RMB4.93 million, respectively.

Equity Pledge Agreements. Pursuant to the equity pledge agreements entered into on December 20, 2005 among Yiqiman Management, each shareholder of Meidiya Investment, and Meidiya Investment, each shareholder agreed to pledge his equity interest in Meidiya Investment to Yiqiman Management to secure his obligations under the loan agreement with Yiqiman Management. The shareholder also agreed not to transfer or create any encumbrance adverse to Yiqiman Management on his equity interest in Meidiya Investment. During the term of the equity pledge agreement, Yiqiman Management is entitled to all the dividends declared on the pledged equity interest. The equity pledge agreement will expire when the shareholder fully performed his obligations under the loan agreement. The equity pledges were recorded on the shareholders register of Meidiya

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Investment, but we have not been able to register the pledges because the relevant local administration of industry and commerce, which maintain public records of business entities, refuse to register this kind of pledges. See “Risk Factors—Risks Related to Our Corporate Structure—We rely on contractual arrangements with our PRC affiliated entities and their subsidiaries and shareholders for our China operations, which may not be as effective in providing operational control as direct ownership.”

Each shareholder of Yihe Investment entered into an equity pledge agreement on December 20, 2005 with Yiqiman Management and Yihe Investment that is substantially similar to the equity pledge agreements described above.

Irrevocable Power of Attorney. Each shareholder of Meidiya Investment and Yihe Investment executed an irrevocable power of attorney on December 20, 2005, appointing a person designated by Yiqiman Management as his attorney-in-fact to vote on his behalf on all matters requiring shareholder approval. If Yiqiman Management designates the shareholder to attend a shareholder’s meeting of Meidiya Investment or Yihe Investment, the shareholder agrees to vote his shares as instructed by Yiqiman Management. The term of the power of attorney is ten years from December 20, 2005.

Agreements that Provide Us the Option to Purchase the Equity Interest in Meidiya Investment and Yihe Investment

Exclusive Purchase Option Agreements. Pursuant to the exclusive purchase option agreements entered into on December 20, 2005 among Yiqiman Management, each shareholder of Meidiya Investment, and Meidiya Investment, each shareholder irrevocably granted Yiqiman Management an exclusive option to purchase part or all of his equity interest in Meidiya Investment, when and to the extent permitted by applicable PRC law. The purchase price to be paid by Yiqiman Management will be equal to the amount of the shareholder’s actual capital contribution to Meidiya Investment, unless applicable PRC law requires otherwise. The actual capital contributions to Meidiya Investment by Mr. Lai, Mr. Wang and Mr. Cui were RMB2.94 million, RMB1.58 million and RMB1.48 million, respectively. If applicable PRC law requires appraisals of the equity interest or has other restrictions on the transfer price, the purchase price will be the minimum price permitted under applicable PRC law. Under current applicable PRC law, if a foreign-invested enterprise, such as Yiqiman Management, intends to acquire the equity interests in a domestic enterprise, such as Meidiya Investment or Yihe Investment, the transfer price must be determined based on appraisal conducted by a qualified domestic asset appraisal institution using internationally recognized appraisal methodology, and it is prohibited to transfer any equities at a price clearly lower than the result of the appraisal.

Each shareholder of Yihe Investment entered into an exclusive purchase option agreement on December 20, 2005 with Yiqiman Management and Yihe Investment that is substantially similar to the exclusive purchase option agreements described above, except that the actual capital contributions to Yihe Investment by Mr. Lai, Mr. Wang and Mr. Cui under these agreements were RMB9.78 million, RMB 5.28 million and RMB4.93 million, respectively.

Agreements that Transfer Economic Benefits to Us

Technology Consulting and Service Agreements. Pursuant to the technology consulting and service agreements entered into on December 20, 2005 between our PRC subsidiary Ruisike Consulting and each of 12 insurance agency and brokerage subsidiaries of Meidiya Investment and Yihe Investment, and later on August 10, 2007 between Ruisike Consulting and each of nine additional insurance agency and brokerage subsidiaries of Meidiya Investment and Yihe Investment, Ruisike Consulting agreed to provide consulting and other services relating to management software, risk assessment, training, corporate image and branding, marketing and corporate management. In exchange, the insurance agencies or brokerages that are parties to these agreements each agreed to pay a monthly fee calculated primarily based on a percentage of the premiums generated by such agency or brokerage firm. Each of these agreements has an initial term of ten years from the signing date, which will be automatically renewed for one-year terms unless Ruisike Consulting decides not

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renew the agreement. Each agreement may be terminated by the insurance agency or brokerage firm only upon gross negligence, fraud, other illegal conduct or bankruptcy of Ruisike, and by Ruisike upon 30 days notice.

Zhongqi Consulting, another PRC subsidiary of ours, entered into substantially similar technology consulting and service agreements with the same insurance agencies and brokerages and on the same dates as described above.

Trademark Licensing Agreements. Pursuant to the trademark licensing agreements entered into on December 21, 2005 between Ruisike Consulting and each of 12 insurance agency and brokerage subsidiaries of Meidiya Investment and Yihe Investment, and later on August 10, 2007 between Ruisike Consulting and each of nine additional insurance agency and brokerage subsidiaries of Meidiya Investment and Yihe Investment, Ruisike Consulting agreed to grant a nonexclusive right to use the trademark owned by it to each of the insurance agencies and brokerages, in exchange for a fixed annual fee of RMB10,000. Each of these agreements has an initial term of ten years from the signing date, which will be automatically renewed for one-year terms unless Ruisike Consulting decides not to renew the agreement. Each agreement may be terminated by a party if there has been a material breach by the other party and the breach is not cured within 30 days after the breaching party receives a written notice from the non-breaching party. In addition, Ruisike Consulting may terminate each agreement at any time during the term of the agreement upon 30-day notice.

In 2006, twelve of our affiliated insurance agencies and brokerages paid a total of RMB33.3 million under the technology consulting and service agreements and the trademark licensing agreements to our subsidiaries, representing approximately 79.2% of the net income before income taxes of these 12 affiliated entities. In the first half of 2007, these 12 affiliated insurance agencies and brokerages paid a total of RMB8.63 million under the technology consulting and service agreements and the trademark licensing agreements to our subsidiaries, representing approximately 50% of the net income before income taxes of these 12 affiliated entities for those six months.

Because of these contractual arrangements, we are deemed the primary beneficiary of Meidiya Investment and Yihe Investment and hence they and their subsidiaries are treated as our consolidated affiliated entities. Revenues generated by the insurance agency and brokerage subsidiaries of Meidiya Investment and Yihe Investment accounted for 56.4% of our total revenues in 2006 and 51.0% of our total net revenues for the first half of 2007. The remainder of our total net revenues in those periods came from two of our subsidiaries, which run our operating platform, maintain our customer database and provide information about potential customers to insurance companies. Those insurance companies pay fees to these subsidiaries if those customers actually purchase insurance.

In the opinion of Commerce & Finance Law Offices, our PRC legal counsel:

- the ownership structures of our affiliated entities, their subsidiaries and our subsidiaries in China, both currently and after giving effect to this offering, comply with all existing PRC laws and regulations;
- the contractual arrangements among our PRC subsidiaries, affiliated entities and their shareholders governed by PRC law are valid, binding and enforceable, and will not result in any violation of PRC laws or regulations currently in effect; and
- the business operations of our PRC subsidiaries, our affiliated entities and their subsidiaries comply in all material respects with existing PRC laws and regulations.

We have been advised by our PRC legal counsel, however, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to the above opinion of our PRC legal counsel. We have been further advised by our PRC counsel that if the PRC government finds that the agreements that establish the structure for operating our PRC insurance intermediary businesses do not comply with PRC government restrictions on foreign investment in the insurance intermediary industry, we could be subject to severe penalties including being prohibited from continuing operation. See “Risk Factors—Risks Related to Our

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Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating our China business do not comply with applicable PRC laws and regulations, we could be subject to severe penalties” and “Risk Factors—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us.”

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected combined/consolidated financial data for the three years ended December 31, 2004, 2005 and 2006 and the combined/consolidated balance sheet data as of December 31, 2005 and 2006 have been derived from our audited consolidated financial statements, which are included elsewhere in this prospectus. The following summary consolidated financial data for the six months ended June 30, 2006 and 2007 and the consolidated balance sheet data as of June 30, 2007 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus and have been prepared on the same basis as our audited consolidated financial data. The unaudited financial information includes all adjustments, consisting only of normal and recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating results for the periods presented. Our historical results do not necessarily indicate results expected for any future periods. In addition, our unaudited results for the six months ended June 30, 2007 may not be indicative of our results for the full year ending December 31, 2007. The selected consolidated financial data should be read in conjunction with our audited consolidated financial statements and related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus. Our audited consolidated financial statements are prepared and presented in accordance with U.S. GAAP.

Our selected combined financial data for the two years ended December 2002 and 2003 and as of December 31, 2002 and 2003 have been derived from our unaudited combined financial statements, which are not included in this prospectus. Our selected consolidated balance sheet data for the year ended December 31, 2004 have been derived from our audited consolidated balance sheet as of December 31, 2004, which is not included in this prospectus. Our unaudited combined financial statements have been prepared on the same basis as our audited consolidated financial statements.

The historical results for years ended December 31, 2002, 2003 and 2004 are prepared to reflect, on a combined basis, all of the insurance brokerage and agency service businesses for the entire years of 2002, 2003 and 2004, including those entities transferred from China United Financial Services on June 9, 2004 and those operations held by entities of China United Financial Services that we did not acquire. Accordingly, the revenues, expenses, assets and liabilities related to the insurance brokerage and agency services for the years ended December 31, 2002 and 2003 and for the period from January 1, 2004 to June 8, 2004 and as of December 31, 2002, 2003 and June 8, 2004 held by China United Financial Services entities that we did not acquire have been “carved out” from those entities and combined with those of our company for the entire period on a basis that our management considers to be reasonable. Accordingly, the historical financial information that has been presented for the periods prior to the reorganization on June 9, 2004 does not necessarily reflect what our financial position, results of operations and cash flows would have been had we been a separate, stand-alone entity during the periods presented. China United Financial Services did not account for us, and we were not operated, as a separate, stand-alone entity prior to June 9, 2004. We prepared our combined financial information on the same basis as we adopted for the preparation of the consolidated financial information for the years ended December 31, 2005 and 2006. In this prospectus, our consolidated financial information for 2002 through 2007 refers collectively to our combined financial information for the years ended December 31, 2002, 2003 and 2004 and the consolidated financial information for the years ended December 31, 2005 and 2006 and for the six months ended June 30, 2006 and 2007.

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	Year Ended December 31,						For the Six Months Ended June 30,		
	2002	2003	2004	2005	2006		2006	2007	
	RMB	RMB	RMB	RMB	RMB	US\$	RMB	RMB	RMB
	(in thousands, except share, per share and per ADS data)								
Consolidated Statement of Operations Data									
Net revenues:									
Commissions and fees	18,660	26,893	33,401	142,520	245,652	32,271	106,543	172,323	22,638
Other service fees	3,158	3,263	564	1,179	897	118	248	238	31
Total net revenues	21,818	30,156	33,965	143,699	246,549	32,389	106,791	172,561	22,669
Operating costs and expenses:									
Commissions and fees	(5,643)	(5,915)	(4,256)	(65,752)	(133,076)	(17,482)	(53,321)	(87,275)	(11,465)
Selling expenses	(1,003)	(1,221)	(2,432)	(5,527)	(11,288)	(1,483)	(5,288)	(4,196)	(551)
General and administrative expenses ⁽¹⁾	(11,431)	(17,520)	(120,576)	(78,879)	(52,119)	(6,847)	(25,793)	(25,915)	(3,404)
Total operating costs and expenses	(18,077)	(24,656)	(127,264)	(150,158)	(196,483)	(25,812)	(84,402)	(117,386)	(15,420)
Income (loss) from operations	3,741	5,500	(93,299)	(6,459)	50,066	6,577	22,389	55,175	7,249
Other income (expense), net:									
Interest income	11	36	49	445	5,364	705	1,596	1,980	260
Interest expense	(99)	(5)	(15)	(19)	(34)	(5)	(28)	(66)	(9)
Others, net	8	0	158	(15)	5	1	10	15	2
Net income (loss) before income taxes	3,661	5,531	(93,107)	(6,048)	55,401	7,278	23,967	57,104	7,502
Net income tax benefit (expense)	(1,380)	(1,350)	396	(672)	573	75	42	(176)	(23)
Net income (loss) before minority interest	2,281	4,181	(92,711)	(6,720)	55,974	7,353	24,009	56,928	7,479
Minority interest	—	—	—	27	1,421	187	160	1,762	231
Net income (loss)	2,281	4,181	(92,711)	(6,693)	57,395	7,540	24,169	58,690	7,710
Net income (loss) per share (giving effects to the 10,000-for-1 share exchange in 2007):									
—Basic	0.014	0.0250	(0.5552)	(0.0139)	0.0883	0.0116	0.0372	0.0903	0.0119
—Diluted	0.014	0.0250	(0.5552)	(0.0139)	0.0875	0.0115	0.0370	0.0891	0.0117
Net income (loss) per ADS:									
—Basic									
—Diluted									
Shares used in calculating net income (loss) per share (giving effects to the 10,000-for-1 share exchange in 2007):									
—Basic	166,980,000	166,980,000	166,980,000	482,770,000	650,000,000	650,000,000	650,000,000	650,000,000	650,000,000
—Diluted	166,980,000	166,980,000	166,980,000	482,770,000	655,970,000	655,970,000	652,884,328	658,927,355	658,927,355
Dividends declared per share ⁽²⁾	—	—	170	523	585	75	—	—	—

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- (1) Share-based compensation expenses included in our general and administrative expenses were RMB109.3 million, RMB56.5 million, RMB24.1 million (US\$3.2 million) RMB13.0 million and RMB0.8 million (US\$0.1 million) in 2004, 2005, 2006 and the six months ended June 30, 2006 and 2007, respectively.
- (2) The 2004 and 2005 dividends were declared in 2006 and the 2006 dividends were declared in 2007. These dividends were not paid at the time they were declared. In 2007, we paid out RMB28.7 million (US\$3.8 million) of the previously declared but unpaid dividends, and we expect to pay out the remainder of those previously declared but unpaid dividends to our existing shareholders before this offering. The per-share amounts were determined based on the number of CISG shares outstanding as of the respective record dates for the dividends declared, without giving effect to the share exchange in July 2007.

	As of December 31,						As of June 30,	
	2002	2003	2004	2005	2006		2007	
	RMB	RMB	RMB	RMB	RMB	US\$	RMB	US\$
(in thousands)								
Consolidated Balance Sheets Data								
Cash and cash equivalents	2,164	11,924	29,123	174,634	223,926	29,417	363,406	47,741
Total current assets	31,951	79,302	53,664	281,752	355,703	46,729	443,436	58,255
Total assets	32,856	80,952	56,922	286,736	379,622	49,871	468,999	61,613
Total current liabilities	15,327	38,337	14,005	43,049	75,524	9,922	137,972	18,126
Total liabilities	15,603	38,955	14,591	43,370	76,321	10,026	139,576	18,337
Minority interests	—	—	—	2,423	13,717	1,802	18,499	2,430
Total shareholders' equity	17,253	41,997	42,331	240,943	289,584	38,043	310,924	40,846
Total liabilities and owners' equity	32,856	80,952	56,922	286,736	379,622	49,871	468,999	61,613

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" or in other parts of this prospectus.

Overview

We are a leading independent insurance agency and brokerage company operating in China. With approximately 11,000 sales professionals and approximately 171 sales and service outlets operating in eight provinces as of September 30, 2007, our distribution network reaches some of the most economically developed regions and some of the most affluent cities in China. Our business has grown substantially in recent years. Our net revenues increased from RMB34.0 million in 2004 to RMB143.7 million in 2005 and to RMB246.5 million (US\$32.4 million) in 2006, representing a CAGR of 169.4% in the three-year period. Our net loss decreased from RMB92.7 million in 2004 to RMB6.7 million in 2005, and we achieved profitability in 2006 with a net income of RMB57.4 million (US\$7.5 million). For the six months ended June 30, 2007, our net revenues and net income were RMB172.6 million (US\$22.7 million) and RMB58.7 million (US\$7.7 million), respectively, representing increases of 61.6% and 142.8%, respectively, from the net revenues and net income for the same period in 2006.

As an insurance agency and brokerage company, we do not assume underwriting risks. Instead, we distribute insurance products underwritten by domestic and foreign insurance companies operating in China, and provide certain insurance-related services to our customers—individuals and institutions that purchase insurance products through us. In addition, we also introduce customers to insurance companies, which then sell insurance products to them, either directly or through our affiliated insurance intermediaries. We generate revenue primarily from commissions and fees paid by insurance companies, typically based on a percentage of the premium paid by the insured. Commission and fee rates generally depend on the type of insurance products, the particular insurance company and the region in which the products are sold. Some of the commissions and fees are paid to us in the form of performance bonuses pursuant to written agreements between the insurance companies and us after we have achieved specified premium volume goals. Where there is no written agreement requiring payment of bonuses, insurance companies may pay us discretionary bonuses as a reward for achieving certain premium volume, loss ratio or renewal rate.

Factors Affecting Our Results of Operations

Our financial condition and results of operations are primarily affected by the following factors:

- the overall premium growth of the Chinese insurance industry;
- the extent to which insurance companies in the PRC outsource the distribution of their products;
- premium rate levels and commission and fee rates;
- the size and productivity of our sale force;
- commission rates for individual sales agents;
- product and service mix;
- share-based compensation expenses;
- acquisitions; and
- seasonality.

The Overall Premium Growth of the Chinese Insurance Industry

The Chinese insurance industry has grown substantially in recent years. Between 2000 and 2005, total insurance premiums increased from RMB160.9 billion to RMB492.8 billion, representing a CAGR of 25.1%,

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according to data published by the CIRC. We believe that certain macroeconomic and demographic factors, such as per capita GDP growth and aging of the population, have contributed to and will continue to drive the growth of the Chinese insurance industry. See “Industry” for a more detailed discussion of the Chinese insurance industry and its growth factors.

We derive our revenue primarily from commissions and fees paid by insurance companies, typically calculated as a percentage of premiums paid by our customers to the insurance companies. Accordingly, continued industry-wide premium growth will have a positive impact on us. However, there is no assurance that the growth trend will continue. Any downturn in the Chinese insurance industry, whether caused by a general slowdown of the PRC economy or otherwise, may adversely affect our financial condition and results of operations.

The Extent to Which Insurance Companies in the PRC Outsource the Distribution of Their Products

Historically, insurance companies in the PRC have relied primarily on their exclusive individual sales agents and direct sales force to sell their products. Only in recent years, as a result of increased competition, have some insurance companies gradually expanded their distribution channels to include insurance intermediaries such as commercial banks, postal offices, insurance agencies and insurance brokerages. In addition, because of a lack of established distribution network of their own, some newly established insurance companies have chosen to rely primarily on insurance intermediaries to distribute their products while they focus on other aspects of their business.

As insurance companies in the PRC become more accustomed to outsourcing the distribution of their products to insurance intermediaries, they may allow insurance intermediaries to distribute a wider variety of insurance products and may provide more monetary incentives to more productive and effective insurance intermediaries. These and other similar measures designed to boost sales through insurance intermediaries will have a positive impact on our financial condition and results of operations.

Premium Rate Levels and Commission and Fee Rates

Because the commissions and fees we receive from insurance companies are generally calculated as a percentage of premiums paid by our customers to the insurance companies, our revenue and results of operations are affected by premium rate levels and commission and fee rates. Premium rate levels and commission and fee rates can change based on the prevailing economic conditions, competitive and regulatory landscape, and other factors that affect insurance companies. These other factors include the ability of insurance companies to place new business, underwriting and non-underwriting profits of insurance companies, consumer demand for insurance products, the availability of comparable products from other insurance companies at a lower cost, and the tax deductibility of commissions and fees. In addition, premium rates for certain insurance products, such as the mandatory automobile liability insurance that each automobile owner in the PRC is legally required to purchase, are tightly regulated by the CIRC. In some instance, we can negotiate for better rates as an incentive for generating larger volume of business.

Since China’s entry into the WTO in December 2001, competition among insurance companies has intensified as a result of a significant increase in the number of insurance companies and the existing insurance companies’ expansion into new geographic markets. This competition has led to a gradual increase in the commission and fee rates offered to insurance intermediaries, and such increase has had a positive impact on our results of operations. Meanwhile, the intense competition among insurance companies also has led to a gradual decline in premium rate levels of some property and casualty insurance products. While such decline has had a negative impact on the commissions and fees we earned on a per policy sold basis, it also may have had a positive impact on our total commissions and fees revenue by increasing demand for, and our total sales volume of, those policies.

The Size and Productivity of Our Sale Force

As a distributor of insurance products, we generate revenue primarily through our sales force, which consists of individual sales agents in our distribution network and a relatively small number of in-house sales

representatives. The size of our sales force and its productivity, as measured by the average number of insurance products sold per person, the average premium per product sold and the average premiums generated per person during any specified period, directly affect our revenue and results of operations. In recent years, some entrepreneurial management staffs or senior sales agents of major insurance companies in China have chosen to leave their employers or principals and become independent agents. We refer to these independent agents as “entrepreneurial agents.” An entrepreneurial agent is usually able to assemble and lead a team of sales agents. We have been actively recruiting and will continue to recruit entrepreneurial agents to join our distribution network as our sales agents. Entrepreneurial agents have been instrumental to the development of our life insurance business.

Commission Rates for Individual Sales Agents

A large component of our operating costs and expenses is commissions paid to our individual sales agents. In order to retain sales agents, we must pay commissions at a level comparable to the commissions paid by our competitors. Competition for productive sales agents has been intense within the Chinese insurance industry and has led to a gradual increase in commission rates in recent years. The increase in commission rates has had a negative impact on our results of operations. If we are forced to further increase our commission rates for individual sales agents due to competition or otherwise, our operating costs and expenses will increase correspondingly.

Product and Service Mix

We began distributing automobile insurance products in 1999 and expanded our product offerings to other property and casualty insurance products in 2002 and then to individual life insurance products in 2006. The property and casualty insurance policies we distribute are typically for one-year terms, with a single premium payable at the beginning of the term. Accordingly, we receive a single commission or fee for each property and casualty policy our customers purchase. In order for us to have recurring commission and fee revenue from property and casualty insurance products, our customers have to renew their policies or purchase new policies through us every year. Most individual life insurance policies we sell require periodic payment of premiums, typically annually, during a pre-determined payment period, generally ranging from five to 25 years. For such policies we sell, insurance companies will pay us a first-year commission and fee based on a percentage of the first year's gross premiums, and subsequent commissions and fees based on smaller percentages of the renewal premiums paid by the insured throughout the payment period of the policy. Therefore, once we sell a life insurance policy with a periodic payment schedule, it can bring us a steady flow of commission and fee revenue throughout the payment period as long as the insured meets his or her premium payment commitment.

Because insurance companies pay us first-year commission and fee for most life insurance products at rates higher than those for property and casualty insurance products, we expect increased distribution of life insurance products will have a positive impact on our revenue. However, we will also incur a corresponding increase in operating costs because we pay our sales agents a higher commission and fee for distributing life insurance products. Accordingly, the operating margin attributable to life insurance products may not be as high as that for property and casualty insurance products, and may initially have a negative impact on our overall operating margin. We expect that the operating margin for life insurance products will improve because we only need to pay commissions to our sales agents for the first five years of a policy, but continue to earn renewal fees from the insurance company for the entire payment period of the policy, which could be up to 25 years.

Share-based Compensation Expenses

Our historical results of operations have been materially affected by the share-based compensation expenses incurred. In 2004, 2005, 2006 and the six months ended June 30, 2007, we incurred share-based compensation expenses of RMB109.3 million, RMB56.5 million, RMB24.1 million (US\$3.2 million) and RMB0.8 million (US\$0.1 million), respectively. See “—Key Performance Indicators—Operating Costs and Expenses—Share-based Compensation Expenses” for a more detailed discussion of our historical share-based compensation expenses. In order to attract and retain the best personnel for positions of substantial responsibility, provide additional incentive to employees, directors and consultants and promote the

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success of our business, we adopted a new share incentive plan in 2007. See “Management—Share Incentives—2007 Share Incentive Plan.” In October 2007, our board of directors voted to grant options under our 2007 share incentive plan to certain of our directors and employees to purchase an aggregate of 42,000,000 ordinary shares of our company at an exercise price equal to the offering price per ordinary share in this offering. As we grant share options and other equity-based awards under our 2007 share incentive plan, we expect to incur additional share-based compensation expenses.

Acquisitions

The professional insurance intermediary sector in China is still at an early development stage and highly fragmented. We believe this offers substantial opportunities for consolidation. We intend to grow our distribution network in part through selective acquisitions of high-quality independent insurance agencies and brokerages. In 2006, we, through our consolidated affiliated entities in the PRC, acquired majority interests in three insurance agencies. See “Recent Acquisitions.” We expect these acquisitions to have a positive impact on our results of operations in the near future. However, acquisitions also involve significant risks and uncertainties. See “Risk Factors—Risks Related to Our Business and Our Industry—If we fail to integrate acquired companies efficiently, or if the acquired companies do not perform to our expectations, our business and results of operations may be adversely affected.” In addition, any write-down of goodwill due to impairment and the amortization of intangible assets acquired could have a negative impact on our results of operations.

Key Performance Indicators

Net Revenues

Our revenues are net of PRC business tax. In 2004, 2005, 2006 and the six months ended June 30, 2007, we generated net revenues of RMB34.0 million, RMB143.7 million, RMB246.5 million (US\$32.4 million) and RMB172.6 million (US\$22.7 million), respectively. We derive net revenues from the following sources:

- commissions and fees paid by insurance companies, which accounted for 98.3%, 99.2%, 99.6% and 99.9% of our net revenues for 2004, 2005, 2006 and the six months ended June 30, 2007, respectively; and
- other service fees, which refers to fees paid by insurance companies for certain settlement-related services provided by us to the insured on behalf of the insurance companies and accounted for 1.7%, 0.8%, 0.4% and 0.1% of our net revenues for 2004, 2005, 2006 and the six months ended June 30, 2007, respectively.

Commissions and Fees

In 2004, 2005, 2006 and the six months ended June 30, 2007, we generated commissions and fees of RMB33.4 million, RMB142.5 million, RMB245.7 million (US\$32.3 million) and RMB172.3 million (US\$22.6 million), respectively. We derive commissions and fees from the distributions of the following insurance products:

- property and casualty insurance products, including automobile insurance products, commercial property and homeowner insurance products, individual accident insurance products, cargo insurance products, liability insurance products, construction insurance products and hull insurance products; and
- life insurance products, including individual endowment products, individual whole life and term life insurance products, individual education annuity products, health insurance products, universal insurance products and group life insurance products.

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The following table sets forth our commissions and fees earned from the distributions of different insurance products, both in absolute amount and as a percentage of total commissions and fees, for the periods indicated:

	For the Year Ended December 31,									For the Six Months Ended June 30,					
	2004		2005		2006			2006		2007					
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%			
	(in thousands except percentages)														
Property and casualty insurance products	33,401	100.0	142,520	100.0	225,027	29,562	91.6	101,362	95.1	152,817	20,076	88.7			
Life insurance products	—	—	—	—	20,625	2,709	8.4	5,181	4.9	19,506	2,562	11.3			
Total commissions and fees earned	33,401	100.0	142,520	100.0	245,652	32,271	100.0	106,543	100.0	172,323	22,638	100.0			

Commissions and fees earned from property and casualty insurance products, in particular automobile insurance products, have been our primary source of revenue since our inception. With the continued growth in automobile sales and private car ownership in China, we expect automobile insurance products to continue to be a major contributor to our net revenues. We began distributing individual life insurance products in 2006 and expect commissions and fees from life insurance products to constitute an increasingly significant portion of our net revenues in the next several years.

The commissions and fees we receive are based on a percentage of the premiums paid by the insured. Commission and fee rates generally depend on the type of insurance products, the particular insurance company and the region in which the insurance products are sold. We typically receive payment of the commissions and fees from insurance companies on a monthly basis. Some of the fees are paid to us annually or semi-annually in the form of performance bonuses after we have achieved specified premium volume or policy renewal goals as agreed upon between the insurance companies and us.

Other Service Fees

In connection with the distribution of automobile insurance products, we provide some insurance-related services, such as damage assessment and claim settlement services, to the insured on behalf of insurance companies. In 2004, 2005, 2006 and the six months ended June 30, 2007, we generated other service fees of RMB0.6 million, RMB1.2 million, RMB0.9 million (US\$0.1 million) and RMB238,000 (US\$31,000), respectively, for providing these services. We intend to take advantage of the experience we have gained from providing settlement-related services and begin providing insurance claims adjusting services in the fourth quarter of 2007. However, we do not expect claims adjusting services to constitute a significant portion of our revenue in the near future.

Operating Costs and Expenses

Our operating costs and expenses consist of commissions and fees incurred in connection with the distribution of insurance products, selling expenses and general and administrative expenses. The following table sets forth the components of our operating costs and expenses, both in absolute amount and as a percentage of our net revenues, for the periods indicated.

	For the Year Ended December 31,							For the Six Months Ended June 30,				
	2004		2005		2006			2006		2007		
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
	(in thousands except percentages)											
Net revenues	33,965	100.0	143,699	100.0	246,549	32,389	100.0	106,791	100.0	172,561	22,669	100.0
Operating costs and expenses:												
Commissions and fees	(4,256)	(12.5)	(65,752)	(45.8)	(133,076)	(17,482)	(54.0)	(53,321)	(49.9)	(87,275)	(11,465)	(50.6)
Selling expenses	(2,432)	(7.2)	(5,527)	(3.8)	(11,288)	(1,483)	(4.6)	(5,288)	(5.0)	(4,196)	(551)	(2.4)
General and administrative expenses	(120,576)	(355.0)	(78,879)	(54.9)	(52,119)	(6,847)	(21.1)	(25,793)	(24.1)	(25,915)	(3,404)	(15.0)
Total operating costs and expenses	(127,264)	(374.7)	(150,158)	(104.5)	(196,483)	(25,812)	(79.7)	(84,402)	(79.0)	(117,386)	(15,420)	(68.0)

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Commissions and Fees

We incur commissions and fees in connection with the distributions of insurance products. The commissions and fees that we incurred increased each year from 2004 to 2006 and in the first half of 2007 compared to the same period in 2006 primarily as a result of increase in net revenues and increase in the size of our sales force. Commissions and fees incurred as a percentage of net revenues also increased each year during the three-year period and slightly in the first half of 2007 compared to the same period in 2006, primarily due to the change in the composition of our sales force and commission rate increase caused by competition. In 2004, our sales force was entirely composed of in-house sales representatives. In 2005, we started the transition from a sales model that relied exclusively on in-house sales representatives to one that relies principally on sales agents. By the end of 2006, our sales force was primarily composed of individual sales agents. Sales agents as a percentage of our sales force increased slightly from 93.8% as of December 31, 2006 to 94.7% as of June 30, 2007. Commissions paid to individual sales agents on average are higher than commissions and base salary paid to our in-house sales representatives. We anticipate that our commissions and fees will continue to increase as we add more sales agents to our sales force and increase our distributions of insurance products.

Selling Expenses

Our selling expenses primarily consist of:

- employment benefits for our in-house sales staff;
- office rental, telecommunications expenses and office supply expenses incurred in connection with sales activities; and
- advertising expenses.

We expect that our selling expenses will continue to increase as we expand our distribution network in both existing markets and new geographic regions. As we grow in size, we also intend to spend more on marketing and advertising to enhance our brand recognition.

General and Administrative Expenses

Our general and administrative expenses principally comprise of:

- share-based compensation expenses for managerial and administrative staff;
- salaries and benefits for our administrative staff;
- office rental expenses;
- travel expenses;
- professional fees paid for certain PRC tax planning, market research, legal and auditing services;
- depreciations and amortizations;
- entertainment expenses; and
- office supply expenses for our administrative staff.

We expect that our general and administrative expenses will increase as we hire additional administrative personnel and incur additional costs in connection with the expansion of our business and with our becoming a publicly traded company, including costs to enhance our internal controls.

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Share-based Compensation Expenses

The largest component of our general and administrative expenses in each of 2004, 2005 and 2006 was share-based compensation expenses. In 2004, 2005, 2006 and the six months ended June 30, 2007, we incurred share-based compensation only with respect to certain managerial and administrative staff and accordingly, allocated all share-based compensation expenses to general and administrative expenses. The following table sets forth our share-based compensation expenses, both in absolute amount and as a percentage of our general and administrative expenses, for the periods indicated.

	For the Year Ended December 31,						For the Six Months Ended June 30,					
	2004		2005		2006			2006		2007		
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
	(in thousands, except percentages)											
General and administrative expenses	120,576	100.0	78,879	100.0	52,119	6,847	100.0	25,793	100.0	25,915	3,404	100.0
Share-based compensation expenses	109,262	90.6	56,501	71.6	24,142	3,172	46.3	12,978	50.3	837	110	3.2

Our share-based compensation expenses in the first half of 2007 were attributable to the grant of options to purchase 5,473,684 ordinary shares of our company (after giving effect to the 10,000-for-1 share exchange in July 2007) to our Chief Financial Officer in February 2007.

Our share-based compensation expenses of RMB24.1 million in 2006 consist of three elements. The first element is RMB3.6 million incurred in connection with our grant of options to purchase 3,421 ordinary shares of CISG to certain management staff under our 2006 share option plan. Pursuant to the subscription agreement, dated December 22, 2005, in connection with our private placement of 17,160 ordinary shares of CISG to CDH Inservice Limited, Mr. Qiuping Lai, our president, granted to the shareholders of CISG call options to purchase his entire shareholdings in Kingsford Resources Limited, a British Virgin Islands company that was then a direct shareholder of CISG, if CISG fails to achieve specified financial targets in 2005 and 2006. Because CISG has achieved those financial targets, Mr. Lai was entitled to retain his shareholdings in Kingsford Resources Limited and, as a result, we recognized share-based compensation expenses of RMB18.8 million in 2006. Finally, in connection with our waiver of certain performance goals for Sichuan Xintai Insurance Agency Co., Ltd., an insurance agency we acquired in March 2006, we recorded share-based compensation expenses of RMB1.7 million. See “—Recent Acquisitions” for a more detailed discussion of this acquisition.

Our share-based compensation expenses of RMB56.5 million in 2005 arose from the issuance of 6,655 CISG shares at par value to Kingsford Resource Limited, which was controlled by certain members of our senior management. The share-based compensation expenses of RMB109.3 million in 2004 were attributable to the issuance of options to purchase 12,357 CISG shares to certain members of our senior management at an exercise price of RMB0.1 per share.

In August 2007, we adopted our 2007 Share Incentive Plan, under which we are authorized to issue share options to our employees, directors and consultants. See “Management—Share Incentives—2007 Share Incentive Plan.” Because our 2007 Share Incentive Plan covers all of our employees, the change in the amount of share-based compensation expenses will affect our reported net income, earnings per share selling expenses and general and administrative expenses. In October 2007, our board of directors voted to grant options under our 2007 share incentive plan to certain of our directors and employees to purchase an aggregate of 42,000,000 ordinary shares of our company at an exercise price equal to the offering price per ordinary share in this offering.

As of June 30, 2007, the intrinsic value of our outstanding vested and unvested options based on the estimated price of the initial public offering are RMB145,873,683 and RMB15,417,726, respectively. As of the date of this prospectus, there were outstanding options to purchase 47,473,684 ordinary shares of our company (giving effects to the 10,000-for-1 share exchange in July 2007).

Taxation

We and each of our subsidiaries and affiliated entities file separate income tax returns.

The Cayman Islands, the British Virgin Islands and Hong Kong

Under the current laws of the Cayman Islands and the British Virgin Islands, we and our subsidiaries incorporated in the British Virgin Islands are not subject to income or capital gains taxes. In addition, dividend payments are not subject to withholding tax in those jurisdictions. Our subsidiary incorporated in Hong Kong is subject to a profits tax rate of 17.5% of its assessable profits. Payment of dividends is not subject to withholding tax in Hong Kong.

PRC

Pursuant to the current PRC enterprise income tax laws, enterprise income tax is calculated based on taxable income. Most of our subsidiaries and consolidated affiliated entities in China are subject to the standard enterprise income tax rate, which currently is 33.0% (30.0% of state income tax plus 3.0% of local income tax). Our subsidiaries and affiliated entities located in Shenzhen, a special economic zone, are subject to an enterprise income tax rate of 15%. The enterprise income tax is calculated based on taxable income under PRC accounting principles. For some entities, the enterprise income tax is calculated based on the actual revenue at a deemed tax rate according to the local practices of the respective local tax bureaus in charge. In addition, our subsidiaries and affiliated entities in China are subject to a 5.0% business tax on gross revenues generated from providing services and two additional fees, the city construction fee and the education fee, which are generally calculated at 7.0% and 3.0%, respectively, on business tax.

Pursuant to the Notice Regarding Certain Taxation Policy Issues Relating to the Reemployment of the Laid-off and Unemployed Persons, jointed issued by the PRC Ministry of Finance and the State Administration of Taxation and effective from January 1, 2003, a newly established enterprise in the service industry (with limited exceptions) will be entitled to an exemption from enterprise income tax for three years if at least 30% of its work force is composed of previously “laid-off or unemployed persons” and the enterprise has entered into employment agreements with these individuals with a term of more than three years. “Laid-off or unemployed persons” are defined in the notice to include primarily laid-off or unemployed persons who are former employees of state-owned enterprises. Existing enterprises in the service industry (with limited exceptions) are entitled to a 30% reduction of enterprise income tax if they meet similar hiring requirements. Some of our subsidiaries and affiliated entities in the PRC are entitled to an exemption from enterprise income tax for a period ranging from two to three years. The following table sets forth the entities that are entitled to the tax exemption under this notice.

Entities Name	Tax Holiday Period
Beijing Fanhua Insurance Agency Co., Ltd.	January 1, 2005 – December 31, 2007
Beijing Fanlian Investment Co., Ltd.	January 1, 2004 – December 31, 2006
Beijing Fumin Insurance Agency Co., Ltd.	January 11, 2005 – December 31, 2007
Guangzhou Xiangxing Insurance Agency Co., Ltd.	January 1, 2005 – December 31, 2006
Guangzhou Zhongqi Enterprise Management Consulting Co., Ltd.	March 14, 2005 – December 31, 2007
Beijing Ruisike Management Consulting Co., Ltd.	March 28, 2005 – December 31, 2007
Guangdong Kafusi Insurance Brokerage Co., Ltd.	September 16, 2003 – December 31, 2005
Guangzhou Yian Insurance Agency Co., Ltd.	January 1, 2005 – December 31, 2007

The preferential tax treatments granted to our subsidiaries and affiliated entities in the PRC are subject to review and may be adjusted or revoked by relevant PRC tax authorities. In addition, if the PRC government were to phase out the tax benefits for service enterprises that hire laid-off or unemployed persons as described in the preceding paragraph, our subsidiaries and affiliated entities that have been entitled to such tax benefits would be subject to the standard statutory tax rate. The discontinuation of any preferential tax treatments currently available to us could cause our effective tax rate to increase, which could have a material and adverse effect on our results of operations.

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On March 16, 2007, the National People's Congress of the PRC passed the PRC Enterprise Income Tax Law, which will take effect as of January 1, 2008. Under the new tax law, a unified enterprise income tax rate of 25% and unified tax deduction standards will be applied equally to both domestic-invested enterprises and foreign-invested enterprises such as some of our PRC subsidiaries. Enterprises established prior to March 16, 2007 that are eligible for preferential tax treatment in accordance with current tax laws and regulations will, under regulations to be adopted by the State Council, gradually become subject to the new tax rate over a five-year transition period starting from January 1, 2008. We expect details of the five-year transitional arrangement to be spelled out in implementing rules to be adopted in the future. The applicable tax rate of some of our PRC subsidiaries may gradually increase from their existing tax rate of 15% to the unified tax rate of 25% by January 1, 2013 under the new tax law. Any increase in our effective tax rate as a result of the above may adversely affect our operating results.

Recent Acquisitions

Historically, we have expanded our distribution network primarily by establishing new insurance agencies and brokerages and, to a lesser extent, by acquiring controlling interests in existing insurance agencies. In 2006, we, through our PRC consolidated affiliated entities, Meidiya Investment and Yihe Investment, acquired majority interests in three insurance agencies that specialize in the distribution of life insurance products:

- Sichuan Xintai Insurance Agency Co., Ltd., or Xintai Agency;
- Fujian Xinheng Insurance Agency Co., Ltd., or Xinheng Agency; and
- Hebei Anxin Insurance Agency Co., Ltd., or Anxin Agency.

The founder of each acquired company has entered into an employment agreement with the acquired company. Under this agreement, the founder is employed as an executive officer of the acquired company for an initial term of three to five years. The parties will engage in good-faith negotiation for a renewal of the agreement one month before the expiration of the initial term. The acquired company may terminate the employment for cause, at any time, without notice or remuneration, for certain acts of the founder, including material violation of company policies, dereliction of duty, dishonesty and leaking of trade secret to the acquired company's detriment, and criminal conviction. The acquired company also may terminate the agreement upon 30-day written notice if the founder is incapable of performing his duties after training and change of position or if the accumulated loss of the acquired company reaches a certain level. The founder may terminate the agreement without notice if the acquired company fails to pay his compensation or comply with other obligations of the acquired company specified in the agreement. The employment agreement also contains customary confidentiality and non-competition requirements applicable to the founder.

Xintai Agency

In March 2006, we, through Yihe Investment, acquired 70% of the common shares of Xintai Agency at a total purchase price of RMB10.19 million (US\$1.3 million). Under our agreement with the sellers, Xintai Agency's pre-acquisition valuation would be adjusted downward, and our shareholding would be adjusted upwards correspondingly by up to 12 percentage points, if Xintai Agency failed to achieve certain operational and financial goals in 2006 and 2007. We have waived those operational and financial goals and our adjustment right to reflect our control of the acquired entity, to facilitate the integration of the acquired entity into our operations and to focus the efforts of the founders on helping us build our group-wide business platform. The same agreement provides that Xintai's board of directors will consist of five members, of which three will be appointed by us. In addition, the agreement sets forth a non-exclusive list of material corporate matters, such as amendments of the articles of association, mergers, acquisitions and disposal of material assets, and change of business scope, that require approval of at least three directors.

Xinheng Agency

In June 2006, we, through Meidiya Investment, acquired 51.22% of the common shares of Xinheng Agency at a total purchase price of RMB1.1 million (US\$0.1 million). We also agreed to make an interest-free convertible loan of RMB4.95 million and to convert the loan into common shares, such that our total ownership interest in Xinheng Agency will be increased to 55% upon the conversion, if Xinheng Agency achieves certain

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operational and financial goals in 2006. Xinheng Agency's pre-acquisition valuation would be adjusted downward, and our shareholding would be adjusted upwards correspondingly by up to 16 percentage points, if Xinheng Agency failed to achieve certain operational and financial goals in 2006 and 2007. We waived those operational and financial goals and our adjustment right in September 2006 to reflect our control of the acquired entity, to facilitate the integration of the acquired entity into our operations and to focus the efforts of the founders on helping us build our group-wide business platform. As a result, our shareholding in Xinheng Agency increased to 55% at the beginning of 2007. The same agreement provides that Xinheng's board of directors will consist of five members, of which three will be appointed by us. In addition, the agreement sets forth a non-exclusive list of material corporate matters, such as amendments of the articles of association, mergers, acquisitions and disposal of material assets, and change of business scope, that require approval of at least three directors.

Anxin Agency

In October 2006, we, through Yihe Investment, acquired 55% of the common shares of Anxin Agency at a total purchase price of RMB8.0 million (US\$1.1 million). Anxin Agency's pre-acquisition valuation would be adjusted downward, and our shareholding would be adjusted upwards correspondingly by up to 16 percentage points, if Anxin Agency failed to achieve certain operational and financial goals in 2006 and 2007. We have waived those operational and financial goals and our adjustment right to reflect our control of the acquired entity, to facilitate the integration of the acquired entity into our operations and to focus the efforts of the founders on helping us build our group-wide business platform. The same agreement provides that Anxin's board of directors will consist of five members, of which three will be appointed by us. In addition, the agreement sets forth a non-exclusive list of material corporate matters, such as amendments of the articles of association, mergers, acquisitions and disposal of material assets, and change of business scope, that require approval of at least four directors.

Critical Accounting Policies

We prepare financial statements in accordance with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect the reported amounts of our assets and liabilities and the disclosure of our contingent assets and liabilities at the end of each fiscal period and the reported amounts of revenues and expenses during each fiscal period. We continually evaluate these judgments and estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and assumptions that we believe to be reasonable, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors that should be considered when reviewing our financial statements. We believe the following accounting policies involve the most significant judgments and estimates used in the preparation of our financial statements.

Revenue Recognition

We recognize revenue when all of the following have occurred: persuasive evidence of an agreement with the insurance company exists; services have been provided; the fees for such services are fixed or determinable; and collectibility of the fees is reasonably assured.

Brokerage and agency services are considered to be rendered and completed, and revenue is recognized, at the time the insurance policy becomes effective, that is, when the signed insurance policy is in place and the premium is collected from the insured. We believe that we have met all the four criteria of revenue recognition

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when the premiums are collected by us or the respective insurance companies and not before, because collectibility is not ensured until receipt of the premium. Accordingly, we do not accrue any commissions and fees prior to the receipt of the related premiums. No allowance for cancellation has been recognized as we estimate that, based on our past experience, policy cancellations rarely occur. Any subsequent commission and fee adjustments in connection with policy cancellations, which have been de minimis to date, are recognized upon notification from the insurance companies. Actual commission and fee adjustments in connection with the cancellation of policies were approximately 0.3%, 0.1%, 0.1%, 0.1% and 0.04% of the total commission and fee revenues for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 and 2007, respectively, and 0.1%, 2.0%, 0.4%, 0.5% and 0.1% of the actual net income (loss) for each of those periods, respectively. Other service fees include revenue from the provision of certain settlement-related services on behalf of the insurance companies. We recognize this type of revenue when the services are rendered.

In connection with the distribution of insurance products, our affiliated insurance agencies may receive performance bonuses from insurance companies pursuant to agreements between the insurance agency and the insurance company. Once the agency achieves its performance target, generally a certain sales volume, the bonus will become due. The bonus amount is calculated by multiplying the insurance premium volume by an agreed-upon percentage. In addition, we record discretionary bonuses as revenue when we receive them; in many cases, that is when insurance companies first notify us of the payment of the discretionary bonuses.

Share-based Compensation

We early adopted SFAS No. 123(R), which became effective on January 1, 2006. We treat all forms of share-based payments to employees, including employee stock options and employee stock purchase plans, the same as any other form of compensation and recognize the related cost in the statement of operations. Compensation cost related to employee stock option or similar equity instruments is measured at the grant date based on the fair value of the award and is recognized over the service period, which is usually the vesting period. We use the Black-Scholes option-pricing model to determine the fair value of stock options.

We engaged American Appraisal China Limited, or AAC, an unrelated and independent valuation specialist, to assist in our determination of the fair value of the ordinary shares and options as of each relevant grant date. The valuation report from AAC has been used as part of our analysis in reaching our conclusion of value. We reviewed the valuation methodologies used by AAC and believe the methodologies used are appropriate and the valuation results are representative of the fair value of our ordinary shares and options. Therefore, we have adopted the valuation opinion of AAC in our calculation of the option expenses.

Determining the fair values of the ordinary shares requires making complex and subjective judgments regarding projected financial and operating results, our unique business risks, the liquidity of the ordinary shares and our operating history and prospects at the time of grant. Therefore, these fair values are inherently uncertain and highly subjective.

The assumptions used to derive the fair values of the ordinary shares include:

- no material changes in the existing political, legal, fiscal and economic conditions in China;
- no major changes in tax law in China or the tax rates applicable to our subsidiaries and consolidated affiliated entities in China;
- no material changes in the exchange rates and interest rates from the presently prevailing rates;
- availability of finance not a constraint on our future growth;
- our ability to retain competent management, key personnel and technical staff to support our ongoing operations; and
- no material deviation in market conditions from economic forecasts.

These assumptions are inherently uncertain. If we had used different assumptions and judgments, the valuation results would have been different and the amount of share-based compensation would also have been different because the fair value of the underlying ordinary shares for the options granted would have been different.

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The following table sets forth the options granted to certain directors, officers and employees in 2004, 2006 and 2007, after giving effect to the 10,000-for-one share exchange in July 2007:

Grant Date	Number of Ordinary Shares Underlying Options Granted	Option Exercise Price Per Share	Fair Value of Ordinary Share	Intrinsic Value Per Option	Type of Valuation
July 2004	123,570,000	RMB0.00001	RMB0.88327	RMB0.88326	Retrospective
January 2006	34,210,000	RMB0.87413	RMB0.80275	RMB0	Retrospective
February 2007	5,473,684	RMB2.3214	RMB2.3214	RMB0	Contemporaneous
October 2007	42,000,000	See Note (1)	See Note (1)	RMB0	See Note (1)

(1) The Option Exercise Price Per Share will be set at the price per ordinary share in this offering, which will be equal to the Fair Value of Ordinary Share at that time.

On January 8, 2005, we issued (after giving effect to the 10,000-for-one share exchange in July 2007) 66,550,000 ordinary shares to Kingsford Resources Limited at the par value of RMB0.00001 per share. AAC estimates the fair value of our shares (after giving effect to the 10,000-for-one share exchange in July 2007) to have been RMB0.86021 per share as of that date.

The fair values of our ordinary shares are affected by the equity value of our company and the number of shares outstanding. The equity value of our company, which measures the value of all the equity interests in our company, increased by approximately 13.2%, from RMB364 million in July 2004 to RMB412 million in January 2005. This is primarily attributable to the growth of our business. In addition, the rapid and substantial growth of our business during the period proved the viability of our business model. Specifically, the increase in the total equity value from July 2004 to January 2005 was primarily attributable to the increase in net revenue in the fourth quarter over the third quarter of 2004 and the increase in the number of affiliated insurance agencies and brokerages from four in July 2004 to seven in January 2005.

However, the total number of ordinary shares increased by 16% from July 2004 to January 2005. The dilution effect more than offset the increase in our equity value, thereby reducing the per share value of our ordinary shares from RMB0.88327 in July 2004 to RMB0.86021 in January 2005.

Our equity value increased by approximately 67.7% from RMB412 million in January 2005 to RMB691 million in January 2006. This is primarily attributable to our actual performance in 2005 exceeding our projections for 2005 and the actual results of 2004. This gave us a better visibility for 2006 and enabled us to increase our projections for 2006. In addition, the investment by a private equity investor in December 2005 provided the funding we needed to rapidly expand our business.

Specifically, the increase in the equity value from January 2005 to January 2006 was primarily attributable to the following developments during the period:

- In 2005, we earned a net revenue of RMB143.7 million, which exceeded our net revenue projection of RMB105 million for 2005 as well as the net revenue of RMB34.0 million we earned in 2004.
- Compared to a net loss of RMB92.7 million in 2004, the net loss in 2005 was only RMB6.7 million, representing a significant improvement.
- In December 2005, a private equity investor made a RMB150 million investment in our company.

Because under the shareholders agreement entered into in December 2005, two of our shareholders, Cathay Capital Group and CDH, had certain preferential rights with respect to liquidation, we treated the shares held by Cathay Capital Group and CDH as preference shares for the purpose of allocating our equity value, using the option-pricing method. As a result, value of our ordinary shares decreased by approximately 7% from RMB0.86021 in January 2005 to RMB0.80275 in January 2006.

Our equity value increased by approximately 154.8% from RMB691 million in January 2006 to RMB1,761 million in January 2007. This is primarily attributable to the following factors:

- the increase in our total net revenue, which reached RMB246.5 million for 2006 as compared to RMB143.7 million for 2005, an increase of 71.5%;

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- our transition to a net profit of RMB57.4 million for 2006 from a net loss of RMB6.7 million for 2005; and
- the significant expansion of our distribution network, including (1) our establishment of four new insurance agencies and acquisition of majority interests in three insurance agencies in 2006, (2) the increase in the number of our sales and service outlets to 144 at the end of 2006 from 19 at the end of 2005 and (3) the increase in the total number of sales agents and in-house sales representatives from approximately 2,730 and 380, respectively, at the end of 2005 to approximately 8,170 and 540, respectively, at the end of 2006.

As a result of the foregoing factors, and after having given effect to the dilutive effect of the options granted in January 2006, we believe the fair value of our ordinary shares increased by approximately 189% from RMB0.8027 to RMB2.3214.

The increase in our equity value from January 2007 to the time of this prospectus is primarily attributable to the following factors:

- The increase in our total net revenue, which reached RMB172.6 million for the first six months of 2007 as compared to RMB106.8 million for the first six months of 2006;
- The increase in our net profit, which reached RMB58.7 million for the first six months of 2007 as compared to RMB24.2 million for the first six months of 2006;
- Our success in increasing the proportion of our revenues attributable to life insurance products, which is an important component of our strategy going forward;
- The addition of a new Chief Financial Officer, Mr. David Tang, a new director of training department, Mr. Mingli Liang, a new chief operating officer with over 30 years of life insurance industry experience, Dr. En Ming Tseng, and a new internal control team;
- The continued growth of the insurance industry in China, from which we derive our revenue as insurance intermediaries;
- A more favorable regulatory environment with government support for consolidations and establishment of nation-wide service networks in the Chinese insurance intermediaries industry, which we expect will help insurance intermediaries, like us, to further expand operations and grow into stronger nation-wide service providers; and
- The imminent launch of our initial public offering, which will provide us with additional capital and will enhance our ability to access capital markets to grow our business, raise our profile in China and provide our shareholders with greater liquidity.

AAC used the discounted cash flow method of the income approach to assess the fair value of our ordinary shares in 2004, 2005, 2006 and 2007. The major assumptions considered in calculating the fair values are as follows:

- Weighted average cost of capital of between 17.0% and 22.0% was used.
- Discount for lack of marketability of between 5% and 15% was used. AAC quantified the discount for lack of volatility by the Black-Scholes option-pricing model. This model treats the right to sell the company shares freely before a liquidity event as a put option. The farther the valuation date is from a liquidation event, the higher the put option value and thus the higher the implied discount for lack of volatility. The option-pricing method is one of the methods commonly used in estimating discount for

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lack of marketability as it can take into consideration factors like timing of liquidity events, risk free interest rate and estimated volatility of our shares.

- **Comparable companies:** In deriving the discount rate, eight public companies with businesses similar to ours were selected for reference. These companies, which obtain a significant proportion of their revenues from the insurance brokerage business, are Marsh & McLennan Co. Inc., Aon Corporation, Willis Group Holdings Ltd., Brown & Brown Inc., Arthur J Gallagher & Co., Hilb Rogal and Hobbs Co., U.S.I. Holdings Corporation and Benfield Group Plc.

The major assumptions considered as at each grant date are summarized below:

<u>Grant Date</u>	<u>Weighted Average Cost of Capital</u>	<u>Discount for Lack of Marketability</u>	<u>Three- Year Revenue Compound Annual Growth Rate</u>	<u>Three- Year Average Earnings Before Interest and Tax</u>
July 2004	22.0%	15%	62%	33%
January 2005	22.0%	12%	62%	32%
January 2006	18.5%	11%	49%	32%
January 2007	17.5%	6%	68%	26%
July 2007	17.0%	5%	63%	29%

We determined the fair value of the options granted at each option grant date using the Black-Scholes option pricing model with the following assumptions:

	<u>Options Granted 2004</u>	<u>Options Granted 2006</u>	<u>Options Granted 2007</u>
Risk-free interest rate range	3.2%	1.9%	2.7%
Expected life range (years)	1.50	2.21	5.60
Expected dividends	0.0%	0.0%	0.0%
Expected volatility	25.1%	24.8%	28.5%

For the purpose of determining the estimated fair value of our share options, we believe expected volatility and estimated share price of our ordinary shares are the most sensitive assumptions since we were a privately held company at the date we granted our options. Changes in the volatility assumption and the estimated share price of our ordinary shares could significantly impact the estimated fair values of the options calculated by the Black-Scholes option pricing model. Expected volatility is estimated based upon the average stock price volatility of the comparable companies listed above over a period commensurate with the expected term of the options. According to paragraph 23 of SFAS 123(R), when estimating expected volatility of the share price of nonpublic entity, historical volatility of an “appropriate industry sector index” should be considered. As there is no sector index for the insurance brokerage business in the stock exchanges in the United States, the market where the company is applying for a listing, the pool of selected companies, with significant amount of their revenues obtained from the insurance brokerage business, is considered as a proxy for the industry sector and average volatility of the pool was used in the valuations. AAC believes that the average share price volatility of the guideline companies is a reasonable benchmark in estimating the expected volatility of our ordinary shares.

Determining the value of our share-based compensation expense in future periods requires the input of highly subjective assumptions, including estimated forfeitures and the price volatility of the underlying shares. We estimate our forfeitures of our shares based on past employee retention rates and our expectations of future retention rates, and we will prospectively revise our forfeiture rates based on actual history. Our share compensation charges may change based on changes to our actual forfeitures. Our actual share-based compensation expenses may be materially different from our current expectations.

Impairment of Goodwill and Long-lived Assets

We are required to review our amortizable intangible assets for impairment when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Goodwill and intangible

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assets with indefinite lives are required to be tested for impairment at least annually or more frequently if events or changes in circumstances indicate that these assets might be impaired. If we determine that the carrying value of our goodwill or acquired intangible assets have been impaired, the carrying value will be written down.

To assess potential impairment of goodwill, we perform an assessment of the carrying value of our reporting units at least on an annual basis or when events and changes in circumstances occur that would more likely than not reduce the fair value of our reporting units below their carrying value. If the carrying value of a reporting unit exceeds its fair value, we would perform the second step in our assessment process and record an impairment loss to earnings to the extent the carrying amount of the reporting unit's goodwill exceeds its implied fair value. We estimate the fair value of our reporting units through internal analysis and external valuations, which utilize income and market valuation approaches through the application of capitalized earnings and discounted cash flow. These valuation techniques are based on a number of estimates and assumptions, including the projected future operating results of the reporting unit, appropriate discount rates and long-term growth rates.

The fair value of each reporting unit is determined by analysis of discounted cash flows. The significant assumptions regarding our future operating performance are revenue growth rates, discount rates and terminal values. If any of these assumptions changes, the estimated fair value of our reporting units will change, which could affect the amount of goodwill impairment charges, if any.

We have not recognized any impairment charge on goodwill and intangibles for the three-year period ended December 31, 2006. We are currently not aware of any impairment charge of the goodwill and intangibles.

Income Taxes

We recognize deferred income taxes for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, net operating loss carryforwards and credits by applying enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in our opinion, it is more likely than not that some portion or all of the deferred tax assets will not be realized. We record a valuation allowance to reduce our deferred income tax assets to an amount that we believe will more likely than not be realized. We have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need and amount for the valuation allowance. In the event we were to determine that we would be able to realize our deferred income tax assets in the future in excess of our net recorded amount, an adjustment to our deferred income tax assets would increase income in the period such determination was made. Alternatively, should we determine that we would not be able to realize all or part of our net deferred income tax assets in the future, an adjustment to our deferred income tax assets would decrease income in the period such determination was made. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in any entity's financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes" and prescribes a recognition threshold and measurement attributes for financial statement disclosure of tax positions taken or expected to be taken on a tax return. Under FIN 48, the impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Additionally, FIN 48 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006.

We have adopted the provisions of FIN 48 on January 1, 2007. The total amount of unrecognized tax benefits as of the date of adoption was RMB305,000. As a result of the implementation of FIN 48, we recognized

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a RMB305,000 increase in the liability for unrecognized tax benefits which was accounted for as an increase to the January 1, 2007, balance of accumulated deficit. As of June 30, 2007, we recognized liabilities for unrecognized tax benefits totaled RMB994,000 (US\$130,583).

Allocation of Expenses

Expenses incurred from January 1, 2004 until June 9, 2004, the date of reorganization, relating to general corporate functions have been allocated between the entities retained by China United Financial Services and our company based on a pro-rata percentage of total net revenues. General corporate overhead expenses primarily related to centralized corporate functions, including treasury, tax, accounting and administrative functions. We believe the assumptions and methodologies underlying the allocation of general corporate overhead expenses from China United Financial Services are reasonable. However, such expenses may not be indicative of the actual level of expenses that would have been incurred by our company if we had operated as an independent, stand-alone entity for that period. As such, the financial information herein for the year ended December 31, 2004 may not necessarily reflect the combined financial position, results of operations and cash flows of our company if we had been an independent, stand-alone entity during the entire year of 2004.

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Selected Quarterly Results of Operations

The following table presents our selected unaudited quarterly results of operations for the eight quarters in the period from July 1, 2005 to June 30, 2007. The information should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus. We have prepared the unaudited consolidated quarterly financial information on the same basis as our audited consolidated financial statements. The unaudited financial information includes all adjustments, consisting only of normal and recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating results for the periods presented. Results for the quarters are not necessarily indicative of results that may be expected for the full year. We believe that the quarter-to-quarter comparison of our operating results should not be relied upon as being indicative of our results for any future quarters or for a full year.

	For the three months ended							
	September 30, 2005	December 31, 2005	March 31, 2006	June 30, 2006	September 30, 2006	December 31, 2006	March 31, 2007	June 30, 2007
	(in RMB thousands)							
Net revenues:								
Commissions and fees	42,758	56,905	41,232	65,311	51,700	87,409	70,594	101,729
Other service fees	627	393	97	151	305	344	121	117
Total net revenues	43,385	57,298	41,329	65,462	52,005	87,753	70,715	101,846
Operating costs and expenses:								
Commissions and fees	(22,658)	(29,533)	(21,243)	(32,078)	(31,315)	(48,440)	(32,979)	(54,296)
Selling expenses	(1,379)	(1,654)	(2,235)	(3,053)	(2,973)	(3,027)	(2,198)	(1,998)
General and administrative expenses	(5,524)	(10,054)	(15,338)	(10,455)	(13,585)	(12,741)	(11,338)	(14,577)
Total operating costs and expenses	(29,561)	(41,241)	(38,816)	(45,586)	(47,873)	(64,208)	(46,515)	(70,871)
Income from operations	13,824	16,057	2,513	19,876	4,132	23,545	24,200	30,975
Other income (expenses), net:								
Interest income	20	384	898	698	1,964	1,804	1,027	953
Interest expense	(6)	(4)	(26)	(2)	(2)	(4)	(22)	(44)
Others, net	2	(19)	8	2	(5)	—	11	4
Income before income taxes	13,840	16,418	3,393	20,574	6,089	25,345	25,216	31,888
Net Income tax benefit (expense)	(194)	(271)	(275)	317	70	461	(362)	186
Net income before minority interest	13,646	16,147	3,118	20,891	6,159	25,806	24,854	32,074
Minority interest	2	25	1	159	822	439	914	848
Net income	13,648	16,172	3,119	21,050	6,981	26,245	25,768	32,922

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Our quarterly results of operations are affected by seasonal variations caused by insurance companies' business practices and consumer demand. Historically, insurance companies, under pressure to meet their annual sales targets, would increase their sales efforts during the fourth quarter of a year by, for example, offering more incentives for insurance intermediaries to increase sales. As a result, our commission and fee income for the fourth quarter of a year has generally been the highest among all four quarters. Business activities, including buying and selling insurance, usually slow down during the Chinese New Year festivities, which occur during the first quarter of each year. As a result, our commission and fee income for the first quarter of a year has generally been the lowest among all four quarters.

The temporary decline in revenues from the second quarter to the third quarter of 2006 was due to the introduction of mandatory third party automobile liability insurance by the PRC government. This change in government policy did not negatively affect our sales volume, but the commission rate for the mandatory insurance was initially set by the insurance companies at a rate lower than the previous rate for optional insurance, which caused a decline in our related revenues. Because our commissions and fees and operating expenses were not proportionately reduced by this change, our net profit and net profit margin declined for that quarter. The commission rates for third party automobile liability insurance increased again over time as a result of competition among insurance companies, such that in later quarters this change no longer had a material impact on our overall financial results.

Results of Operations

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2004		2005		2006		2006		2007	
	04 to 05 Percentage Change		05 to 06 Percentage Change				06 to 07 Percentage Change			
	RMB	%	RMB	%	RMB	US\$	RMB	%	RMB	US\$
(in thousands, except percentage data)										
Consolidated Statement of Operations Data										
Net revenues:										
Commissions and fees	33,401	326.7	142,520	72.4	245,652	32,271	106,543	61.7	172,323	22,638
Other service fees	564	109.0	1,179	(23.9)	897	118	248	(4.0)	238	31
Total net revenues	33,965	323.1	143,699	71.6	246,549	32,389	106,791	61.6	172,561	22,669
Operating costs and expenses:										
Commissions and fees	(4,256)	1,444.9	(65,752)	102.4	(133,076)	(17,482)	(53,321)	63.7	(87,275)	(11,465)
Selling expenses	(2,432)	127.3	(5,527)	104.2	(11,288)	(1,483)	(5,288)	(20.7)	(4,196)	(551)
General and administrative expenses	(120,576)	(34.6)	(78,879)	(33.9)	(52,119)	(6,847)	(25,793)	0.5	(25,915)	(3,404)
Total operating costs and expenses	(127,264)	18.0	(150,158)	30.9	(196,483)	(25,812)	(84,402)	39.1	(117,386)	(15,420)
Income (loss) from operations	(93,299)	(93.1)	(6,459)	*	50,066	6,577	22,389	146.4	55,175	7,249
Other income (expenses), net:										
Interest income	49	808.2	445	1,105.4	5,364	705	1,596	24.1	1,980	260
Interest expense	(15)	26.7	(19)	78.9	(34)	(5)	(28)	135.7	(66)	(9)
Others, net	158	(109.5)	(15)	*	5	1	10	50.0	15	2
Net income (loss) before income taxes	(93,107)	(93.5)	(6,048)	*	55,401	7,278	23,967	138.3	57,104	7,502
Net income tax benefit (expense)	396	*	(672)	*	573	75	42	519.0	(176)	(23)
Net income (loss) before minority interest	(92,711)	(92.8)	(6,720)	*	55,974	7,353	24,009	137.1	56,928	7,479
Minority interest	—	*	27	5,163.0	1,421	187	160	1,001.3	1,762	231
Net income (loss)	(92,711)	(92.8)	(6,693)	*	57,395	7,540	24,169	142.8	58,690	7,710

* Not meaningful for analysis because the percentage change is mathematically undeterminable or involves a change from income or benefit to loss or expense, or vice versa.

Six Months Ended June 30, 2007 Compared to Six Months Ended June 30, 2006

Net Revenues. Our total net revenues increased by 61.6% from RMB106.8 million for the six months ended June 30, 2006 to RMB172.6 million (US\$22.7 million) for the six months ended June 30, 2007 primarily as result of:

- a 50.8% increase in commissions and fees derived from the distributions of property and casualty insurance products, from RMB101.4 million for the six months ended June 30, 2006 to RMB152.8 million (US\$20.1 million) for the six months ended June 30, 2007; and
- a 276.5% increase in commissions and fees derived from the distributions of life insurance products, from RMB5.2 million for the six months ended June 30, 2006 to RMB19.5 million (US\$2.6 million) for the six months ended June 30, 2007.

The increase in commissions and fees was mainly attributable to a significant increase in the number of sales agents in our distribution network, slightly higher commission and fee rates and the establishment of four new affiliated insurance intermediary companies and the acquisitions of majority interests in three affiliated insurance agencies in 2006. The financial results of those newly established or acquired companies were more fully reflected in the first half of 2007. The total number of sales agents in our distribution network increased from approximately 5,800 as of June 30, 2006 to approximately 10,200 as of June 30, 2007. Since we only started distributing life insurance products in January 2006 and had only limited resources to commit to selling life insurance products in the first half of 2006, the percentage increase of our commissions and fees from life insurance products was much larger than that from property and casualty insurance products.

Our other service fees, which accounted for 0.1% of our total net revenues in the first half of 2007, decreased by 4.0% primarily because we reduced or waived services fees for services provided to some long-term customers as an incentive for their policy renewals.

Operating Costs and Expenses

Commissions and Fees. Commissions and fees we incurred increased 63.7% from RMB53.3 million for the six months ended June 30, 2006 to RMB87.3 million (US\$11.5 million) for the six months ended June 30, 2007 primarily due to the increase in the distributions of insurance products. The percentage increase of our commissions and fees incurred slightly outpaced that of our commission and fee revenue primarily because individual sales agents, who generally earn a higher commission than our in-house sales representatives, constituted a slightly higher percentage of our sales force in the first half of 2007 than in the first half of 2006. Individual sales agents as a percentage of our sales force increased from 93.6% as of June 30, 2006 to 94.7% as of June 30, 2007.

Selling Expenses. Our selling expenses decreased by 20.7% from RMB5.3 million for the six months ended June 30, 2006 to RMB4.2 million (US\$0.6 million) for the six months ended June 30, 2007 primarily due to decreases in office expenses following further centralization of management functions as well as decreases in advertising fees after the completion of our Beijing advertising campaign.

General and Administrative Expenses. Our general and administrative expenses for the six months ended June 30, 2007 remained stable compared to those expenses for the same period in 2006. Sharp reductions in share-based compensation expenses from RMB13.0 million to RMB0.8 million were offset by increases in most other general and administrative expenses that were primarily due to the overall expansion of our operations.

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Income from Operations. As a result of the foregoing factors, our income from operations increased by 146.4% from RMB22.4 million for the six months ended June 30, 2006 to RMB55.2 million (US\$7.2 million) for the six months ended June 30, 2007.

Other Income, Net. Our other income, net, increased primarily due to an increase in interest income as a result of an increase in cash and cash equivalents arising from overall positive cash flows.

Net Income before Income Taxes. As a result of the foregoing factors, our net income before income taxes increased by 138.3% from RMB24.0 million for the six months ended June 30, 2006 to RMB57.1 million (US\$7.5 million) for the six months ended June 30, 2007.

Income Tax Benefit (Expense). Our income tax benefit for the six months ended June 30, 2007 was primarily due to current tax expenses of RMB1.0 million and other tax expenses of RMB689,000 attributable to an increase in unrecognized tax benefits, offset by a deferred tax credit of RMB1.5 million attributable to an increase in operating loss carryforwards.

Minority Interest. The substantial increase in minority interest was primarily due to our acquisitions of a majority interest in two insurance agencies and the establishment of four new insurance agencies and one limited liability company, in which we hold majority interests, in the second half of 2006 and also the establishment of two new insurance agencies and brokerages and one new investment holding company in the first half of 2007. An increase in the aggregate losses of companies in which we only hold majority interests also contributed to the increase in the loss shared by minority shareholders for the six months ended June 30, 2007.

Net Income (Loss). As a result of the foregoing, our net income increased by 142.8% from RMB24.2 million for the six months ended June 30, 2006 to RMB58.7 million (US\$7.7 million) for the six months ended June 30, 2007.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Net Revenues. Our total net revenues increased by 71.6% from RMB143.7 million in 2005 to RMB246.5 million (US\$32.4 million) in 2006 primarily as result of:

- a 57.9% increase in commissions and fees derived from the distributions of property and casualty insurance products, from RMB142.5 million in 2005 to RMB225.0 million (US\$29.6 million) in 2006; and
- commissions and fees of RMB20.6 million (US\$2.7 million) in 2006 derived from the distributions of life insurance products.

The increase in commissions and fees derived from the distributions of property and casualty insurance products was mainly attributable to a significant increase in the number of sales agents and in-house sales representatives in our distribution network and the establishment of five new affiliated insurance intermediary companies in 2005, whose financial results were more fully reflected in 2006. We only started distributing individual life insurance products in 2006, and our commissions and fees from the distributions of life insurance products accounted for 8.4% of our total commissions and fees in 2006 and 11.3% in the first half of 2007. The total number of sales agents and in-house sales representatives in our distribution network increased from approximately 2,730 and 380, respectively, as of December 31, 2005 to approximately 8,170 and 540, respectively, as of December 31, 2006.

Our other service fees decreased primarily because an insurance company cancelled the collection of certain premiums payable from us in 2005 that resulted in a corresponding recognition of other service fees in 2005. There were otherwise no significant changes in the fees generated from providing settlement-related services.

Operating Costs and Expenses

Commissions and Fees. Commissions and fees we incurred increased 102.4% from RMB65.8 million in 2005 to RMB133.1 million (US\$17.5 million) in 2006 primarily due to the increase in the distributions of property and casualty insurance products and the commencement of our life insurance business in 2006. We did not engage in individual life insurance business in 2005 and therefore did not incur any commission or fee expenses for the distributions of life insurance products. The percentage increase of our commissions and fees incurred outpaced that of our commission and fee revenue primarily because individual sales agents, who generally earn a higher commission than our in-house sales representatives, constituted a higher percentage of our sales force in 2006 than in 2005. Individual sales agents as a percentage of our sales force increased from 87.9% at the end of 2005 to 93.9% at the end of 2006. In addition, the commencement of our life insurance business in 2006 also contributed to the faster increase in commissions and fees incurred, because the sale agents' commission rates for selling life insurance products are generally higher than for selling property and casualty products.

Selling Expenses. Our selling expenses increased by 104.2% from RMB5.5 million in 2005 to RMB11.3 million (US\$1.5 million) in 2006 primarily due to rapid sales growth and expansion of our distribution network. We established four new insurance agencies in 2006 and increased the number of distribution outlets from 19 at the end of 2005 to 144 at the end of 2006. The percentage increase of our selling expenses was more than the percentage increase of our net revenues primarily because we incurred significant initial expenses in connection with the establishment of new insurance agencies and distribution outlets.

General and Administrative Expenses. Our general and administrative expenses decreased by 33.9% from RMB78.9 million in 2005 to RMB52.1 million (US\$6.8 million) in 2006 primarily as a result of a decrease of RMB32.4 million in share-based compensation expenses, partially offset by an increase of approximately RMB5.6 million in other general and administrative expenses due to the overall growth of our business. For a detailed description of our share-based compensation expenses in 2006 and 2005, see “—Key Performance Indicators—Operating Costs and Expenses—Share-based Compensation Expenses.”

Income (Loss) from Operations. As a result of the foregoing factors, we achieved income from operations of RMB50.1 million (US\$6.6 million) in 2006, compared with a loss from operations of RMB6.5 million in 2005.

Other Income, Net. Our other income, net, increased significantly primarily due to an increase in interest income from RMB0.4 million in 2005 to RMB5.4 million (US\$0.7 million) in 2006. The increase in interest income was mainly attributable to the additional cash from the private placement with CDH completed in December 2005.

Net Income (Loss) before Income Taxes. As a result of the foregoing factors, we achieved net income before income taxes of RMB55.4 million (US\$7.3 million) in 2006, compared with a net loss before income taxes of RMB6.0 million in 2005.

Income Tax Benefit (Expense). Our income tax benefit in 2006 was primarily due to deferred tax credits of RMB1.5 million (US\$0.2 million), offset by current tax expenses of RMB0.9 million (US\$0.1 million).

Minority Interest. Minority interest of RMB1.4 million (US\$0.2 million) in 2006 was primarily due to our acquisitions of a majority interest in three insurance agencies and the establishment of three new insurance agencies and one limited liability company, in which we hold majority interests, in 2006.

Net Income (Loss). As a result of the foregoing, we had a net income of RMB57.4 million (US\$7.5 million) and a net margin of 23.3% in 2006, compared with a net loss of RMB6.7 million in 2005.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

Net Revenues. Our total net revenues increased significantly from RMB34.0 million in 2004 to RMB143.7 million in 2005 primarily as a result of the increase in our commissions and fees, which increased from RMB33.4 million in 2004 to RMB142.5 million in 2005, due primarily to a significant expansion of our distribution network in 2005. The total number of our sales agents and in-house sales representatives increased from zero and approximately 170, respectively, as of December 31, 2004 to approximately 2,730 and 380, respectively, as of December 31, 2005. In addition, we established three insurance agencies in the second half of 2004, and their financial results were more fully reflected in 2005. Our other service fees increased primarily due to increases in demand for our settlement-related services and because an insurance company cancelled the collection of certain premiums payable from us in 2005 that resulted in a corresponding recognition of other service fees in 2005.

Operating Costs and Expenses

Commissions and Fees. We incurred substantially higher commissions and fees of RMB65.8 million in 2005 compared to RMB4.3 million in 2004 primarily due to increase in the distributions of property and casualty insurance products. The percentage increase of our commissions and fees incurred outpaced that of our commission and fee revenue because we started the transition in 2005 from relying exclusively on in-house sales representatives to replying principally on sales agents for the distribution of insurance products. Individual sales agents as a percentage of our sales force increased from zero at the end of 2004 to 87.9% at the end of 2005.

Selling Expenses. Our selling expenses increased by 127.3% from RMB2.4 million in 2004 to RMB5.5 million in 2005 primarily due to sales growth and expansion of our distribution network. We established five new insurance intermediary companies in 2005 and increased the number of distribution outlets from nine at the end of 2004 to 29 at the end of 2005. The percentage increase of our selling expenses was less than the percentage increase of our net revenues because of the transition in 2005 to a sales model that rely principally on sales agents instead of in-house sales representatives.

General and Administrative Expenses. Our general and administrative expenses decreased by 34.6% from RMB120.6 million in 2004 to RMB78.9 million in 2005 primarily as a result of a decrease of RMB52.8 million in share-based compensation expenses, partially offset by an RMB11.1 million increase in other general and administrative expenses due to the overall growth of our business. For a detailed description of our share-based compensation expenses in 2005 and 2004, see “—Key Performance Indicators—Operating Costs and Expenses—Share-based Compensation Expenses.”

Loss from Operations. As a result of the foregoing factors, our loss from operations decreased by 93.1% from RMB93.3 million in 2004 to RMB6.5 million in 2005.

Other Income, Net. Our other income, net increased primarily due to an increase in interest income. The increase in interest income was mainly attributable to an increase in cash generated from operating activities.

Net Loss before Income Taxes. As a result of the foregoing factors, our net loss before income taxes decreased by 93.5% from RMB93.1 million in 2004 to RMB6.0 million in 2005.

Income Tax Benefit (Expense). Our income tax benefit in 2004 was primarily due to an increase in deferred tax assets of RMB0.6 million, offset by current tax expenses of RMB0.2 million.

Minority Interest. We did not have minority interest in 2004 because all of our affiliated insurance agencies and brokerages were wholly owned by our consolidated affiliated entities.

Net Income (Loss). As a result of the foregoing, our net loss decreased by 92.8% from RMB 92.7 million in 2004 to RMB6.7 million in 2005.

Liquidity and Capital Resources

Our principal sources of liquidity have been cash generated from our operating activities and our sales of ordinary shares through private placements. See “Related Party Transactions—Private Placements.” As of December 31, 2006 and June 30, 2007, we had RMB223.9 million (US\$29.4 million) and RMB363.4 million (US\$47.7 million) in cash, respectively. Our cash consists of cash on hand and bank deposits with terms of 90 days or less. Our principal uses of cash have been to fund our working capital requirements, rental deposit, office renovation, purchases of automobiles and office equipment and acquisitions. Although we consolidate the results of our PRC affiliated entities, we do not have direct access to their cash and cash equivalents or future earnings. But we can direct the use of their cash through agreements that provide us with effective control of these entities. Moreover, we receive annual or monthly fees from some of these affiliated entities in exchange for certain technology consulting and other services provided by us and the use of trademark owned by us. See “Corporate Structure—Our Corporate Structure and Contractual Arrangements.” We expect to require cash to fund our ongoing business needs, particularly the further expansion of our distribution network through acquisitions and establishment of new insurance agencies and brokerages.

We believe that our current cash and cash equivalents, anticipated cash flow from operations and net proceeds from this offering will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures for at least the next 12 months. We may, however, require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our existing cash is insufficient to meet our requirements, we may seek to sell additional equity securities, debt securities or borrow from lending institutions. Financing may be unavailable in the amounts we need or on terms acceptable to us, if at all. The sale of additional equity securities, including convertible debt securities, would dilute our earnings per share. The incurrence of debt would divert cash for working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders. If we are unable to obtain additional equity or debt financing as required, our business operations and prospects may suffer.

The following table sets forth a summary of our cash flows for the periods indicated:

	Year Ended December 31,				For the Six Months Ended June 30, 2007	
	2004	2005	2006			
	RMB	RMB	RMB	US\$	RMB	US\$
			(in thousands)			
Net cash generated from operating activities	10,686	71,961	53,936	7,085	76,208	10,011
Net cash (used in) generated from investing activities	(7,581)	(85,954)	(2,411)	(317)	64,139	8,426
Net cash generated from (used in) financing activities	14,094	159,599	(2,149)	(282)	(985)	(129)
Net increase in cash and cash equivalents	17,199	145,606	49,376	6,486	139,362	18,308
Cash and cash equivalents at the beginning of the year	11,924	29,123	174,634	22,942	223,926	29,417
Cash and cash equivalents at the end of the year	29,123	174,634	223,926	29,417	363,406	47,741

Operating Activities

Net cash generated from operating activities amounted to RMB76.2 million (US\$10.0 million) for the six months ended June 30, 2007, primarily attributable to (1) a net income of RMB58.7 million (US\$7.7 million), (2) an increase of RMB17.8 million (US\$2.3 million) in accounts payable primarily as a result of sales growth, (3) an increase of RMB11.6 million (US\$1.5 million) in insurance premium payable primarily as a result of sales growth and less stringent premium collection practices by the insurance companies in the middle of the year as compared to the year end, and (4) an increase of RMB11.4 million (US\$1.5 million) in other receivables, which negatively affected operating cash flow, primarily as a result of advances extended to entrepreneurial agents to help them establish sales teams.

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Net cash generated from operating activities amounted to RMB53.9 million (US\$7.1 million) in 2006, primarily attributable to (1) a net income of RMB57.4 million (US\$7.5 million), (2) share-based compensation expenses of RMB24.1 million (US\$3.2 million), which did not affect our operating cash flow, (3) an increase of RMB16.5 million (US\$2.2 million) in accounts receivable as a result of an increase in sales, particularly sales in the fourth quarter for which payment had not been received by the end of 2006, which negatively affected operating cash flow, and (4) an increase in other receivables of RMB11.0 million (US\$1.4 million), primarily representing advances extended to entrepreneurial agents to help them establish sales teams, which negatively affected operating cash flow.

Net cash generated from operating activities in 2005 was RMB72.0 million, primarily attributable to (1) a net loss of RMB6.7 million, (2) share-based compensation expenses of RMB56.5 million, which did not affect our operating cash flow, (3) an increase of RMB12.8 million in accounts payable, as a result of a growth in sales generated by increased number of sales agents compensated by commissions payable only when we receive payments from insurance companies, (4) a decrease of RMB6.3 million in other receivables, primarily due to repayment of working-capital advances to regional managers used to fund the development of agent distribution networks, and (5) an increase of RMB5.4 million in accounts receivable, which increase negatively affected cash flow, in line with a growth in sales.

Net cash generated from operating activities in 2004 was RMB10.7 million, primarily attributable to (1) a net loss of RMB92.7 million, (2) share-based compensation expenses of RMB109.3 million, which did not affect our operating cash flow, (3) an increase of RMB5.3 million in other payables, primarily representing insurance compensation received from insurance companies that have not yet been disbursed and funds held on behalf of unrelated third parties, (4) an increase of RMB4.2 million in insurance premium payable in line with an increase in sales, and (5) an increase of RMB11.8 million in other receivables, primarily due to the making of working capital advances to regional managers used to fund the development of agent distribution networks and advances to employees for daily operations.

Investing Activities

Net cash generated from investing activities for the six months ended June 30, 2007 was RMB 64.1 million (US\$8.4 million), primarily attributable to repayments, net of advances, totaling RMB77.5 million (US\$10.2 million) of advances previously made to certain subsidiaries of China United Financial Services and personal loans previously made to two executive officers of our company, partially offset by an increase of RMB11.6 million (US\$1.5 million) restricted cash set aside for settling the insurance premium payable.

Net cash used in investing activities in 2006 was RMB2.4 million (US\$0.3 million), primarily attributable to (1) payment of the purchase price for the acquisition of majority interests in three insurance agencies totaling RMB8.1 million (US\$1.1 million), (2) the purchase of automobiles and office equipment and leasehold improvement in an amount of RMB6.3 million (US\$0.8 million) and (3) advances, net of repayments, amounting to RMB7.7 million (US\$1.0 million) primarily to certain subsidiaries of China United Financial Services and an entity controlled by our chief executive officer and our president, partially offset by a refund of RMB20.0 million (US\$2.6 million) in deposit paid in connection with a proposed acquisition that was subsequently abandoned.

Net cash used in investing activities was RMB86.0 million in 2005, resulting primarily from (1) advances, net of repayments, totaling RMB59.3 million to certain subsidiaries of China United Financial Services and to our chief executive officer and our president and (2) the deposit of RMB20.0 million paid in connection with a proposed acquisition that was subsequently abandoned.

Net cash used in investing activities in 2004 amounted to RMB7.6 million, primarily attributable to advances, net of advances, totaling RMB5.8 million, to subsidiaries of China United Financial Services.

Financing Activities

Net cash used in financing activities was RMB1.0 million (US\$0.1 million) for the six months ended June 30, 2007, primarily attributable to (1) a dividend payment of RMB11.5 million (US\$1.5 million) and (2) an

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advance of RMB7.5 million (US\$0.1 million) by an executive officer as part of the purchase price for the subsequent exercise of his options in July 2007, partially offset by (1) repayments of RMB3.3 million (US\$0.4 million) from certain subsidiaries of China United Financial Services of earlier advances for working capital purposes and (2) an increase of RMB6.5 million (US\$0.9 million) in minority interests, primarily due to the establishments of three new majority-owned subsidiaries in the first half of 2007.

Net cash used in financing activities was RMB2.1 million (US\$0.3 million) in 2006, primarily attributable to (1) RMB5.0 million (US\$0.7 million) repayment of a loan from an unrelated third party and (2) net repayments totaling RMB4.2 million (US\$0.6 million) to certain subsidiaries of China United Financial Services for working capital purposes, partially offset by an increase of RMB6.2 million (US\$0.8 million) in minority interest due to establishment of four new majority-owned insurance agencies and one limited liability company and acquisitions of majority interests in three insurance agencies.

Net cash generated from financing activities amounted to RMB159.6 million in 2005, primarily as a result of the proceeds from the private placement of CISG's ordinary shares to CDH. Net cash generated from financing activities amounted to RMB14.1 million in 2004, primarily attributable to (1) RMB35.0 million proceeds from share issuances to Cathay Auto Services Limited and China United Financial Services and (2) advances, net of repayments, of RMB12.5 million from related parties, partially offset by cash distributions totaling RMB32.0 million in connection with our restructuring pursuant to which we acquired our insurance intermediary business.

Capital Expenditures

We incurred capital expenditures of RMB1.6 million, RMB2.8 million, RMB6.3 million (US\$0.8 million) and RMB1.7 million (US\$0.2 million) for the years ended December 31, 2004, 2005, 2006 and the six months ended June 30, 2007, respectively. Our capital expenditures have been used primarily to purchase automobiles and office equipment. We estimate that our capital expenditures will increase significantly in 2007 and 2008 as we further expand our distribution network and improve our unified operating platform.

Contractual Obligations

The following table sets forth our contractual obligations and commercial commitments as of December 31, 2006:

	Payment Due by Period				
	Total	Less than 1 year	1- 3 years	3- 5 years	More than 5 years
	(in thousands of RMB)				
Long-term debt obligations ⁽¹⁾	555	318	237	—	—
Operating lease obligations	13,254	5,664	7,263	220	107
Purchase Obligations ⁽²⁾	860	860	—	—	—
Total	14,669	6,842	7,500	220	107

(1) Excludes accrued interest.

(2) Represents remaining payment commitment in connection with our new IT system.

Other than the contractual obligations and commercial commitments set forth above, we did not have any other material long-term debt obligations, operating lease obligations, purchase obligations or other material long-term liabilities as of December 31, 2006.

Holding Company Structure

We are a holding company with no material operations of our own. We conduct our operations primarily through our wholly owned subsidiaries in China and our affiliated entities, Meidiya Investment and Yihe

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Investment, and their subsidiaries. As a result, our ability to pay dividends and to finance any debt we may incur depends upon dividends paid by our wholly owned subsidiaries and trademark license and service fees paid by some of the subsidiaries of Meidiya Investment and Yihe Investment. If our wholly owned subsidiaries or any newly formed subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. Our wholly owned subsidiaries are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries and affiliated entities in China is required to set aside at least 10% of its after-tax profits as reported in the PRC statutory financial statements each year, if any, to fund a statutory reserve until such reserve reach 50% of its registered capital, and to further set aside a portion of its after-tax profits to fund the employee welfare fund at the discretion of its board. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation of the companies. Furthermore, the new tax law enacted by the People's Congress to take effect on January 1, 2008 may eliminate the current exemption of enterprise income tax on dividend derived by foreign investors from foreign invested enterprises and may impose on foreign invested enterprises an obligation to withhold tax on dividend distributed by such foreign invested enterprises. At December 31, 2006, our restricted net asset was RMB313.5 million (US\$41.2 million), which is not eligible for distribution. This amount is composed of the registered equity of the our PRC subsidiaries and affiliated entities and the statutory reserves described above.

Off-Balance Sheet Commitments and Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

Inflation

Since our inception, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the change of consumer price index in China was 3.9%, 1.8% and 1.5% in 2004, 2005 and 2006, respectively.

Quantitative and Qualitative Disclosure About Market Risk

Foreign Exchange Risk

Substantially all of our revenues and expenses are denominated in RMB. Our exposure to foreign exchange risk primarily relates to cash and cash equivalent denominated in U.S. dollars through a private placement completed in December 2005 and proceeds from this offering. We do not believe that we currently have any significant direct foreign exchange risk and have not hedged exposures denominated in foreign currencies or any other derivative financial instruments. Although in general, our exposure to foreign exchange risks should be limited, the value of your investment in our ADSs will be affected by the foreign exchange rate between U.S. dollars and RMB because the value of our business is effectively denominated in RMB, while the ADSs will be traded in U.S. dollars.

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of RMB into foreign currencies, including U.S. dollars, has been based on rates set by the People's Bank of China. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the RMB to the U.S. dollar. Under

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the new policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in an approximately 9.5% appreciation of the RMB against the U.S. dollar by September 30, 2007. There remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of the RMB against the U.S. dollar. To the extent that we need to convert U.S. dollars we receive from this offering into RMB for our operations, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we receive from the conversion. Conversely, if we decide to convert our RMB denominated cash amounts into U.S. dollars amounts for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amount available to us. We have not used any forward contracts or currency borrowings to hedge our exposure to foreign currency exchange risk.

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the interest rates for our outstanding debt and the interest income generated by excess cash invested in liquid investments with original maturities of three months or less. As of December 31, 2006, our total outstanding loans amounted to RMB555,000 (US\$73,000) with interest rates varying from 4.185% to 6.3%. The loans are long-term automobile bank loans with fixed interest rates. Assuming the principal amount of the outstanding loans remains unchanged in 2007, a 1% increase in each applicable interest rate would add RMB4,875 (US\$640) to our interest expense in 2007. We have not used any derivative financial instruments to manage our interest risk exposure. Interest-earning instruments carry a degree of interest rate risk, and our future interest income may be lower than expected. We have not been exposed nor do we anticipate being exposed to material risks due to changes in interest rates, because most of our borrowings bear fixed interest rates. However, our future interest expense may increase due to changes in market interest rates.

Recent Accounting Pronouncements

In March 2006, the Emerging Issues Task Force reached a consensus on Issue No. 06-3, How Taxes Collected from Customers and Remitted to Government Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation), or EITF No. 06-3. We are required to adopt the provisions of EITF No. 06-3 beginning in fiscal year 2007. We do not expect the provisions of EITF No. 06-3 to have a material impact on our consolidated financial position, results of operations or cash flows.

In June 2006, the FASB issued FASB Interpretation No. 48, *“Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109,”* or FIN 48, which clarifies the accounting for uncertainty in tax positions in the income tax positions in FASB Statement No. 109, *“Accounting for Income Taxes.”* FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN48 is effective for us beginning in fiscal year 2007. We have adopted the provisions of FIN 48 on January 1, 2007. The total amount of unrecognized tax benefits as of the date of adoption was RMB305,000. As a result of the implementation of FIN 48, we recognized a RMB305,000 increase in the liability for unrecognized tax benefits which was accounted for as an increase to the January 1, 2007, balance of accumulated deficit. As of June 30, 2007, we recognized liabilities for unrecognized tax benefits totaled RMB994,000 (US\$130,583).

In September 2006, the FASB issued FASB Statement No. 157, *“Fair Value Measurement,”* or SFAS 157. SFAS 157 addresses standardizing the measurement of fair value for companies that are required to use a fair value measure of recognition for recognition or disclosure purposes. The FASB defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.” SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. We are in the process of assessing the impact of the adoption of SFAS 157 on our financial position or results of operations and cash flows.

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In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, or SFAS No. 159, which permits entities to choose to measure many financial instruments and certain other items, which are not currently required to be measured at fair value, at fair value. SFAS No. 159 will be effective on July 1, 2008. We are currently evaluating the impact of adopting SFAS No. 159 on our consolidated financial position, cash flows, and results of operations.

INDUSTRY

General Factors Driving the Growth of the Chinese Insurance Industry

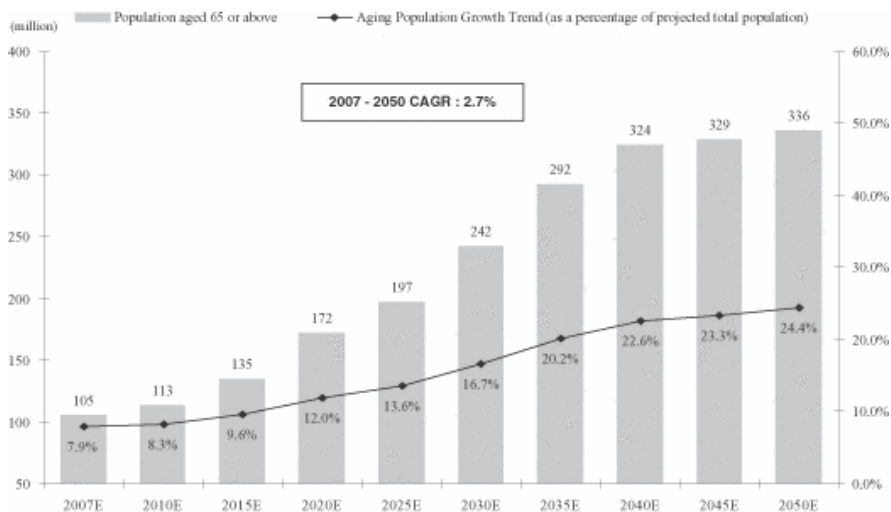
We believe that certain macroeconomic factors have been and will continue to be the key driving forces behind the growth of the Chinese insurance industry. China's economy has grown rapidly since 1978, when the PRC government began economic reform and gradually opened the country to the outside world. Rapid economic growth has created substantial wealth in the PRC in recent years, particularly in urban areas, where approximately 43% of the total population, or over 560 million people, now reside. The following table sets forth certain macroeconomic data for the period between 2000 and 2005.

	2000	2001	2002	2003	2004	2005	CAGR (2000 – 2005)
	(in billions of RMB except per capita data)						(%)
GDP	9,921.5	10,965.5	12,033.3	13,582.3	15,987.8	18,308.5	13.0
Savings deposits at end of year	6,433.2	7,376.2	8,691.1	10,361.7	11,955.5	14,105.1	17.0
Per capita annual disposable income of urban households	6,280.0	6,859.6	7,702.8	8,472.2	9,421.6	10,493.0	10.8

Source: China Statistical Yearbook 2006

We believe that the continued accumulation of wealth, as illustrated by the significant growth in savings deposits and per capita annual disposable income of urban households, presents substantial opportunities for increasing the sales of life insurance products, especially products with saving or investment features.

We believe that demographic factors have also contributed to the growth of the PRC life insurance industry and will continue to drive its future growth. According to the National Bureau of Statistics, the percentage of the population aged 65 and above in the PRC increased from 7.0% in 2000 to 7.7% in 2005. The following chart illustrates the projected growth of China's aging population from 2007 to 2050, assuming a total fertility rate of 1.7.



Source: National Population and Family Planning Commission of China

China's public pension system is still developing and may have difficulty providing adequate coverage for the elderly. Accordingly, the aging trend heightens the need for private pension products, such as endowment and annuity life insurance products.

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Rapid economic growth has also created substantial growth opportunities for property and casualty insurance in the PRC. For example, according to the China Statistical Yearbook 2006, the number of privately owned automobiles increased from approximately 6.3 million in 2000 to 18.5 million in 2005 at a CAGR of 24.0%, and the total number of civilian automobiles increased from approximately 16.1 million to approximately 31.6 million at a CAGR of 14.4% during the same period. As a result, sales of automobile insurance increased significantly during the same period. Similarly, we believe that continued growth of investment in fixed assets and freight traffic have contributed to the increased sales of commercial property insurance and cargo insurance, respectively, in recent years.

The Chinese Insurance Industry

Size and Growth

The Chinese insurance industry was the third largest insurance industry in Asia after Japan and South Korea and the 9th largest in the world by premium volume in 2006, according to the Sigma Report No. 4/2007 published by Swiss Reinsurance Company. It is also one of the fastest growing insurance industries among the world's major economies. Between 2000 and 2005, total insurance premiums increased from RMB160.9 billion to RMB492.8 billion (US\$64.7 billion), representing a CAGR of 25.1%, according to data published by the CIRC. The following table sets forth the total insurance premiums received by life insurance companies and property and casualty insurance companies in the PRC from 2000 to 2005 and their respective CAGR.

	2000	2001	2002	2003	2004	2005	CAGR (2000 – 2005)
	(in billions of RMB)						(%)
Life insurance	100.3	142.5	227.5	298.3	319.8	364.5	29.44
Property and casualty insurance	60.6	69.1	77.3	86.6	112.5	128.4	16.20

Source: China Insurance Yearbook 2006

Density and Penetration

Despite its rapid growth and achieving substantial scale in recent years, the Chinese insurance industry, measured by insurance density, or per capita premiums, and insurance penetration, or total premiums as a percentage of GDP, remains under-developed as compared with the insurance industries of more developed economies. The following table sets forth insurance density and penetration data of the PRC and selected countries and regions in 2006.

	Life Insurance		Non-life Insurance ⁽¹⁾	
	Density ⁽²⁾	Penetration ⁽³⁾	Density ⁽²⁾	Penetration ⁽³⁾
	(US\$)	(%)	(US\$)	(%)
China	34.1	1.7	19.4	1.0
United States	1,789.5	4.0	2,134.2	4.8
United Kingdom	5,139.6	13.1	1,327.1	3.4
Germany	1,136.1	3.1	1,300.7	3.6
France	2,922.5	7.9	1,152.9	3.1
Japan	2,829.3	8.3	760.4	2.2
South Korea	1,480.0	7.9	591.2	3.2
Taiwan	1,800.0	11.6	450.3	2.9
Australia	1,389.0	3.8	1,191.9	3.2

(1) Accident and health insurance are classified as non-life insurance in Sigma Reports.

(2) Premiums per capita

(3) Total premiums as a percentage of the GDP

Source: Sigma Report 04/2007, Swiss Reinsurance Company

The low insurance density and penetration figures in the PRC suggest that the Chinese insurance market has significant growth potential.

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Geographic Variations

Within China, the development of the insurance industry is uneven across different provinces and municipalities. Like the economy as a whole, the insurance industry is more developed in the eastern and southern coastal areas than in the rest of the country. The following table sets forth certain data of the top ten life insurance markets in 2005. In 2006, we distributed life insurance products in six of the top ten life insurance markets, namely, the municipalities of Beijing and Shanghai and the provinces of Guangdong, Shandong, Hebei and Sichuan.

Province/Municipality	Life Insurance					
	Total Premiums	Market Share ⁽¹⁾	Density ⁽²⁾	Penetration ⁽³⁾	GDP	Population
	(in billions of RMB)	(%)	(in RMB)	(%)	(in billions of RMB)	(in millions)
Beijing ⁽⁴⁾	43.0	11.7	2,795.5	6.3	688.6	15.4
Jiangsu	34.0	9.2	454.7	1.9	1,830.6	74.8
Guangdong ⁽⁵⁾	27.3	7.4	326.8	1.3	2,236.7	91.9
Shanghai	24.6	6.7	1,805.0	2.7	915.4	17.8
Shandong	21.9	6.0	273.4	1.4	1,851.7	92.5
Henan	17.6	4.8	180.5	1.7	1,058.7	93.8
Zhejiang	17.3	4.7	409.0	1.6	1,343.8	49.0
Hebei	16.4	4.5	238.9	1.6	1,009.6	68.5
Sichuan	14.0	3.8	160.5	1.9	738.5	82.1
Liaoning	12.8	3.5	352.9	1.9	800.9	42.2

(1) As a percentage of the total life insurance premiums in the PRC

(2) Premiums per capita

(3) Total premiums as a percentage of the province's or municipality's GDP

(4) Excluding a major group annuity contract, Beijing would have ranked No. 4, with total premiums of approximately RMB23.7 billion.

(5) Excludes premium, market share, density and penetration data for the city of Shenzhen.

Sources: China Insurance Yearbook 2006; China Statistical Yearbook 2006

The following table sets forth certain data of the top ten property and casualty insurance markets in 2005. In 2006, we distributed property and casualty insurance products in seven of the top ten property and casualty insurance markets, namely, the municipalities of Shanghai, Beijing and Shenzhen and the provinces of Guangdong, Shandong, Hebei and Sichuan.

Province/Municipality	Property and Casualty Insurance					
	Total Premiums	Market Share ⁽¹⁾	Density ⁽²⁾	Penetration ⁽³⁾	GDP	Population
	(in billions of RMB)	(%)	(in RMB)	(%)	(in billions of RMB)	(in millions)
Guangdong ⁽⁴⁾	11.8	9.6	141.2	0.5	2,236.7	91.9
Jiangsu	9.4	7.6	125.1	0.5	1,830.6	74.8
Zhejiang	8.9	7.2	208.9	0.8	1,343.8	49.0
Shanghai	8.8	7.2	650.3	1.0	915.4	17.8
Shandong	7.2	5.8	95.2	0.5	1,851.7	92.5
Beijing	6.7	5.4	435.4	1.0	688.6	15.4
Hebei	5.4	4.3	78.3	0.5	1,009.6	68.5
Shenzhen	5.0	4.1	605.7	1.0	492.7	8.3
Sichuan	4.9	4.0	55.9	0.7	738.5	82.1
Liaoning	3.9	3.2	108.8	0.6	800.9	42.2

(1) As a percentage of the total property and casualty insurance premiums in the PRC

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- (2) Premiums per capita
- (3) Total premiums as a percentage of the province's or municipality's GDP
- (4) Excludes premium, market share, density and penetration data for the city of Shenzhen.

Sources: China Insurance Yearbook 2006; China Statistical Yearbook 2006; Shenzhen Statistics Bureau

Competitive Landscape

The Chinese insurance industry has been dominated by four insurance companies in recent years:

- China Life Insurance Company Limited, or China Life, a life insurance company;
- PICC Property and Casualty Company Limited, or PICC, a property and casualty insurance company;
- Ping An Insurance (Group) Company of China, Ltd., or Ping An, an insurance holding company that owns both life insurance and property and casualty insurance companies; and
- China Pacific Insurance (Group) Company, Ltd., or China Pacific, another insurance holding company that owns both life insurance and property and casualty insurance companies.

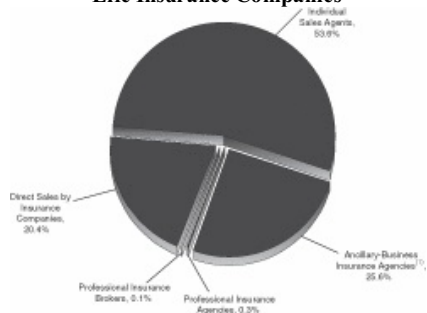
As more and more new insurance companies, both domestically owned and foreign invested, have been established in recent years, competition among insurance companies has become increasingly intense, and the combined market share of the four major insurance companies has been decreasing. According to data released by the CIRC, the combined life insurance market share of China Life, Ping An Life Insurance Company of China, Ltd., the life insurance subsidiary of Ping An, and China Pacific Life Insurance Company, Ltd., the life insurance subsidiary of China Pacific, was 70.1% in terms of total premiums in 2005, representing a decrease of 4.7 percentage points from the previous year. Similarly, the combined property and casualty insurance market share of PICC, China Pacific Property, the property and casualty insurance subsidiary of China Pacific, and Ping An Property & Casualty Insurance Company of China, Ltd., the property and casualty insurance subsidiary of Ping An, decreased by 7.3 percentage points from the previous year to 72.6% in 2005.

The number of insurance companies operating in the PRC has increased significantly in recent years. According to China Statistical Yearbooks, the number of insurance companies increased from 34 at the end of 2000 to 103 at the end of 2005, representing an increase of 202.9%. In particular, most of the world's largest insurance companies, such as American International Group, Inc., ING Group, AXA, Assicurazioni Generali, Aviva, Prudential, Allianz, Nippon Life Insurance, MetLife, AEGON and CNP Assurances, have entered the Chinese insurance markets, mostly through joint ventures with local partners. As of June 30, 2007, we maintained business relationships with 16 life insurance companies and 21 property and casualty insurance companies, including all major insurance companies in China.

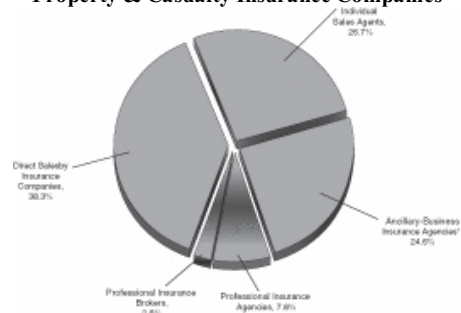
Distribution Channels

Insurance companies in the PRC historically have relied primarily on individual sales agents and direct sales force to sell their products. The individual sales agents are not employees of the insurance companies. They generally enter into exclusive agency contracts with one insurance company and market and sell insurance products on behalf of that insurance company. As a result of increased competition in recent years, many insurance companies have gradually expanded their distribution channels to include insurance intermediaries such as commercial banks, postal offices, insurance agencies and insurance brokerages. Moreover, some newly established insurance companies have chosen to focus on product development and rely primarily on insurance agencies and brokerages to distribute their products. The following charts show the percentages of the total premiums by distribution channels for life insurance companies and property and casualty insurance companies, respectively, in 2005.

Life Insurance Companies



Property & Casualty Insurance Companies



- (1) Ancillary-business agencies refer to entities that distribute insurance products as an ancillary business, such as commercial banks, postal offices, automobile dealerships, airlines and railroad companies.

Source: China Insurance Yearbook 2006

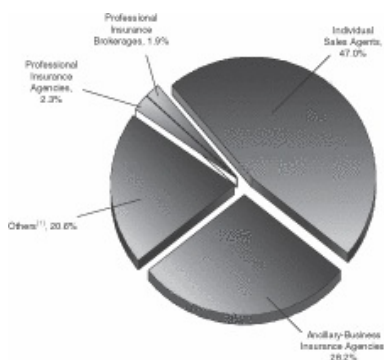
Insurance Intermediaries in the PRC

Overview

Under the CIRC's classification, insurance intermediaries in the PRC are classified into the following three types:

- “professional insurance intermediaries,” which refer to independent insurance agencies, brokerages and adjusting companies;
- “ancillary-business insurance agencies,” which refer to entities that distribute insurance products as an ancillary business, such as commercial banks, postal offices, automobile dealerships, airlines and railroad companies; and
- “insurance salespersons,” which refer to individual sales agents who have signed agency contracts with insurance companies to sell insurance products on behalf of the insurance companies.

According to the Insurance Intermediary Market Development Report 2006 released by the CIRC, in 2006 insurance companies generated approximately RMB447.8 billion (US\$58.8 billion) of premiums through insurance intermediaries, which accounted for approximately 79.4% of total premiums generated in the same year. The following chart demonstrates the percentages of the total premiums generated through various types of insurance intermediaries in 2006.



- (1) Refers to premiums generated other than through insurance intermediaries.

Source: Insurance Intermediary Market Development Report 2006, released by the CIRC

Professional Insurance Intermediaries

There are three types of professional insurance intermediaries in the PRC: insurance agencies, insurance brokerages and insurance claims adjusting firms. Insurance agencies are entities that have obtained an insurance agency license from the CIRC and engage in the sale of insurance products for, and within the authorization of, insurance companies. The minimum registered capital required to set up an insurance agency is RMB500,000 (US\$66,000). Insurance brokerages are entities that have obtained an insurance brokerage license from the CIRC and generally act on behalf of the insurance applicants in seeking insurance coverage from insurance companies. Some insurance brokerages also engage in reinsurance brokering and act on behalf of insurance companies in their dealings with reinsurance companies. The minimum registered capital required to set up an insurance brokerage is RMB5.0 million (US\$0.7 million). Insurance adjusting firms are entities that have been approved by the CIRC to engage in insurance adjusting activities such as the assessment, survey, authentication and loss estimation.

Since 2003, the CIRC has adopted a routine approval policy, under which it routinely grants insurance intermediary licenses to applicants that meet specified criteria without setting a limit on the number of licenses to be granted. As a result, the number of professional insurance intermediaries has increased substantially since 2003. Although the collective market share of insurance agencies and brokerages is still very small compared with the market shares of the other distribution channels, the total premiums generated by insurance agencies and brokerages have increased significantly in 2005 and 2006 and the first half of 2007, the periods for which the CIRC has published relevant industry data. During the same period, the operating results of insurance agencies and brokerages as a whole also improved significantly. The following tables set forth certain data of insurance agencies and brokerages for the years ended, or as of, December 31, 2005 and 2006 and for the six months ended, or as of, June 30, 2007:

	For the Year Ended, or As of, December 31, 2005					
	Number ⁽¹⁾	Premiums Generated	Year on Year Growth	Revenue	Year on Year Growth	Net Income (Loss)
		(in billions of RMB)	(%)	(in billions of RMB)	(%)	(in millions of RMB)
Insurance Agencies	1,313	10.4	91.0	1.0	94.0	(35.7)
Insurance Brokerages	268	10.1	36.0	1.1	54.0	7.7

(1) As of December 31, 2005

Source: Insurance Intermediary Market Development Report 2005, released by the CIRC

	For the Year Ended, or As of, December 31, 2006					
	Number ⁽¹⁾	Premiums Generated	Year on Year Growth	Revenue	Year on Year Growth	Net Income (Loss)
		(in billions of RMB)	(%)	(in billions of RMB)	(%)	(in millions of RMB)
Insurance Agencies	1,563	12.7	22.0	1.4	37.0	(23.6)
Insurance Brokerages	303	10.7	6.0	1.4	35.0	107.7

(1) As of December 31, 2006

Source: Insurance Intermediary Market Development Report 2006, released by the CIRC

	For the Six Months Ended, or As of, June 30, 2007					
	Number ⁽¹⁾	Premiums Generated	Year on Year Growth	Revenue	Year on Year Growth	Net Income (Loss)
		(in billions of RMB)	(%)	(in billions of RMB)	(%)	(in millions of RMB)
Insurance Agencies	1,688	9.1	44.1	0.9	42.3	(0.7)
Insurance Brokerages	318	6.5	21.4	0.8	26.5	47.5

(1) As of June 30, 2007

Source: Insurance Intermediary Market Development Report for the first half of 2007, released by the CIRC

We believe that there are substantial further growth opportunities in the professional insurance intermediary sector for the following reasons:

- **Chinese insurance industry as a whole has significant growth potential.** As described earlier, we believe that the general factors driving the growth of the Chinese insurance industry as a whole, such as continued economic growth, the resulting wealth creation and changing demographics, will drive continued growth of the Chinese insurance industry. We expect that the insurance intermediary sector will benefit from the overall growth of the Chinese insurance industry.
- **Competition among insurance companies will force expansion of distribution channels.** As the number of PRC insurance companies has increased, competition has intensified, as demonstrated by the gradual decreases in market shares of the top four insurance companies in the past few years. We believe that insurance companies will increasingly partner with professional insurance intermediaries with effective distribution networks in order to increase sales. Moreover, competition may also force some insurance companies to focus on their core competencies such as product development, underwriting and investment management and outsource part of their distribution functions to insurance intermediaries.
- **International practices will increase use of professional insurance intermediaries.** International insurance companies are generally more accustomed to relying on independent insurance intermediaries in distributing their products than PRC domestic insurance companies. An increasing number of international insurance companies have recently entered, or in the future will enter, into the Chinese market. Because they seek to quickly penetrate the market but lack a distribution network and sales force of their own, they tend to rely on professional insurance intermediaries with effective distribution networks for the distribution of their products.
- **Consumer demand will drive the growth of the insurance intermediary sector.** As Chinese consumers become more sophisticated, some will want to compare insurance products and services from different insurance companies before making a purchase decision. Moreover, the proliferation of insurance products offered by an increasing number of insurance companies will cause some consumers to seek independent professional advice. Professional insurance intermediaries that offer insurance products from multiple insurance companies and equipped with well-trained sales personnel, extensive distribution channel and strong brand image are in a unique position to meet these consumer demands.
- **Favorable regulatory environment will benefit professional insurance intermediaries with potential to grow into nation-wide service providers.** In its Insurance Intermediary Market Development Report for the first half of 2007, the CIRC expressed its support for market-driven consolidations among, the establishment of nation-wide service networks by, venture capital and other forms of investment in, and initial public offerings by, professional insurance intermediaries. We believe that this favorable regulatory environment will help firms that already have established an extensive service network to further expand operations and grow into truly nation-wide service providers.

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Despite rapid growth in recent years, the professional insurance intermediary sector in the PRC is still at an early stage of development and highly fragmented. According to the Insurance Intermediary Market Development Report 2006 released by the CIRC, as of June 30, 2007, there were 1,688 insurance agencies and 318 insurance brokerages in the PRC. The top 20 insurance agencies in terms of commission revenue accounted for approximately 26.7% of total commission revenue generated by all insurance agencies in the first half of 2007, while the top 20 insurance brokerages in terms of commission revenue accounted for approximately 65.0% of the total commission revenue generated by all insurance brokerages in the first half of 2007. We believe that the large number of independent insurance agencies and brokerages, coupled with the small size of many of these companies, presents substantial opportunities for consolidation.

BUSINESS

Overview

We are a leading independent insurance agency and brokerage company operating in China. With approximately 11,000 sales professionals and approximately 171 sales and service outlets operating in eight provinces as of September 30, 2007, our distribution network reaches some of China's most economically developed regions and some of the most affluent cities in China, such as Beijing, Shanghai, Guangzhou and Shenzhen.

We began our insurance intermediary business in 1999 by distributing automobile insurance products and expanded our product offerings to other property and casualty insurance products in 2002. Our experience in the life insurance segment is more limited as we only began distributing individual life insurance products in January 2006. We intend to further broaden our service offerings by providing insurance claims adjusting services, such as assessment, survey, authentication and loss estimation, beginning in the fourth quarter of 2007.

As an insurance agency and brokerage company, we do not assume underwriting risks. Instead, we distribute to customers in China insurance products underwritten by domestic and foreign insurance companies operating in China. We also provide certain insurance-related services, such as 24-hour emergency services in select cities, damage assessment and assistance with claim settlement, to our customers—individuals and institutions that purchase insurance products through us. In addition, we provide information about potential customers to insurance companies, which then sell insurance products to them, either directly or through our affiliated insurance intermediaries. We are compensated for our services primarily by commissions and fees paid by insurance companies, typically based on a percentage of the premium paid by the insured. Commission and fee rates generally depend on the type of insurance products, the particular insurance company and the region in which the products are sold. As of the date of this prospectus, we have 21 affiliated insurance intermediary companies in the PRC. Seventeen of them are insurance agencies, which act as agents of insurance companies when distributing insurance products to our customers, and the other four are insurance brokerages, which act on behalf of our customers in seeking insurance coverage from insurance companies.

The independent insurance agency and brokerage sector in China is at an early stage of development and highly fragmented. We believe this offers substantial opportunities for further growth and consolidation. We intend to take advantage of these opportunities to increase our market share by aggressively expanding our distribution network through selective acquisitions, recruitment of experienced and entrepreneurial sales agents and franchising. In particular, we intend to devote significant resources to distributing life insurance products in order to benefit from the recurring fee income they generate and to better capture the significant opportunities presented by China's rapidly growing life insurance market.

Our business has grown substantially in recent years. Our net revenues increased from RMB 34.0 million in 2004 to RMB 143.7 million in 2005 and to RMB 246.5 million (US\$32.4 million) in 2006, representing a compounded annual growth rate, or CAGR, of 169.4% in the three-year period. Our net loss decreased from RMB92.7 million in 2004 to RMB6.7 million in 2005, and we achieved profitability in 2006 with a net income of RMB57.4 million (US\$7.5 million). For the six months ended June 30, 2007, our net revenues and net income were RMB172.6 million (US\$22.7 million) and RMB58.7 million (US\$7.7 million), respectively, representing increases of 61.6% and 142.8%, respectively, from the net revenues and net income for the same period in 2006.

Our Strengths

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors:

- **Leading Position among Professional Insurance Intermediaries in China.** We believe we are a leading professional insurance intermediary in China in terms of insurance premiums generated and size

of distribution network. According to the Insurance Intermediary Market Development Reports published periodically by the CIRC, four of our affiliated insurance agencies ranked Nos. 3, 11, 14 and 20, respectively, among China's top 20 insurance agencies in terms of revenue, together accounting for 4.87% of the total revenue of all insurance agencies in China in the first half of 2007, while one of our affiliated insurance brokerages ranked No. 17 among China's top 20 insurance brokerages in terms of revenue, with 1.12% of the total revenue of all insurance brokerages in China for the same period. Our distribution network of approximately 11,000 sales professionals covers eight provinces, reaching some of the most affluent regions and cities in China. Our leading position allows us to negotiate preferential commission rates from insurance companies, recruit and retain quality sales agents, attract insurance customers, expand into new markets and achieve economies of scale. We believe our leading position also enables us to establish business relationships with a large number of insurance companies and offer a wide variety of insurance products. As of June 30, 2007, we had established business relationships with 40 insurance companies and one reinsurance company operating in China. We believe our leading position will also enable us to take advantage of consolidation opportunities to further expand our network.

- **Scalable Unified Operating Platform.** We have successfully implemented a company-wide, scalable operating platform capable of supporting nation-wide operations. Our operating platform currently consists of the following components:
 - company-wide standardized operating procedures;
 - a commission sharing system;
 - a business process control system;
 - human resources management policies and procedures;
 - a product and technology center, which is responsible for evaluating and selecting insurance products, creating sales plan and providing technical support to our sales force;
 - a training center, as describe in more detail under “—Firm Commitment to Rigorous Training and Development ” below;
 - a service center, which provides certain insurance-related services to our customers as described in more detail under “—Products and Services—Other Services” below; and
 - a branding and marketing department, which is responsible for designing branding and marketing strategies for our company.

We have developed and refined this platform through more than eight years of operations and believe that it is difficult for our competitors, particularly new entrants, to reproduce a similar platform without substantial investment in financial resources, time and operating experience. Because the various systems, policies and procedures of our operating platform can be rolled out quickly as we enter new regions or make acquisitions, we believe we can expand our distribution network rapidly and efficiently while maintaining the quality of our services.

- **Extensive Customer Reach through Distribution Network and Customer Database.** Our distribution network of approximately 11,000 sales professionals operating in eight provinces covers some of the most affluent regions and cities in China. Through this network, we have distributed insurance products to over 200,000 active customers, all registered in our customer database. In addition to our current customers, we have built a database of more than one million individuals who were originally members of our automobile association. We believe that these customers, as likely car owners, represent an attractive potential market for various insurance products we distribute. Using information contained in this database, our telemarketing staff are well-positioned to sell new and renewal policies, provide after-sales support, obtain referrals and seek cross-selling opportunities.

- ***Attractive and Differentiated Performance-Based Entrepreneurial Agent Program.*** In recent years, some entrepreneurial management staff and senior sales agents of major insurance companies in China have chosen to leave their employers or principals and become independent agents. We call these individuals “entrepreneurial agents.” We have designed and implemented a comprehensive program to attract and retain productive entrepreneurial agents. Under this program, only entrepreneurial agents who meet specific professional criteria and successfully pass a three-month trial period will be formally admitted to our distribution network, and only those who continue to meet specified performance standards will be allowed to remain in our network. In addition to cash compensation, these entrepreneurial agents also have the opportunity to participate in the equity of our business. We believe that our entrepreneurial agent program provides productive entrepreneurial agents a strong incentive to grow their business within our network and enables us to grow our sales force with productive, motivated professionals. Since the launch of our entrepreneurial program in 2006, we have successfully recruited 24 entrepreneurial agents, who lead 24 sales teams consisting of approximately 1,600 individual sales agents.
- ***Dynamic Product Offerings.*** We have a proven track record of expanding our product offerings. We began our insurance intermediary business in 1999 by distributing automobile insurance products. In 2002, we began distributing other property and casualty insurance products. In January 2006, we further expanded our product mix to cover life insurance products, which contributed 8.4% of our net revenues in 2006 and 11.3% in the first half of 2007. In the fourth quarter of 2007, we intend to begin offering insurance claims adjusting services such as claims assessments, survey, authentication and loss estimation. We believe our ability to offer an expanding, dynamic product and service mix makes us an attractive distributor for our insurance company partners, and enables us to provide customers with sophisticated, quality service to meet their insurance needs.
- ***Firm Commitment to Rigorous Training and Development.*** Given the rapid development of new insurance products and the heavy reliance on face-to-face sales efforts in China’s insurance industry, we believe that our strong in-house training program, which covers both product knowledge and sales skills, gives us a competitive edge over the other professional insurance intermediaries and helps us retain our sales force and improve our sales. Our training also emphasizes inculcating in our sales professionals our corporate culture of customer service and commitment to high ethical standards. All of our sales professionals must attend a one-week orientation program when they join and weekly training sessions thereafter. Our team of over 50 training professionals is led by Dr. En Ming Tseng, our vice president, who has over 30 years of life insurance industry experience, and Mr. Mingli Liang, our director of training department, who has over 20 years of insurance industry experience. Before joining us in December 2006, Dr. Tseng was the chief training officer of a major life insurance company in China. Mr. Liang also served as a senior training manager at the same insurance company before joining us at the beginning of 2007.
- ***Experienced Management Team.*** Our top seven executive officers on average have over ten years of insurance industry experience and are familiar with the insurance intermediary industry in China and the related regulatory environment. Our chairman and chief executive officer, Mr. Yinan Hu, and our president, Mr. Qiuping Lai, founded our company in 1998 and have led us to our current leading position. In addition, since our establishment in 1998, we have recruited, retained and trained over 100 experienced managerial staff, who support our senior management in expanding our operations. All of our senior executive officers and other managerial staff indirectly hold equity interests in our company, which aligns their interests with those of our shareholders.

Our Strategy

Our goal is to become the largest independent insurance agency and brokerage company in China and further develop our nationwide distribution network while delivering superior long-term returns to our shareholders. To achieve this goal, we intend to capitalize on the growth potential of China's insurance industry and insurance intermediary sector, leverage our competitive strengths and pursue the following elements of our strategy:

Further Expand into the Fast-Growing Life-Insurance Sector While Continuing to Grow Our Property and Casualty Business. The life insurance sector has grown at a faster pace than the rest of China's insurance industry in recent years. In addition, life insurance products that require periodic premium payments can generate sustained revenue over an extended period of time. In order to take advantage of the significant growth potential of China's life insurance market and generate recurring income, we will devote significant resources to growing this business. We intend to actively recruit entrepreneurial agents to help us increase the sales of life insurance products, both within our existing geographic markets and in regions we will enter in the future. We also intend to improve the productivity of individual sales agents through training. In addition, we will leverage our extensive experience and customer base gained over the past eight years to cross-sell life insurance products to our non-life insurance customers. Meanwhile, we intend to continue to grow our property and casualty insurance business as we expand our distribution network.

Further Expand Our Distribution Network Through Selected Acquisitions, Recruitment of Entrepreneurial Agents and Franchising. The professional insurance intermediary sector in China is still at an early development stage and highly fragmented. We believe this offers substantial opportunities for consolidation. We intend to grow our distribution network through selected acquisitions of high-quality independent insurance agencies and brokerages. We also have been actively recruiting and will continue to recruit entrepreneurial agents. We believe that these entrepreneurial agents will help us expand our distribution network more quickly. In addition, we intend to start a franchising program to further expand our distribution network. We believe that the franchising program will help us quickly expand our distribution network while allowing us to nurture targets for our future acquisitions.

Further Improve Our Unified Operating Platform to Support Future Growth. As we grow in size and enter into new regions, we will continue to improve our operating platform by adding new components and improving existing components, including:

- building a proprietary, unified IT system capable of supporting our nation-wide expansion;
- building a sales platform on which we introduce new insurance products to our sales agents, who in turn sell the products to our customers;
- building an online training platform; and
- unifying branding and marketing efforts.

We believe that further improving our unified operating platform will facilitate centralized management control, timely execution of our corporate strategy and the establishment of a standardized, transparent and integrated business process, from product research to customer service. In addition, we expect our unified platform to evolve into a scalable operation system that will allow us to attract new agents, brokers and direct customers at lower costs and therefore expedite our expansion.

Continue to Strengthen Our Relationships with Leading Insurance Companies. Currently, most of our business relationships with insurance companies are established and maintained at the local level between our affiliated insurance agencies or brokerages and the local branches of the insurance companies. With our extensive and expanding distribution network, we believe that many opportunities exist for us to forge group-level relationships with insurance companies by entering into master contracts that apply to all of our insurance agencies and brokerages nationwide. In order to achieve this, we will continue to increase our sales volumes,

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improve our post-sale services to the insured and improve the renewal rate of the insurance policies we sell. Under these master contracts, we may be able to obtain favorable commission rates and exclusive rights to distribute high-margin products or collaborate with our insurance company partners to custom-develop products to suit the needs of our prospective customers.

Expand Our Product and Service Offerings. As competition among insurance companies in China intensifies, some insurance companies have started to outsource their claim settlement functions to insurance claims adjusting companies. We intend to take advantage of this new trend by adding insurance adjustment to our portfolio of service offerings in the fourth quarter of 2007. We believe that we are well positioned to provide insurance claims adjusting services since we already have been providing certain settlement-related services to our insurance customers and have personnel with relevant expertise in place. As a result of rapid economic growth and accumulation of wealth in the PRC in recent years, we believe there exist substantial growth opportunities for personal wealth management products, such as investment-linked insurance products and mutual fund products. We intend to actively explore these opportunities and expand our product offerings to cover more wealth management products in the future.

Increase the Use of New Distribution Channels. In China, insurance products traditionally have been sold primarily through face-to-face sales efforts by individual salespersons, but some international insurance companies have recently introduced new distribution methods as they enter China's insurance market. We have established new distribution channels, such as call centers and Internet websites, to supplement our traditional sales channels and intend to further enhance the effectiveness of these new distribution channels through technological upgrade.

Products and Services

We market and sell to our customers two broad categories of insurance products: property and casualty insurance products and life insurance products, both focused on meeting the insurance needs of individuals. The insurance products we sell are underwritten by many leading insurance companies in China. In conjunction with distributing automobile insurance products, we also provide certain insurance-related services to our customers on behalf of the insurance companies.

Property and Casualty Insurance Products

We first began distributing automobile insurance policies in 1999 and expanded our product offerings to other property and casualty insurance products in 2002. Our main property and casualty insurance products are automobile insurance. In addition, we also offer individual accident insurance, commercial property insurance, and construction insurance products. Commissions and fees from property and casualty insurance products accounted for 91.6% and 88.7% of our total commission and fee revenue in 2006 and the six months ended June 30, 2007, respectively. The property and casualty insurance products we distribute, which are primarily underwritten by PICC, Ping An Property, China Pacific Property, Tai Ping Insurance Company Ltd. and Sinosafe Property and Casualty Insurance Co., Ltd., can be further classified into the following categories:

- **Automobile Insurance.** Automobile insurance is the largest segment of property and casualty insurance in the PRC in terms of gross written premiums. We distribute both standard automobile insurance policies and supplemental policies, which we refer to as riders. The standard automobile insurance policies we sell generally have a term of one year and cover damages caused to the insured vehicle by collision and other traffic accidents, falling or flying objects, fire, explosion and natural disasters. We also sell standard third party liability insurance policies, which cover bodily injury and property damage caused by an accident involving an insured vehicle to a person not in the insured vehicle. The riders we distribute cover additional losses, such as liability to passengers, losses arising from vehicle theft and robbery, broken glass and vehicle body scratches.
- **Individual Accident Insurance.** The individual accident insurance products we distribute generally provide a guaranteed benefit in the event of death or disability of the insured as a result of an accident,

or a reimbursement of medical expenses to the insured in connection with an accident, during the coverage period, which usually is one year or a shorter period. These products typically require only a single premium payment for each coverage period. Because most of the individual accident insurance products we distribute are underwritten by property and casualty insurance companies, we classify individual accident insurance products as property and casualty insurance products.

- **Commercial Property Insurance.** The commercial property insurance products we distribute include basic, comprehensive and all risk policies. Basic commercial property insurance policies generally cover damage to the insured property caused by fire, explosion and thunder and lightning. Comprehensive commercial property insurance policies generally cover damage to the insured property caused by fire, explosion and certain natural disasters. All risk commercial property insurance policies cover all causes of damage to the insured property not specifically excluded from the policies.
- **Homeowner Insurance.** The homeowner insurance products we distribute are primarily home mortgage-based insurance policies. Home mortgage-based policies cover damage to mortgaged property caused by a number of standard risks such as fire, flood and explosion. Some policies also provide mortgage repayment protection in the event the policyholder is unable to make mortgage payment due to death or injury.
- **Cargo Insurance.** The cargo insurance products we distribute cover damage to or loss of goods in transit by sea, land or air.
- **Hull Insurance.** The hull insurance products we distribute cover vessels against losses, liabilities and expenses caused by natural calamities, negligence of crew members and marine accidents, as well as collision liability.
- **Liability Insurance.** The liability insurance products we distribute are primarily product liability and employer's liability insurance products. These products generally cover losses to third parties due to the misconduct or negligence of the insured party but exclude losses due to fraud or the willful misconduct of the insured party.
- **Construction Insurance.** The construction insurance products we distribute cover property damages and personal injury losses caused by natural disasters and accidents in connection with construction projects in China.

Life Insurance Products

We began offering individual life insurance products in January 2006 with a focus on individual life products with periodic payment schedules. In 2006 and the six months ended June 30, 2007, commissions and fees from life insurance products accounted for 8.4% and 11.3%, respectively, of our total commission and fee revenue. The life insurance products we distribute can be broadly classified into the categories set forth below. Due to constant product innovation by insurance companies, some of the insurance products we distribute combine features of one or more of the categories listed below.

- **Individual Whole Life Insurance.** The individual whole life insurance products we distribute provide insurance for the insured person's entire life in exchange for the periodic payment of fixed premiums over a pre-determined period, generally ranging from five to 20 years, or until the insured reaches a certain age. The face amount of the policy or, for some policies, the face amount plus accumulated interests is paid upon the death of the insured.
- **Individual Term Life Insurance.** The individual term life insurance products we distribute provide insurance for the insured for a specified time period or until the attainment of a certain age, in return for the periodic payment of fixed premiums over a pre-determined period, generally ranging from five to 20 years. Term life insurance policies generally expire without value if the insured survives the coverage period.
- **Individual Endowment Life Insurance.** The individual endowment products we distribute generally provide maturity benefits if the insured reaches specified age, and provide to a beneficiary designated by

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the insured guaranteed benefits upon the death of the insured within the coverage period. In return, the insured makes periodic payment of premiums over a pre-determined period, generally ranging from five to 25 years.

- **Individual Education Annuity.** The individual annuity products we distribute are primarily education related products. They provide annual benefit payments after the insured attains a certain age, e.g., 18, for a fixed time period, e.g., four years, and a lump payment at the end of the coverage period. In addition, the beneficiary designated in the annuity contract will receive guaranteed benefits upon the death of the insured during the coverage period. In return, the purchaser of the annuity products makes periodic payment of premiums during a pre-determined accumulation period.
- **Universal Insurance.** We distribute certain universal insurance products that provide not only insurance coverage but also a minimum guaranteed return on the amount the insured puts into an individual investment account. In return the insured makes periodic payment of premiums over a pre-determined period.
- **Individual Health Insurance.** The individual health insurance products we distribute primarily consist of dread disease insurance products, which provide guaranteed benefits for specified dread diseases during the coverage period. In return, the insured makes periodic payment of premiums over a pre-determined period.
- **Group Life Insurance.** We distribute several group life insurance products, including group health insurance. These group products generally have a policy period of one year and require a single premium payment.

In addition to the periodic premium payment schedules described above, most of the individual life insurance products we distribute also allow the insured to choose to make a single, lump-sum premium payment at the beginning of the policy term. If a periodic payment schedule is adopted by the insured, a life insurance policy can generate periodic payment of fixed premiums to the insurance company for a specified period of time. This means that once we sell a life insurance policy with a periodic premium payment schedule, we will be able to derive commission and fee income from that policy for an extended period of time, sometimes up to 25 years. Because of this attractive feature and the expected sustained growth of life insurance sales in China, we focus significant resources on developing our capability to distribute individual life insurance products with periodic payment schedules. We expect that sales of life insurance products will become an important source of our revenue in the next several years. The life insurance products we distribute are primarily underwritten by AVIVA-COFCO Life Insurance Co., Ltd. and China Life.

Other Services

In conjunction with the sale of automobile insurance products, we provide our customers with a number of value-added services under our service slogan, “You take care of driving, and we’ll take care of the rest.” For example, we assist our customers with obtaining vehicles licenses and subsequent annual inspections. We maintain 24-hour service hotlines in four major cities in Guangdong, Sichuan and Beijing, our principal markets for automobile insurance products. When an accident involving an insured vehicle occurs within these markets, our service staff can arrive at the scene quickly after being notified through the 24-hour service hotline and provide onsite assistance to our customer. We can also provide expedited damage assessment on behalf of some insurance companies. For some of our valuable customers, we can provide a temporary replacement vehicle while the damaged automobile is under repair. In addition, we can assist our customer in filing a claim with the insurance company and assist the insurance company in claim settlement. We are compensated by the insurance companies for certain settlement-related services, such as damage assessment and claim settlement, provided on behalf of insurance companies. In 2006 and the six months ended June 30, 2007, fees from these settlement-related services accounted for 0.4% and 0.1%, respectively, of our net revenues.

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Distribution Network and Marketing

Affiliated Insurance Agencies and Brokerages

Since our establishment in 1998, we have built a distribution network that, as of September 30, 2007, consisted of 17 insurance agencies and four insurance brokerages, with 171 sales and service outlets, over 10,400 registered sales agents and over 500 in-house sales representatives. Our distribution network covers eight provinces and reaches some of the most economically developed regions in China and some of the wealthiest Chinese cities, such as Beijing, Shanghai, Guangzhou and Shenzhen.

The following table sets forth some additional information of our distribution network as of September 30, 2007, broken down by provincial markets:

Province	Number of Sales and Service Outlets	Number of In-house Sales Representatives	Number of Sales Agents
Guangdong	23	451	2,007
Beijing	12	50	1,377
Sichuan	30	63	2,012
Fujian	45	—	1,963
Hebei	46	—	2,584
Shandong	5	—	295
Shanghai	6	—	194
Hunan	4	—	62
Total	171	564	10,494

We market and sell property and casualty insurance products directly to the targeted customers through both sales agents, who are not our employees, and our in-house sales representatives. For the marketing and sale of life insurance products, we rely exclusively on the sales agents working on our unified operating platform.

Customers

We sell automobile insurance, individual accident insurance and homeowner insurance products primarily to individual customers. We sell commercial property insurance, cargo insurance, hull insurance, liability insurance and construction insurance products to institutional customers. Customers for the life insurance products we distribute are primarily individuals under 50 years of age. For the year ended December 31, 2006 and the six months ended June 30, 2007, no single customer accounted for more than 3% of our net revenues.

Since our establishment in 1998, we have built a database of more than one million individuals, who originally were members of our automobile association. Using information contained in this database, our telemarketing staff contact potential customers with our target demographics on a regular basis. In addition, we have a database of over 200,000 customers who have bought insurance products from us. By providing certain value-added services to these customers at no additional charge, we seek to build a loyal customer base that generates referral and cross-selling opportunities.

Insurance Company Partners

As of June 30, 2007, we had established business relationships with 40 insurance companies and one reinsurance company in the PRC. In the Chinese insurance market, local branches of insurance companies generally have the authority to enter into contracts in their own names with insurance intermediaries. Historically, we have entered into and maintained business relationships with insurance companies at the local level. That is, our insurance agencies and brokerages would enter into different contracts with different local branches of an insurance company that are located within their respective regions. The termination of a business relationship between one of our insurance agencies or brokerages and a local branch of an insurance company

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generally would have no impact on the business relationships between our other insurance agencies and brokerages and the other branches of the same insurance company.

For the year ended December 31, 2006, our top five insurance company partners, after aggregating the business conducted between our insurance agencies and brokerages and the various local branches of the insurance companies, were PICC, Ping An Property, AVIVA-COFCO Life Insurance Co., Ltd., Tai Ping Insurance Company Ltd. and China Pacific Property. PICC and Ping An Property each accounted for more than 10% of our total commissions and fees in 2006, with PICC accounting for 61% and Ping An Property accounting for 11%. For the six months ended June 30, 2007, our top five insurance company partners, after similar aggregation, were PICC, Ping An Property, China Pacific Property, Yong An Property Insurance Company Limited and AVIVA-COFCO Life Insurance Co., Ltd. PICC and Ping An Property accounted for 47% and 10%, respectively, of our total commissions and fees for the six months ended June 30, 2007.

Employees, Sales Agents and Training

We had 264, 528, 880 and 1,279 employees as of December 31, 2004, 2005 and 2006 and September 30, 2007, respectively. The following table sets forth the number of our employees by function as of September 30, 2007:

	Number of Employees	% of Total
Management and administrative staff	309	24.2
Financial and accounting staff	145	11.3
Sales and marketing staff	564	44.1
Other	261	20.4
Total	1,279	100.0

We had contractual relationships with nil, 2,727, 8,173 and 10,494 sales agents as of December 31, 2004, 2005 and 2006 and September 30, 2007, respectively. The sales agents are not our employees and are only compensated by commissions. For the sale of each property and casualty insurance policy or life insurance policy with a single premium payment schedule, we pay the sales agent who has generated the sale a single commission based on a percentage of the commission and fee we receive from the insurance company for the sale of that policy. For the sale of each life insurance policy with a periodic premium payment schedule, we pay the sales agent who has generated the sale periodic commissions based on a percentage of the commissions and fees we receive from the insurance company for the sale and renewal of that policy, up to the first five years of the premium payment period, and retain all commissions and fees we continue to receive from insurance companies for the rest of the premium payment period.

Our life insurance sales agents are typically organized into sales teams with a multilevel hierarchy. A life insurance sales agent not only receives a commission for the insurance policies that he or she sells, but also a smaller commission for insurance policies sold by agents under his or her management.

Our sales force, including both sales agents and our in-house sales representatives, is our most valuable asset and is instrumental in helping us build and maintain long-term relationships with our customers. Therefore, we place a strong emphasis on training of our sales force. In December 2006, we hired Dr. En Ming Tseng to lead our training efforts. Dr. Tseng has over 30 years of life insurance experience and was the chief training officer of a major insurance company in China before joining us. In early 2007, we hired Mr. Mingli Liang, who has over 20 years of experience in the insurance industry and had been a senior training manager in the same insurance company as Dr. Tseng prior to joining us. At the corporate level, Dr. Tseng, Mr. Liang and a team of dedicated training professionals have developed a company-wide unified training program. They provide training courses to the training staff at our regional insurance agencies and brokerages, who in turn organize training sessions for our sale professionals at the various regional insurance agencies and brokerages. In addition, Dr. Tseng and his team also provide on-site training sessions at our regional insurance agencies and brokerages as needed.

Competition

A number of industry players are involved in the distribution of insurance products in the PRC. We compete for customers on the basis of product offerings, customer services and reputation. Because we primarily distribute individual insurance products, our principal competitors include:

- **Professional insurance intermediaries.** The professional insurance intermediary sector in China is at an early stage of development and highly fragmented, accounting for only 4.1% and 4.2% of the total insurance premiums generated in China in 2006 and the first half of 2007, respectively. Several insurance intermediary companies have received private equity or venture capital funding in recent years and are actively pursuing expansion, including China Zhonghe Ltd., Cars.cn Ltd. and HuaKang Financial Service Inc.. We believe that we can compete effectively with these insurance intermediary companies because we have a longer operational history and over the years have assembled a strong and stable team of managers and sales professionals and built a unified operating platform. With increasing consolidation expected in the insurance intermediary sector in the coming years, we expect competition within this sector to intensify.
- **Insurance companies.** Insurance companies that rely on their own sales force to distribute their products. The distribution of individual insurance products in China historically has been dominated by insurance companies, which usually use both in-house sales force and exclusive sales agents to distribute their own products. We believe that we can compete effectively with insurance companies because we focus only on distribution and offer our customers a broader range of insurance products underwritten by multiple insurance companies.
- **Other business entities.** In recent years, business entities that distribute insurance products as an ancillary business, primarily commercial banks and postal offices, have been playing an increasingly important role in the distribution of insurance products, especially life insurance products. However, the insurance products distributed by these entities are usually confined to those related to their main lines of business, such as endowment and annuity life insurance products. We believe that we can compete effectively with these business entities because we offer our customers a broader variety of products.

In addition to individual insurance products, we also distribute some commercial property and casualty insurance products. As a result, we also compete, to a lesser degree, with insurance intermediaries that focus on distribution of commercial property and casualty insurance products, such as large insurance brokerages backed by state-owned enterprises and major international insurance brokerage companies that have entered the Chinese market, including Marsh & McLennan Companies, Inc., Aon Corporation and Willis Group Holdings Limited.

Intellectual Property

Our brand, trade names, trademarks, trade secrets and other intellectual property rights distinguish our business platform, services and products from those of our competitors and contribute to our competitive advantage in the professional insurance intermediary sector. To protect our intellectual property, we rely on a combination of trademark, copyright and trade secret laws as well as confidentiality agreements with our employees, sales agents, contractors and others. We have three registered trademarks in China, including our corporate logo. Our main website is located at www.cninsure.net.

Facilities

Our headquarters are located in Guangzhou, China, where we lease approximately 1,200 square meters of office space. Our subsidiaries and consolidated affiliated entities lease approximately 13,900 square meters of office space. In 2006 and the six months ended June 30, 2007, our total rental expenses were RMB4.7 million (US\$0.6 million) and RMB3.0 million (US\$0.4 million), respectively.

Legal Proceedings

From time to time, we are involved in litigation or other legal proceedings incidental to our business. However, we do not believe that our business or operations would be materially and adversely affected by any pending litigation or other pending legal proceeding in which we are involved.

REGULATION

Regulations of the Insurance Industry

The insurance industry in the PRC is highly regulated. The China Insurance Regulatory Commission, or the CIRC, is the regulatory authority responsible for the supervision of the Chinese insurance industry. Insurance activities undertaken within the PRC are primarily governed by the Insurance Law and the related rules and regulations.

Initial Development of Regulatory Framework

The Chinese Insurance Law was enacted in 1995. The original insurance law, which we refer to as the 1995 Insurance Law, provided the initial framework for regulating the domestic insurance industry. Among the steps taken under the 1995 Insurance Law were the following:

- Licensing of insurance companies and insurance intermediaries, such as agencies and brokerages. The 1995 Insurance Law established requirements for minimum registered capital levels, form of organization, qualification of senior management and adequacy of the information systems for insurance companies and insurance agencies and brokerages.
- Separation of property and casualty insurance businesses and life insurance businesses. The 1995 Insurance Law classified insurance between property, casualty, liability and credit insurance businesses, on the one hand, and life, accident and health insurance businesses on the other, and prohibited insurance companies from engaging in both types of businesses.
- Regulation of market conduct by participants. The 1995 Insurance Law prohibited fraudulent and other unlawful conduct by insurance companies, agencies and brokerages.
- Substantive regulation of insurance products. The 1995 Insurance Law gave insurance regulators the authority to approve the policy terms and premium rates for certain insurance products.
- Financial condition and performance of insurance companies. The 1995 Insurance Law established reserve and solvency standards for insurance companies, imposed restrictions on investment powers and established mandatory reinsurance requirements, and put in place a reporting regime to facilitate monitoring by insurance regulators.
- Supervisory and enforcement powers of the principal regulatory authority. The principal regulatory authority, then the People's Bank of China, was given broad powers under the 1995 Insurance Law to regulate the insurance industry.

Establishment of the CIRC and 2002 Amendments to the Insurance Law

China's insurance regulatory regime was further strengthened with the establishment of the CIRC in 1998. The CIRC was given the mandate to implement reform in the insurance industry, minimize insolvency risk for Chinese insurers and promote the development of the insurance market.

The 1995 Insurance Law was significantly amended in 2002 and the amended insurance law, which we refer to as the 2002 Insurance Law, became effective on January 1, 2003. The major amendments to the 1995 Insurance Law include:

- Authorizing the CIRC to be the insurance supervisory and regulatory body nationwide. The 2002 Insurance Law expressly grants the CIRC the authority to supervise and administer the insurance industry nationwide.
- Expanding the permitted scope of business of property and casualty insurers. Under the 2002 Insurance Law, property and casualty insurance companies may engage in the short-term health insurance and accident insurance businesses upon the CIRC's approval.
- Providing additional guidelines for the relationship between insurance companies and insurance agents. The 2002 Insurance Law requires an insurance company to enter into an agent agreement with each

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insurance agent that will act as an agent for that insurance company. The agent agreement sets forth the rights and obligations of the parties to the agreement as well as other matters pursuant to law. An insurance company is responsible for the acts of its agents when the acts are within the scope authorized by the insurance company.

- Relaxing restrictions on the use of funds by insurance companies. Under the 2002 Insurance Law, an insurance company may use its funds to make equity investments in insurance-related enterprises, such as asset management companies.
- Allowing greater freedom for insurance companies to develop insurance products. The 2002 Insurance Law allowed insurance companies to set their own policy terms and premium rates, subject to the approval of, or a filing with, the CIRC.

The CIRC

The CIRC has extensive authority to supervise insurance companies and insurance intermediaries operating in the PRC, including the power to:

- promulgate regulations applicable to the Chinese insurance industry;
- investigate insurance companies and insurance intermediaries;
- establish investment regulations;
- approve policy terms and premium rates for certain insurance products;
- set the standards for measuring the financial soundness of insurance companies and insurance intermediaries;
- require insurance companies and insurance intermediaries to submit reports concerning their business operations and condition of assets; and
- order the suspension of all or part of an insurance company or an insurance intermediary's business.

Regulation of Insurance Agencies

The principal regulation governing insurance agencies is the Provisions on the Administration of Insurance Agencies promulgated by the CIRC on December 1, 2004 and effective on January 1, 2005. According to this regulation, the establishment of an insurance agency is subject to minimum registered capital requirement and other requirements and to the approval of the CIRC. The term "insurance agency" refers to an entity that meets the qualification requirements specified by the CIRC, has obtained the license to conduct an insurance agency business with the approval of the CIRC, engages in the insurance business by and within the authorization of, and which collects commissions from, insurance companies. An insurance agency may take any of the following forms: (1) a partnership enterprise; (2) a limited liability company; or (3) a joint stock limited company. An insurance agency established as a partnership or limited liability company must have a registered capital or capital contribution of at least RMB500,000. Where it is established as a joint stock limited company, its registered capital must be at least RMB10 million.

An insurance agency may engage in the following insurance agency businesses:

- selling insurance products on behalf of the insurer principal;
- collecting insurance premiums on behalf of the insurer principal;
- conducting loss surveys and handling claims of insurance businesses on behalf of the insurer principal; and
- other business activities specified by the CIRC.

The name of an insurance agency must contain the words "insurance agency." When an insurance agency changes its registered capital or capital contributions or changes its form of organization, it must report to the CIRC for approval. Personnel of an insurance agency and its branches engaging in the sales of insurance

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products or relevant loss survey and claim settlement must pass a qualification examination for insurance agency practitioners organized by the CIRC and obtain a “Qualification Certificate for Insurance Agency Practitioners.” The senior managers of an insurance agency or its branches must meet specific qualification requirements set forth in the Provisions on the Administration of Insurance Agencies. The appointment of the senior managers of an insurance agency or its branches is subject to review and approval of the CIRC.

Regulation of Insurance Brokerages

The principal regulation governing insurance brokerages is the Provisions on the Administration of Insurance Brokerages promulgated by the CIRC on December 15, 2004 and effective on January 1, 2005. According to this regulation, the establishment of an insurance brokerage is subject to the approval of the CIRC. The term “insurance brokerage” refers to an entity engaging in the insurance brokering business that meets the qualification requirements specified by the CIRC and has obtained the license to operate an insurance brokering business with the approval of the CIRC. Insurance brokering business includes both direct insurance brokering, which refers to brokering activities on behalf of insurance applicants or the insured in their dealings with the insurance companies, and reinsurance brokering, which refers to brokering activities on behalf of insurance companies in their dealings with reinsurance companies. An insurance brokerage may take any of the following forms: (1) a partnership; (2) a limited liability company; or (3) a joint stock limited company. An insurance brokerage established as a partnership or limited liability company must have a registered capital or capital contribution of at least RMB5,000,000. Where it is established as a joint stock limited company, its registered capital must be at least RMB10 million.

An insurance brokerage may conduct the following insurance brokering businesses:

- making insurance proposals, selecting insurance companies and handling the insurance application procedures for the insurance applicants,
- assisting the insured or the beneficiary to claim compensation;
- reinsurance brokering business;
- providing consulting services to clients with respect to disaster and damage prevention, risk assessment and risk management; and
- other business activities specified by the CIRC.

The name of an insurance brokerage must contain the words “insurance brokerage.” The license of an insurance brokerage is valid for a period of two years. An insurance brokerage must report to the CIRC for approval when it (1) changes its registered capital or capital contributions; (2) changes its organizational form; (3) changes its shareholders or partners; or (4) changes its equity structure or proportions of capital contributions. Personnel of an insurance brokerage and its branches who engage in any of the insurance brokering businesses described above must pass a qualification examination for insurance brokering practitioners organized by the CIRC and obtain a qualification certificate for insurance brokering practitioners. The senior managers of an insurance brokerage must meet specific qualification requirements set forth in the Provisions on the Administration of Insurance Brokerages. Appointment of the senior managers of an insurance brokerage is subject to review and approval by the CIRC.

Regulation of Insurance Claims Adjusting Firms

The principal regulation governing insurance adjusting firms is the Provisions on the Administration of Insurance Adjusting Firms issued by the CIRC on November 16, 2001 and effective on January 1, 2002. The term “insurance adjusting firms” refers to an entity that is established in accordance with applicable laws and regulations and upon approval of the CIRC and engages in the assessment, survey, authentication, loss estimation and adjustment of the insured subject matters upon the entrustment of the parties concerned. Upon approval of the CIRC, an insurance adjusting firms may engage in the following businesses:

- inspecting, appraising the value of and assessing the risks of the subject matter before it is insured;

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- surveying, inspecting, estimating the loss of and adjusting the insured subject matter after loss has been incurred; and
- other business activities approved by the CIRC.

As with insurance agencies and insurance brokerages, insurance adjusting firms are subject to additional requirements under the Provisions on the Administration of Insurance Adjusting Firms with respect to entity name, minimum capital, organizational form, CIRC approval for certain changes, qualifications for practitioners and senior management personnel.

Regulation of Ancillary-Business Insurance Agencies

The principal regulation governing ancillary-business insurance agencies is the Interim Measures on the Administration of Ancillary-Business Insurance Agency issued by the CIRC on and effective as of August 4, 2000. The term “ancillary-business insurance agencies” refer to entities that are engaged by insurers to handle insurance business on behalf of insurers while concurrently engaging in another non-insurance-related business. Ancillary-business insurance agencies must meet the qualifications requirements set forth in this regulation. Upon reviewing and approving the qualifications of an entity applying to become an ancillary-business insurance agency, the CIRC will issue a “License for Ancillary-Business Insurance Agency,” which will be valid for three years. An ancillary-business insurance agency may only undertake insurance business on behalf of one insurance company, and the scope of the undertaken business is limited to the scope specified in the License for Ancillary-Business Insurance Agency.

Regulation of Insurance Salespersons

The principal regulation governing individual insurance salespersons is the Provisions on the Administration of Insurance Salespersons issued by the CIRC on April 6, 2006 and effective on July 1, 2006. Under this regulation, the term “insurance salesperson” refers to an individual who has acquired a qualification certificate issued by the CIRC, sells insurance products and provides related services for an insurance company and collects fees or commissions. In order to engage in insurance sales activities as an insurance salesperson, a person first must pass the qualification examination for the insurance agency practitioners organized by the CIRC and obtain a “Qualification Certificate of Insurance Agency Practitioners,” which is valid for three years and renewable upon fulfillment of certain requirements. In addition to the qualification certificate, a person also must obtain a “Practice Certificate of Insurance Salespersons” issued by the insurance company to which he or she belongs in order to conduct insurance sales activities. Those who have obtained a “Practicing Certificate of Insurance Agency Practitioner,” “Practicing Certificate of Insurance Brokerage Practitioner” or “Practicing Certificate of Insurance Adjustment Practitioners” are not allowed to obtain a Practice Certificate for Insurance Salespersons. No insurance salesperson may concurrently sign agent agreements with, or act on behalf of, two or more insurance companies.

Content Related to Insurance Industry in the Legal Documents of China’s Accession to the WTO

According to the Circular of the CIRC on Distributing the Content Related to Insurance Industry in the Legal Documents of China’s Accession to the WTO, for the life insurance sector, within three years of China’s accession to the WTO on December 11, 2001, geographical restrictions were to be lifted, equity joint venture companies allowed to provide health insurance, group insurance, and pension/annuity services to Chinese citizens and foreign citizens, and for there to be no other restrictions except those on the proportion of foreign investment (no more than 50%) and establishment conditions. For the non-life insurance sector, within three years of China’s accession, the geographical restrictions were to be lifted and no restrictions allowed other than establishment conditions. For the insurance brokerage sector, within five years of China’s accession, the establishment of wholly foreign-funded subsidiary companies was to be allowed, and no restriction other than establishment conditions and restrictions on business scope.

Regulations on Foreign Exchange

Foreign Currency Exchange

Foreign exchange regulation in China is primarily governed by the following rules:

- Foreign Currency Administration Rules (1996), as amended, or the Exchange Rules; and
- Administration Rules of the Settlement, Sale and Payment of Foreign Exchange (1996), or the Administration Rules.

Under the Exchange Rules, the RMB is convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions. Conversion of RMB for capital account items, such as direct investment, loan, security investment and repatriation of investment, however, is still subject to the approval of the SAFE.

Under the Administration Rules, foreign-invested enterprises may only buy, sell or remit foreign currencies at those banks authorized to conduct foreign exchange business after providing valid commercial documents and, in the case of capital account item transactions, obtaining approval from the SAFE. Capital investments by foreign-invested enterprises outside of China are also subject to limitations, which include approvals by the Ministry of Commerce, the SAFE and the State Development and Reform Commission.

Foreign Exchange Registration of Offshore Investment by PRC Residents

Pursuant to the SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles, generally known in China as SAFE Circular No. 75, issued on October 21, 2005, (i) a PRC citizen residing in the PRC, who is referred to as a PRC resident in SAFE Circular 75, shall register with the local branch of the SAFE before it establishes or controls an overseas special purpose vehicle, or SPV, for the purpose of overseas equity financing (including convertible debts financing); (ii) when a PRC resident contributes the assets of or its equity interests in a domestic enterprise into an SPV, or engages in overseas financing after contributing assets or equity interests into an SPV, such PRC resident shall register his or her interest in the SPV and the change thereof with the local branch of the SAFE; and (iii) when the SPV undergoes a material event outside of China, such as change in share capital or merger and acquisition, the PRC resident shall, within 30 days from the occurrence of such event, register such change with the local branch of the SAFE. PRC residents who are shareholders of SPVs established before November 1, 2005 were required to register with the local SAFE branch before March 31, 2006.

Under SAFE Circular No. 75, failure to comply with the registration procedures set forth above may result in the penalties, including imposition of restrictions on a PRC subsidiary's foreign exchange activities and its ability to distribute dividends to the SPV. See "Risk Factors—Risks Related to Doing Business in China—Recent PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident shareholders to personal liability and limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute profits to us, or otherwise adversely affect us."

On December 25, 2006, the People's Bank of China promulgated the "Measures for the Administration of Individual Foreign Exchange," and on January 5, 2007, the SAFE further promulgated the implementation rules on those measures. Both became effective on February 1, 2007. According to the implementation rules, PRC citizens who are granted shares or share options by a company listed on an overseas stock market according to its employee share option or share incentive plan are required, through the PRC subsidiary of such overseas listed company or any other qualified PRC agent, to register with the SAFE and to complete certain other procedures related to the share option or other share incentive plan. Foreign exchange income received from the sale of shares or dividends distributed by the overseas listed company may be remitted into a foreign currency account of such PRC citizen or be exchanged into Renminbi. Our PRC citizen employees who have been granted share options will be subject to the Individual Foreign Exchange Rules upon the listing of our ADSs on the Nasdaq

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Global Market. If we or our PRC citizen employees fail to comply with these regulations, we or our PRC option holders may be subject to fines and legal sanctions.

On May 29, 2007, the SAFE promulgated the revised operational procedures for the SAFE Circular 75, pursuant to which the offshore investment registration may be handled aggregately by means of trust at competent SAFE bureau for the employee stock ownership plan of an offshore special purpose company. The registration formalities shall be handled for the stock option plan of an offshore special purpose company when handling the registration of the special purpose company and the change formalities of registration shall be handled upon the exercise of such option.

Regulations on Dividend Distribution

The principal regulations governing dividend distributions of wholly foreign-owned companies include:

- Wholly Foreign-Owned Enterprise Law (1986), as amended; and
- Wholly Foreign-Owned Enterprise Law Implementing Rules (1990), as amended.

Under these regulations, wholly foreign-owned companies in the PRC may pay dividends only out of their accumulated profits as determined in accordance with PRC accounting standards. In addition, these wholly foreign-owned companies are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds, until the accumulative amount of such fund reaches 50% of its registered capital. At the discretion of these wholly foreign-owned companies, they may allocate a portion of their after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends.

Regulation on Overseas Listing

On August 8, 2006, six PRC regulatory agencies, namely, the PRC Ministry of Commerce, the State Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, the CSRC and the SAFE, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, which became effective on September 8, 2006. The new regulations purport, among other things, to require offshore special purpose vehicles, or SPVs, formed for overseas listing purposes and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange. On September 21, 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by SPVs seeking CSRC approval of their overseas listings.

While the application of the new regulations remains unclear, our PRC counsel, Commerce & Finance Law Offices, has advised us that, based on their understanding of the current PRC laws and regulations as well as the procedures announced on September 21, 2006:

- the CSRC has jurisdiction over our offering;
- the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this new procedure; and
- despite the above, given that we have completed our inbound investment before September 8, 2006, the effective date of the new regulations, an application is not required under the new regulations to be submitted to the CSRC for its approval of the listing and trading of our ADSs on the Nasdaq Global Market, unless we are clearly required to do so by subsequent rules of the CSRC.

See “Risk Factors—Risks Related to Doing Business in China—The approval of the China Securities Regulatory Commission, or the CSRC, may be required in connection with this offering under a recently adopted PRC regulation. Based on advice of our PRC counsel, we do not intend to seek CSRC’s approval for this

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offering. Any requirement to obtain prior CSRC approval could delay this offering and a failure to obtain this approval, if required, could have a material adverse effect on our business, operating results, reputation and trading price of our ADSs, and may also create uncertainties for this offering.”

Regulations on Tax

For a discussion on applicable tax regulations, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Taxation.”

MANAGEMENT

Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers as of the date of this prospectus.

Directors and Executive Officers	Age	Position/Title
Yinan Hu	42	Chairman and Chief Executive Officer
Qiuping Lai	54	President and Director
David Tang	41	Chief Financial Officer
En Ming Tseng	51	Vice President, Chief Operating Officer and Chair of the Life Insurance Committee
Peng Ge	36	Vice President, General Manager of the Finance and Accounting Department and Director
Chunlin Wang	38	Vice President and Chair of the Property and Casualty Insurance Committee
Chengbin Li	42	Assistant Vice President and General Manager of the Strategic Development Department
Paul Wolansky	51	Director
Shangzhi Wu	56	Director
Stephen Markscheid	53	Independent Director
Allen Warren Lueth	39	Independent Director

Mr. Yinan Hu is our co-founder and has been chairman of our board of directors and our chief executive officer since our inception in 1998. Since March 2002, he also has served as a director of China United Financial Services, a major shareholder of our company. From 1993 to 1998, Mr. Hu served as chairman of the board of directors of Guangdong Nanfeng Enterprises Co., Ltd., a company he co-founded that engaged in import and export, manufacturing of wooden doors and construction. From 1991 to 1995, Mr. Hu was an instructor of money and banking at Guangdong Institute for Managers in Finance and Trade. Mr. Hu received a bachelor's degree and a master's degree in economics from Southwestern University of Finance and Economics in China.

Mr. Qiuping Lai is our co-founder and has been our president and director since 2004. Since March 2002, he also has served as a director of China United Financial Services, a major shareholder of our company. Mr. Lai has served as chairman of the board of directors of Guangdong Nanfeng Insurance Agency Co., Ltd., one of our first affiliated insurance intermediaries in the PRC, since 2002. From 1998 to 2002, he served as the general manager of Guangdong Nanfeng Automobile Association Co., Ltd., one of our predecessor companies that he co-founded in 1998. From 1994 to 1998, he served as the general manager of Guangdong Nanfeng Enterprises Co., Ltd., a company he co-founded that engaged in import and export, manufacturing of wooden doors and construction. From 1990 to 1994, Mr. Lai was an instructor of philosophy and later an associate dean of the department of law at Guangdong Institute for Managers in Finance and Trade. Mr. Lai received his bachelor's degree in philosophy from Jiangxi University in China.

Mr. David Tang is our chief financial officer. Prior to joining our company in February 2007, Mr. Tang was a partner of IIC Capital Ltd., a financial advisory company, in Beijing, China, where he advised various companies on initial public offerings, acquisitions or reorganizations since 2004. From 2003 to 2004, he was the chief financial officer of IRICO Group, a PRC state-owned electronic manufacturing company. Mr. Tang was the vice president of finance of TCL Information Technology Group Limited, a subsidiary of the TCL Group, a large electronic manufacturer in the PRC, from 2001 to 2002 and was responsible for devising the group's financial strategy. In 2000, he served as chief financial officer and chief operating officer at Chinasoft International, a China-based

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information technology outsourcing service and software company. From 1998 to 1999, he was an equity research analyst of Merrill Lynch & Co. in New York. Mr. Tang received his bachelor's degree in computer science from Jersey City State College and his MBA degree from New York University, Stern School of Business.

Dr. En Ming Tseng has been vice president, chief operating officer and chair of the life insurance committee of our company since December 2006. Prior to joining us, he was the chief training officer and executive management committee member of Taikang Life Insurance Company Limited, a top five life insurance company in China, from 2003 to 2006. From 1990 to 2002, Dr. Tseng was employed by Insurance Marketing Group, where he served as the publisher of Advisers and Insurance Marketing magazines in Taiwan, two Chinese-language magazines focusing on life insurance and financial services consultancy. During the same period, he served as general manager at Insurance Marketing Management Consulting Corp., a subsidiary of Insurance Marketing Group. From 1977 to 1990, he served at various positions, including as manager of the business development department of Cathay Life Insurance Co., Ltd., the largest insurance company in Taiwan. Dr. Tseng received an MBA from Bloomsburg University of Pennsylvania and a Ph.D. degree in vocational training from University of Northern Iowa.

Mr. Peng Ge has been vice president and general manager of the finance and accounting department of our company since 2005 and has been a director since August 2007. From 1999 to 2005, Mr. Ge headed our Beijing operations. From 1994 to 1999, Mr. Ge served as a financial manager at a subsidiary of China National Native Produce and Animal By-Products Import & Export Corporation. Mr. Ge received his bachelor's degree in international accounting and his MBA degree from the University of International Business and Economics in China.

Mr. Chunlin Wang has been vice president and chair of the property and casualty insurance committee of our company since January 2007. From 2003 to January 2007, he served as assistant to our chairman. From 2002 to 2005, he served as the general manager of Guangdong Nanfeng Insurance Agency Co., Ltd., one of our first affiliated insurance intermediaries in the PRC. From 1998 to 2002, Mr. Wang served as a branch manager at Guangzhou Nanyun Car Rental Services Co., Ltd. and later Guangdong Nanfeng Automobile Association Co., Ltd., our predecessors. Mr. Wang received his bachelor's degree in law from Central-Southern University of Politics and Law in China.

Mr. Chengbin Li has been assistant vice president and the general manager of the strategic development department of our company since August 2006. From 2000 to August 2006, Mr. Li served as the general manager or vice general manager of various insurance agencies or financial services firms controlled by our company or China United Financial Services. Mr. Li received a bachelor's degree in business from Jilin University of Agriculture in China.

Mr. Paul Wolansky has been our director since June 2004. He also has served as a director of China United Financial Services, a major shareholder of our company, since July 2001. Since 1993, he has served as the chief executive officer of New China Management Corp. Ltd., the investment manager for Cathay Investment Fund, Ltd, which owns 100% of the total outstanding shares of Cathay Auto Services Limited, a major shareholder of our company. From 1993 to May 2007, Mr. Wolansky served as a director of various portfolio companies in the greater China area, including China Resources Land Limited, a property development company, Warderly International Holdings Limited, a home appliances manufacturer, China Yuchai International Ltd., a diesel engine manufacturer, and Wuxi Little Swan Co. Ltd., a home appliances manufacturer. Mr. Wolansky received a Bachelor of Arts degree from Amherst College and a J.D. degree from Harvard Law School.

Dr. Shangzhi Wu has been our director since December 2005. He has served as chairman and managing partner of CDH China Management Company Limited, or CDH, since 2005. Prior to that, he served as director and managing director of CDH China Holdings Management Company Limited from 2002 to 2005. Dr. Wu is the founding partner of CDH of which he has served as president since its inception in 2002. CDH is an international private equity fund manager with more than US\$2 billion of committed capital under management and with a focus on investments in China's leading companies. From 1995 to 2002, Dr. Wu worked for China International Capital Corporation Ltd., or CICC, serving as the Head of Director Investment Department

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beginning in 1996. Dr. Wu became a managing director in 1999 and served as a member of CICC's Management Committee between 2000 and 2002. From 1993 to 1995, he was a managing director at Beijing Copia Consulting Company, a business consulting firm. From 1991 to 1993, he was a Senior Investment Officer at the International Finance Corporation. From 1984 to 1991, he worked for the World Bank as an Operations Officer and Senior Operations Officer. Dr. Wu received his Ph.D. in Mechanical Engineering and a master's degree in Management of Technology from Massachusetts Institute of Technology.

Mr. Stephen Markscheid has been our independent director since August 2007. Since 2006, Mr. Markscheid has served as the chief executive officer of HuaMei Capital Company, Inc., an investment bank based in the United States that is focused on intermediating capital flows between the United States and China. Between 2003 and 2006, Mr. Markscheid was Senior Vice President for Global Risk at GE Healthcare Financial Services, and during 2001 and 2002, he was the Director of Business Development at GE China in Beijing. Mr. Markscheid has over 20 years of experience as a corporate finance professional specializing in mergers and acquisitions, strategic investments, joint ventures and new business development in emerging markets. Mr. Markscheid received his bachelor's degree from Princeton University, a master's degree from Johns Hopkins University, and an MBA degree from Columbia University.

Mr. Allen Lueth has been our independent director since August 2007. Since 2005, Mr. Lueth has served as the chief financial officer of Zuellig Pharma China, a private company focused on pharmaceutical distribution, in Shanghai. From 1998 to 2004, Mr. Lueth worked at GE Consumer Finance, first in Taiwan as Manager, then Chief Financial Officer, and then General Manager, and later in Shanghai as the Representative for China. Mr. Lueth obtained his certificate as a certified public accountant in 1991 and a certified management accountant in 1994. Mr. Lueth received his Bachelor of Science in Business degree from the University of Minnesota and an MBA degree from the J.L. Kellogg School of Management.

Employment Agreements

Each of our executive officers has entered into an employment agreement with us. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate the employment for cause, at any time, without notice or remuneration, for certain acts of the employee, including but not limited to a conviction or plea of guilty to a felony, negligence or dishonesty to our detriment and failure to perform the agreed-to duties after a reasonable opportunity to cure the failure. An executive officer may terminate his employment at any time without notice or penalty if there is a material reduction in his authority, duties and responsibilities or if there is a material reduction in his annual salary before the next annual salary review. Furthermore, either we or the relevant executive officer may terminate the employment at any time without cause upon advance written notice to the other party. These agreements do not provide for any special termination benefits, nor do we have other arrangements with these executive officers for special termination benefits.

Each executive officer has agreed to hold, both during and after the employment agreement expires or is earlier terminated, in strict confidence and not to use, except as required in the performance of his duties in connection with the employment, any confidential information, trade secrets and know-how of our company or the confidential information of any third party, including our affiliated entities and our subsidiaries, received by us. In addition, each executive officer has agreed to be bound by non-competition restrictions set forth in his employment agreement. Specifically, each executive officer has agreed not to, while employed by us and for a period ranging from one to two years following the termination or expiration of the employment agreement, (i) approach our clients, customers or contacts or other persons or entities introduced to the executive officer for the purpose of doing business with such person or entities, and will not interfere with the business relationship between us and such persons and/or entities; (ii) assume employment with or provide services as a director for any of our competitors, or engage, whether as principal, partner or otherwise, in any business which is in direct or indirect competition with our business; or (iii) seek directly or indirectly, to solicit the services of any of our employees who is employed by us at the date of the executive officer's termination, or in the year preceding such termination.

Board of Directors

Our board of directors consists of seven directors. A director is not required to hold any shares in the company by way of qualification. A director may vote with respect to any contract, proposed contract or arrangement in which he is materially interested. A director may exercise all the powers of the company to borrow money, mortgage its undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third party. In compliance with Rule 4350 of the Nasdaq Stock Market, Marketplace Rules, a majority of the members of our board of directors and of each of our board committees will be independent directors during the one-year transition period after our ADSs are listed on the Nasdaq Global Market and all of the committee members will be independent directors thereafter.

Indemnification Agreements

Upon the completion of this offering, we intend to enter into indemnification agreements with each of our directors. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Committees of the Board of Directors

We have established three committees under the board of directors: the audit committee, the compensation committee and the corporate governance and nominating committee, and have adopted a charter for each of the committees, which will become effective immediately upon the completion of this offering. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Allen Lueth, Stephen Markscheid and Peng Ge. Allen Lueth and Stephen Markscheid satisfy the "independence" requirements of Rule 4350 of Nasdaq Stock Market, Marketplace Rules and Rule 10A-3 under the Securities Exchange Act of 1934. The audit committee will oversee our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee will be responsible for, among other things:

- selecting the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- reviewing and approving all proposed related-party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of material control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time;
- meeting separately and periodically with management and the independent auditors; and
- reporting regularly to the full board of directors.

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Compensation Committee. Our compensation committee consists of Allen Lueth, Stephen Markscheid and Shangzhi Wu. Allen Lueth and Stephen Markscheid satisfy the “independence” requirements of Rule 4350 of Nasdaq Stock Market, Marketplace Rules. Our compensation committee will assist the board of directors in reviewing and approving the compensation structure of our directors and executive officers, including all forms of compensation to be provided to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee will be responsible for, among other things:

- reviewing and recommending to the board with respect to the total compensation package for our chief executive officer;
- approving and overseeing the total compensation package for our executives other than the chief executive officer;
- reviewing and making recommendations to the board with respect to the compensation of our directors; and
- reviewing periodically and approving any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

Corporate Governance and Nominating Committee. Our corporate governance and nominating committee consists of Allen Lueth, Stephen Markscheid and Qiuping Lai. Allen Lueth and Stephen Markscheid satisfy the “independence” requirements of Rule 4350 of Nasdaq Stock Market, Marketplace Rules. The corporate governance and nominating committee will assist our board of directors in identifying individuals qualified to become our directors and in determining the composition of the board and its committees. The corporate governance and nominating committee will be responsible for, among other things:

- identifying and recommending to the board nominees for election or re-election to the board, or for appointment to fill any vacancy;
- reviewing annually with the board the current composition of the board in light of the characteristics of independence, skills, experience and availability of service to us;
- identifying and recommending to the board the names of directors to serve as members of the audit committee and the compensation committee, as well as the corporate governance and nominating committee itself;
- advising the board periodically with respect to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any corrective action to be taken; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Duties of Directors

Under Cayman Islands law, our directors have a statutory duty of loyalty to act honestly in good faith with a view to our best interests. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association. A shareholder has the right to seek damages if a duty owed by our directors is breached.

Terms of Directors and Officers

All directors hold office until their successors have been duly elected and qualified. Outside of certain specified circumstances, including a director becoming bankrupt or of unsound mind or being absent from Board

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meetings without special leave of absence for six consecutive months, a director may only be removed by the shareholders. Officers are elected by and serve at the discretion of the board of directors.

Compensation of Directors and Executive Officers

In 2006, the aggregate cash compensation, including reimbursement of expenses, to our executive officers was approximately RMB663,250 (US\$87,132), and the aggregate cash compensation to our non-executive directors was nil. No executive officer is entitled to any severance benefits upon termination of his or her employment with our company.

Share Incentives

Historical Option Grants.

In July 2004, CISG granted options to purchase a total of 12,357 ordinary shares of CISG to two executive officers: Mr. Yinan Hu and Mr. Qiuping Lai. In December 2004, CISG issued 12,357 ordinary shares to Kingsford Resources Limited, a British Virgin Islands company controlled by Mr. Hu and Mr. Lai, upon their exercise of the management options granted in July 2004. The exercise price was RMB0.1 per share, the par value of the CISG ordinary shares.

In January 2006, CISG adopted a 2006 share option plan and granted options to purchase 3,421 ordinary shares, or 5% of its total number of outstanding shares on a fully diluted basis, to 14 employees, including four executive officers: Messrs. Yinan Hu, Qiuping Lai, Peng Ge and Chunlin Wang. The exercise price of these options was RMB8,741 per share, which was equal to the per-share price paid by CDH Inservice Limited in our private placement completed in December 2005. The options vested fully on December 31, 2006, after the vesting requirements set forth in the 2006 plan were satisfied, including the achievement of certain financial target in 2006 by CISG. In July 2007, CISG issued 3,421 ordinary shares to the 14 individuals upon their full exercise of the options granted under the 2006 plan.

In February 2007, CISG granted to Mr. David Tang, our chief financial officer, options to purchase 0.8% of the total number of outstanding shares of CISG on a fully diluted basis. Forty percent of the options vest upon his appointment and 30% on each of the first and second anniversaries of his appointment, and are exercisable at RMB2.3214, per share, equal to the fair value of CISG shares as of January 31, 2007 determined by our management with the assistance of a third-party independent appraiser. In August 2007, Mr. Tang's options to purchase CISG shares were converted to options to purchase 5,473,684 ordinary shares of our company at a 1 to 10,000 ratio after we completed our restructuring.

2007 Share Incentive Plan.

In August 2007, our board of directors and shareholders adopted our 2007 share incentive plan, which is intended to attract and retain the best available personnel for positions of substantial responsibility, provide additional incentive to employees, directors and consultants and promote the success of our business. We reserved 10% of our then outstanding ordinary shares for issuance under our 2007 share incentive plan.

In October 2007, our board of directors voted to grant options under our 2007 share incentive plan to certain of our directors and employees to purchase an aggregate of 42,000,000 ordinary shares of our company at an exercise price equal to the offering price per ordinary share in this offering. Our future option grants will be made pursuant to our 2007 share incentive plan. The following paragraphs describe the principal terms of our 2007 share incentive plan.

Types of Awards. The types of awards we may grant under our 2007 plan include the following:

- options to purchase our ordinary shares;
- restricted shares, which represent non-transferable ordinary shares, that may be subject to forfeiture, restrictions on transferability and other restrictions; and
- restricted share units, which represent the right to receive our ordinary shares at a specified date in the future, which may be subject to forfeiture.

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Awards may be designated in the form of ADSs instead of ordinary shares. If we designate an award in the form of ADSs, the number of shares issuable under the 2007 share incentive plan will be adjusted to reflect the ratio of ADSs to ordinary shares.

Eligibility. We may grant awards to employees, directors and consultants of our company or any of our related entities, which include our subsidiaries or any entities in which we hold a substantial ownership interest. However, we may grant options that are intended to qualify as incentive share options, or ISOs, only to our employees and employees of our majority-owned subsidiaries.

Plan Administration. The compensation committee of our board of directors, or a committee designated by the compensation committee, will administer the 2007 plan. However, awards made to our independent directors must be approved by the entire board of directors. The compensation committee or the full board of directors, as appropriate, will determine the individuals who will receive grants, the types of awards to be granted and terms and conditions of each award grant, including any vesting or forfeiture restrictions.

Award Agreement. Awards granted under our 2007 plan will be evidenced by an award agreement that will set forth the terms, conditions and limitations for each award. In addition, in the case of options, the award agreement may also specify whether the option constitutes an ISO or a non-qualifying stock option.

Acceleration of Awards upon Corporate Transactions. The outstanding awards will accelerate upon occurrence of a change-of-control corporate transaction where the successor entity does not assume our outstanding awards under the 2007 plan. In such event, each outstanding award will become fully vested and immediately exercisable, and the transfer restrictions on the awards will be released and any forfeiture provisions will terminate immediately before the date of the change-of-control transaction. If the successor entity assumes our outstanding awards and later terminates the grantee's service without cause within 12 months of the change-of-control transaction, the outstanding awards will automatically become fully vested and exercisable.

Exercise Price and Term of Awards. In general, the plan administrator determines the exercise price of an award and sets forth the price in the award agreement. The exercise price may be fixed or variable price related to the fair market value of our ordinary shares. However, ISOs may not be granted to any individual if the fair market value of the shares underlying such ISOs that are exercisable in any calendar year exceeds US\$ 100,000 or other limitations imposed by law. Also, if we grant an ISO to an employee, who, at the time of that grant, owns shares representing more than 10% of the voting power of all classes of our share capital, the exercise price cannot be less than 110% of the fair market value of our ordinary shares on the date of that grant. The term of each award will be stated in the award agreement. The term of an award shall not exceed 10 years from the date of the grant, except that five years is maximum term of an ISO granted to an employee who holds more than 10% of the voting power of our share capital.

Amendment and Termination. Our board of directors may at any time amend, suspend or terminate the 2007 plan. Amendments to the 2007 plan are subject to shareholder approval to the extent required by law, or stock exchange rules or regulations. Additionally, shareholder approval will be specifically required to increase the number of shares available for issuance under the 2007 plan or to extend the term of an option beyond ten years. Unless terminated earlier, the 2007 plan will expire and no further awards may be granted after the tenth anniversary of the shareholder approval of the 2007 plan.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership of our ordinary shares, as of the date of this prospectus, by:

- each of our directors and executive officers;
- each person known to us to own beneficially more than 5.0% of our ordinary shares; and
- other selling shareholders.

The calculations in the table below assume there are 684,210,526 ordinary shares outstanding as of the date of this prospectus and ordinary shares outstanding immediately after the closing of this offering, assuming the underwriters do not exercise their over-allotment option.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned Prior to This Offering		Ordinary Shares Being Sold in This Offering		Ordinary Shares Beneficially Owned After This Offering	
	Number	%	Number	%	Number	%
Directors and Executive Officers*:						
Yinan Hu ⁽¹⁾	389,978,075	57.0				
Qiuping Lai ⁽²⁾	181,778,395	26.6				
David Tang ⁽³⁾	2,189,473	0.3				
En Ming Tseng ⁽⁴⁾	—	—				
Peng Ge ⁽⁵⁾	—	—				
Chunlin Wang ⁽⁶⁾	—	—				
Chengbin Li ⁽⁷⁾	—	—				
Paul Wolansky ⁽⁸⁾	288,283,840	42.1				
Shangzhi Wu ⁽⁹⁾	171,600,000	25.1				
All Directors and Executive Officers as a Group	643,851,708	93.8				
Principal and Selling Shareholders:						
Cathay Auto Services Limited ⁽¹⁰⁾	288,283,840	42.1				
China United Financial Services Holdings Limited ⁽¹¹⁾	208,199,680	30.4				
CAA Holdings Company Limited ⁽¹²⁾	208,199,680	30.4				
Kingsford Resources Limited ⁽¹³⁾	181,778,395	26.6				
CDH Inservice Limited ⁽¹⁴⁾	171,600,000	25.1				

* Except for Messrs. Wolansky, Leung, Wu and Wang, the business address of our directors and executive officers is c/o 19/F, Yinhai Building, No. 299 Yanjiang Zhong Road, Guangzhou, Guangdong 510110, People's Republic of China.

⁽¹⁾ Includes 208,199,680 ordinary shares of our company held by China United Financial Services, an international business company incorporated in the British Virgin Islands, and 181,778,395 ordinary shares of our company held by Kingsford Resources Limited, or Kingsford Resources, an international

business company incorporated in the British Virgin Islands. Approximately 58.5% of the total outstanding shares of China United Financial Services are held by CAA Holdings Company Limited, or CAA Holdings, an international business company incorporated in the British Virgin Islands. Mr. Hu is the sole director and holds approximately 50.6% of the total outstanding shares of CAA Holdings. Approximately 95.1% of the total outstanding shares of Kingsford Resources are held by High Rank Investments Limited, or High Rank Investments, an international business company incorporated in the British Virgin Islands. Mr. Hu holds approximately 76.1% of the total outstanding shares of High Rank Investments. Mr. Hu disclaims beneficial ownership of all of our shares held by China United Financial Services and Kingsford Resources except to the extent of his pecuniary interest therein.

- (2) Includes 181,778,395 ordinary shares of our company held by Kingsford Resources. Approximately 95.1% of the total outstanding shares of Kingsford Resources are held by High Rank Investments. Mr. Lai holds approximately 23.9% of the total outstanding shares of High Rank Investment. Mr. Lai disclaims beneficial ownership of all of our shares held by Kingsford Resources except to the extent of his pecuniary interest therein.
- (3) Includes 2,189,473 ordinary shares issuable upon exercise of options held by Mr. Tang that are exercisable within 60 days after the date of this prospectus.
- (4) Mr. Tseng holds approximately 11.2% of the total outstanding shares of Better Rise Investments Limited, or Better Rise Investments, an international business company incorporated in the British Virgin Islands. Better Rise Investments owns approximately 4.9% of Kingsford Resources. Therefore, Mr. Tseng may be deemed to beneficially own, indirectly through Better Rise Investments and Kingsford Resources, approximately 1,007,616 ordinary shares of our company. Mr. Tseng disclaims beneficial ownership of all of our shares held by Kingsford Resources except to the extent of his pecuniary interest therein.
- (5) Mr. Ge holds approximately 3.6% of the total outstanding shares of CAA Holdings and therefore may be deemed to beneficially own, indirectly through CAA Holdings and China United Financial Services, approximately 4,424,940 ordinary shares of our company. In addition, Mr. Ge holds approximately 38.3% of the total outstanding shares of Better Rise Investments and therefore may be deemed to beneficially own, indirectly through Better Rise Investments and Kingsford Resources, approximately 3,436,316 ordinary shares of our company. Mr. Ge disclaims beneficial ownership of all of our shares held by China United Financial Services and Kingsford Resources except to the extent of his pecuniary interest therein.
- (6) Mr. Wang holds approximately 0.2% of the total outstanding shares of CAA Holdings and therefore may be deemed to beneficially own, indirectly through CAA Holdings and China United Financial Services, approximately 286,698 ordinary shares of our company. In addition, Mr. Wang holds approximately 40.9% of the total outstanding shares of Better Rise Investments and therefore may be deemed to beneficially own, indirectly through Better Rise Investments and Kingsford Resources, approximately 3,669,300 ordinary shares of our company. Mr. Wang disclaims beneficial ownership of all of our shares held by China United Financial Services and Kingsford Resources except to the extent of his pecuniary interest therein.
- (7) Mr. Li holds approximately 0.2% of the total outstanding shares of CAA Holdings and therefore may be deemed to beneficially own, indirectly through CAA Holdings and China United Financial Services, approximately 273,933 ordinary shares of our company. In addition, Mr. Li holds approximately 9.5% of the total outstanding shares of Better Rise Investments and therefore may be deemed to beneficially own, indirectly through Better Rise Investments and Kingsford Resources, approximately 855,144 ordinary shares of our company. Mr. Li disclaims beneficial ownership of all of our shares held by China United Financial Services and Kingsford Resources except to the extent of his pecuniary interest therein.
- (8) Includes 208,199,680 ordinary shares of our company held by China United Financial Services and 80,084,160 ordinary shares held by Cathay Auto Services Limited, or Cathay Auto, a company incorporated in the British Virgin Islands. Approximately 38.7% of the total outstanding shares of China United Financial Services are held by Cathay Auto. Through a subscription and shareholders agreement dated July 14, 2001, Cathay Auto and CAA Holdings share voting and investment powers

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through the board of directors of China United Financial Services with respect to our ordinary shares held by China United Financial Services. Mr. Wolansky is the chief executive officer of New China Management Corp., the investment manager for Cathay Investment Fund, Ltd., a closed-end investment fund organized under the laws of the Cayman Islands, which owns 100% of Cathay Auto. Mr. Wolansky disclaims beneficial ownership of all of our shares held by China United Financial Services and Cathay Auto except to the extent of his pecuniary interest therein. The business address of Mr. Wolansky is c/o New China Management Corporation, One Dock Street, Stamford, Connecticut 06902-5836, U.S.A.

- (9) Includes 171,600,000 ordinary shares held by CDH Inservice Limited, or CDH Inservice, a British Virgin Islands company. All of the issued and outstanding shares of CDH Inservice are wholly owned by CDH China Growth Capital Fund II, L.P., or CDH Fund II, a Cayman Islands exempted limited partnership. CDH China Growth Capital Holdings Company Limited, or CDH Growth Capital Holdings, a Cayman Islands exempted limited liability company, is the general partner of CDH Fund II and has the power to direct CDH Fund II as to the voting and disposition of shares directly and indirectly held by CDH Fund II. Dr. Wu is director, managing partner and member of the investment committee of CDH Growth Capital Holdings. Dr. Wu disclaims beneficial ownership of all of our shares held by CDH Inservice except to the extent of his pecuniary interest therein. The business address of Dr. Wu is c/o CDH China Growth Capital Holdings Company Limited, 2601, 26th Floor, Lippo Centre Tower 2, 89 Queensway, Admiralty, Hong Kong.
- (10) Includes 208,199,680 ordinary shares of our company held by China United Financial Services and 80,084,160 ordinary shares held by Cathay Auto. Approximately 38.7% of the total outstanding shares of China United Financial Services are held by Cathay Auto. Cathay Investment Fund, Ltd., a closed-end investment fund organized under the laws of the Cayman Islands, owns 100% of Cathay Auto. New China Management Corp., a company incorporated under the laws of Delaware, is the investment manager for Cathay Investment Fund, Ltd. and has the power to direct Cathay Investment Fund as to the voting and disposition of shares directly and indirectly held by Cathay Investment Fund, Ltd. The voting and investment decisions for shares beneficially owned by Cathay Investment Fund are made by Mr. Paul Wolansky. Cathay Auto disclaims beneficial ownership of all of our shares held by China United Financial Services except to the extent of its pecuniary interest therein. Cathay Investment Fund, Ltd. and Mr. Paul Wolansky disclaim beneficial ownership of all of our shares held by China United Financial Services and Cathay Auto except to the extent of their respective pecuniary interest therein. The business address of Cathay Auto is c/o New China Management Corporation, One Dock Street, Stamford, Connecticut 06902-5836, U.S.A.
- (11) Includes 208,199,680 ordinary shares held by China United Financial Services. Approximately 58.5% and 38.7% of the total outstanding shares of China United Financial Services are held by CAA Holdings and Cathay Auto, respectively. Through a subscription and shareholders agreement dated July 14, 2001, Cathay Auto and CAA Holdings share voting and investment powers through the board of directors of China United Financial Services with respect to shares held by China United Financial Services. The registered address of China United Financial Services is c/o Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.
- (12) Includes 208,199,680 ordinary shares held by China United Financial Services. Approximately 58.5% of the total outstanding shares of China United Financial Services are held by CAA Holdings. Approximately 50.6% of the total outstanding shares of CAA Holdings are held by Mr. Yinan Hu, our chairman and chief executive officer. The remaining 49.4% of the total outstanding shares of CAA Holdings are held by 143 other individuals, most of whom are officers or employees of our company. The registered address of China United Financial Services is c/o Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.
- (13) Includes 181,778,395 ordinary shares held by Kingsford Resources. Approximately 95.1% of the total outstanding shares of Kingsford Resources are held by High Rank Investments, which is 76.1% owned by Mr. Yinan Hu, our chairman and chief executive officer, and 23.9% owned by Mr. Qiuping Lai, our president. The remaining 4.9% of the total outstanding shares of Kingsford Resources are held by Better Rise Investments Limited, which is owned by four of our executive officers: Mr. En Ming

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- Tseng, with 11.2%, Mr. Peng Ge, with 38.3%, Mr. Chunlin Wang, with 40.9%, and Mr. Chengbin Li, with 9.5%. The registered address of Kingsford Resources is Beaufort House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.
- (14) Includes 171,600,000 ordinary shares held by CDH Inservice. All of the issued and outstanding shares of CDH Inservice are wholly owned by CDH Fund II, a Cayman Islands exempted limited partnership. CDH Growth Capital Holdings, a Cayman Islands exempted limited liability company, is the general partner of CDH Fund II and has the power to direct CDH Fund II as to the voting and disposition of shares directly and indirectly held by CDH Fund II. The investment committee of CDH Growth Capital Holdings comprises Wu Shangzhi and two other individuals. Changes to the investment committee require the approval of the directors of CDH Growth Capital Holdings. The directors of CDH Growth Capital Holdings are nominated by the principal shareholders of CDH Growth Capital Holdings, being (i) an affiliate of Capital Z Partners, (ii) an affiliate of the Government of Singapore Investment Corporation, and (iii) China Diamond Holdings II, L.P., a British Virgin Islands limited partnership controlled by senior members of the CDH Fund II investment team. CDH Growth Capital Holdings disclaims beneficial ownership of all of our shares held by CDH Inservice except to the extent of its pecuniary interest therein. The registered address of CDH Inservice is c/o Maples Finance BVI Limited, P.O. Box 173, Kingston Chambers, Road Town, Tortola, British Virgin Islands.

As of the date of this prospectus, none of our outstanding ordinary shares is held by record holders in the United States. None of our shareholders has informed us that he or she is affiliated with a registered broker-dealer or is in the business of underwriting securities. None of our existing shareholders will have different voting rights from other shareholders after the closing of this offering. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company. See “Description of Share Capital—History of Securities Issuances” for a description of issuances of our ordinary shares that have resulted in significant changes in ownership held by our major shareholders.

RELATED PARTY TRANSACTIONS

Contractual Arrangements with Our PRC Affiliated Entities, Their Shareholders and Their Subsidiaries

PRC laws and regulations restrict foreign investment in and ownership of insurance agencies and brokerages. We conduct our operations in China principally through contractual arrangements among our PRC subsidiaries, the shareholders of two affiliated companies, Meidiya Investment and Yihe Investment, and the subsidiaries of Meidiya Investment and Yihe Investment. For a description of these contractual arrangements, see “Corporate Structure—Our Corporate Structure and Contractual Arrangements.”

Private Placements

See “Description of Share Capital—History of Securities Issuances—Ordinary Shares.”

Shareholders Agreement

In connection with the private placement of 17,160 CISG ordinary shares with CDH Inservice Limited in December 2005, CISG, its registered shareholders and some of its beneficial owners, including Mr. Yinan Hu, our chairman and chief executive officer, and Mr. Qiuping Lai, our president, entered into a shareholders agreement. This agreement provides that our board of directors will consist of seven directors, including two directors designated by CDH Inservice Limited. Our shareholders have certain rights with respect to any proposed share transfers by any of our shareholders, including the right of first refusal with respect to any share transfers by other shareholders. Under this agreement, we are required to obtain the consent of at least four directors to take certain actions, including the issuance of any shares in any member of our group, any action which may breach, vary or modify the terms of this agreement, any commitment to capital expenditures in excess of RMB5 million, and any change in the size of our board of directors. Of the four directors whose consent is required for certain corporate actions, at least three must have been appointed by Cathay Auto Services Limited, CDH Inservice Limited and CAA Holdings Company Limited, respectively.

Under this agreement, we have granted certain of our shareholders customary registration rights, including demand and piggyback registration rights and Form F-3 registration rights. For a detailed description of these rights, see “Description of Share Capital—Registration Rights.”

Upon completion of our restructuring in July 2007 in preparation for this offering, we and our existing shareholders entered into a new shareholders agreement, which replaced the December 2005 shareholders agreement. The new shareholders agreement is substantially similar to the December 2005 shareholders agreement. Except for the provisions relating to registration rights, the new shareholders agreement will terminate upon the completion of this offering.

Transactions with Certain Officers

In 2005, we extended personal loans of RMB12.2 million and RMB4.8 million to Mr. Yinan Hu, our chairman and chief executive officer, and Mr. Qiuping Lai, our president, respectively. These loans were unsecured, interest-free and repayable on demand. As of December 31, 2005 and 2006, the total outstanding amount of these loans were RMB17.0 million and RMB17.3 million (US\$2.3 million), respectively. Messrs. Hu and Lai repaid these loans in March 2007.

In 2006, we extended a short-term loan of RMB32.0 million (US\$4.2 million) to Guangdong Nanfeng Enterprise Co., Ltd., an entity controlled by Mr. Yinan Hu and Mr. Qiuping Lai. The loan, which was unsecured, interest-free and payable on demand, was fully repaid in June 2007.

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In 2005, we extended a loan to China United Financial Services, which in turn extended the loan to Mr. Qiuping Lai. As of December 31, 2005, the total outstanding amount of the loan was RMB1.0 million. The loan was repaid in 2006.

As of June 30, 2007, we received an advance payment from one of the directors of RMB7.8 million (US\$1.0 million) for the exercise of stock options granted in 2006 which was pending for the approval of our board of directors.

We do not intend to extend loans to related parties in the future.

Transactions with China United Financial Services

From time to time, we advanced funds to the subsidiaries of China United Financial Services, formerly the parent company of CISG and presently a principal shareholder of our company, for working capital purposes. As of December 31, 2005 and 2006, the total outstanding amount of these advances was RMB50.2 million and RMB27.0 million (US\$3.5 million), respectively. Most of these advances were unsecured, interest-free and repayable on demand, except for a short-term loan of RMB15.0 million (US\$2.0 million) extended to a subsidiary of China United Financial Services in December 2006. That loan, which was repaid in March 2007, had a term of three months and bears interests at 1.71% per year. During the year ended December 31, 2006 and the six months ended June 30, 2007, we received RMB3,000 (US\$394) and RMB61,000 (US\$8,014), respectively, of interest payment on that loan. The remaining amounts of the advances were repaid in June 2007. We do not intend to make advances to related parties in the future.

Certain subsidiaries of China United Financial Services advanced funds to some of our subsidiaries for working capital purposes. As of December 31, 2005, December 31, 2006 and June 30, 2007, the total outstanding amount of these advances was RMB7.6 million, RMB0.7 million (US\$0.1 million) and RMB60,000 (US\$7,882), respectively. We do not intend to incur similar debt in the future.

A subsidiary of China United Financial Services, Beijing Dongfang Wenhua Consulting Co., Ltd., provided customer origination services to us and earned consulting fees totaling RMB4.5 million (US\$0.6 million) in 2006.

Transactions with Minority Shareholders of Our Affiliated Entities

Through Yihe Investment, our affiliated entity, we acquired majority interests in Xintai Agency and Anxin Agency, two PRC insurance agencies, in 2006. As of December 31, 2006, we still had not paid the full purchase price for those acquisitions. The total amount outstanding was RMB2.6 million (US\$0.3 million) and RMB20,000 (US\$2,627) as of December 31, 2006 and June 30, 2007, respectively, which is interest-free and payable on demand.

We extended personal loans to minority shareholders of several affiliated insurance agencies in 2006. As of December 31, 2006 and June 30, 2007, the outstanding amount of these loans was RMB2.7 million (US\$0.3 million) and RMB1.4 million (US\$183,920), respectively.

Transactions with CDH Inservice Limited

One of our shareholders, CDH Inservice Limited, extended foreign currency loans to us in 2005 and 2006 for the payment of certain professional fees. As of December 31, 2005 and 2006, the total outstanding amount of the loans was RMB292,000 and RMB369,000 (US\$48,000), respectively and the loan has been repaid in 2007. We do not intend to incur additional loans of this nature in the future.

Share Options

See “Management—Share Incentives.”

DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands exempted company and our affairs are governed by our memorandum and articles of association and the Companies Law (2007 Revision) of the Cayman Islands, which is referred to as the Companies Law below.

As of the date of this prospectus, our authorized share capital consists of 1,000,000,000 shares, with a par value of US\$0.001 each. As of the date of this prospectus, there are 684,210,526 ordinary shares issued and outstanding.

Upon completion of this offering, we will adopt an amended and restated memorandum and articles of association. The following are summaries of material provisions of our proposed amended and restated memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our ordinary shares that we expect will become effective upon completion of this offering.

Ordinary Shares

General

Our authorized share capital consists of 10,000,000,000 shares, with a par value of US\$0.001 each. All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are nonresidents of the Cayman Islands may freely hold and vote their shares.

Dividend Rights

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Law.

Voting Rights

Each ordinary share is entitled to one vote on all matters upon which the ordinary shares are entitled to vote. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of our board of directors or by any shareholder holding at least ten percent of the shares given a right to vote at the meeting, present in person or by proxy.

A quorum required for a meeting of shareholders consists of shareholders holding in aggregate not less than one-third of our voting share capital present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. Shareholders' meetings are held annually and may be convened by our board of directors on its own initiative or upon a request to the directors by shareholders holding in aggregate not less than one-third of our voting share capital. Advance notice of at least 14 days is required for the convening of our annual general meeting and other shareholders meetings.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the ordinary shares. A special resolution is required for important matters such as a change of name. Holders of the ordinary shares may effect certain changes by ordinary resolution, including alter the amount of our authorized share capital, consolidate and divide all or any of our share capital into shares of larger amount than our existing share capital, and cancel any shares.

Transfer of Shares

Subject to the restrictions of our articles of association, as applicable, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board.

Liquidation

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of shares), assets available for distribution among the holders of ordinary shares shall be distributed among the holders of the ordinary shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately.

Calls on Shares and Forfeiture of Shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid on the specified time are subject to forfeiture.

Redemption of Shares

Subject to the provisions of the Companies Law, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders, on such terms and in such manner as may be determined by special resolution.

Variations of Rights of Shares

All or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Law, be varied either with the written consent of the holders of a majority of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

Inspection of Books and Records

Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements. See “Where You Can Find Additional Information.”

History of Securities Issuances

The following is a summary of our securities issuances during the past three years.

Ordinary Shares

In June 2004, as part of its corporate restructuring, China United Financial Services established CISG to hold its insurance agency and brokerage businesses. CISG issued 20,820 ordinary shares to China United Financial Services for an aggregate price of (i) RMB10.0 million and (ii) all of its rights and interests in certain agreements that established its control of five PRC insurance intermediary companies. Concurrently, CISG issued 8,008 ordinary shares to Cathay Auto Services Limited for an aggregate price of RMB25.0 million.

In December 2004, CISG issued 12,357 ordinary shares to Kingsford Resources Limited, a British Virgin Islands company controlled by Mr. Yinan Hu, our chairman and chief executive officer, and Mr. Qiuping Lai, our president., upon their exercise of certain management options granted in 2004. The exercise price was RMB0.1 per share, the par value of the CISG ordinary shares.

In January 2005, CISG issued 6,655 ordinary shares to Kingsford at par value, originally for acquisition purposes. Under the original plan, Kingsford shareholders were to transfer some of their Kingsford shares as consideration for the proposed acquisitions of several insurance intermediary companies in the PRC. The proposed acquisitions did not go through. The board of directors of CISG decided to have Kingsford retain the 6,655 shares in consideration for the effort by the senior management of CISG in completing other acquisitions.

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In December 2005, CISG issued an aggregate of 17,160 ordinary shares to CDH Inservice Limited at an aggregate price of US\$18,633,540.37 (being the agreed equivalent of RMB150 million).

In July 2007, CISG issued 3,421 ordinary shares, or 5% of its total number of outstanding shares on a fully diluted basis, to 14 management staff, upon their exercise of certain management options granted in January 2006. The exercise price was RMB8,741 per share, equal to the per-share price paid by CDH Inservice Limited in the private placement in December 2005. Among the 14 individuals who exercised their options were four executive officers: Mr. Yinan Hu, Mr. Qiuping Lai, Mr. Peng Ge, our vice president and finance and accounting manager, and Mr. Chunlin Wang, our vice president and chairman of the property and casualty insurance committee.

In July 2007, as part of our reorganization in anticipation of our initial public offering, we issued a total of 684,210,526 ordinary shares to then the existing shareholders of CISG in exchange for all the CISG shares held by those shareholders on a one-for-10,000 basis.

Option Grants

See “Management—Share Incentives.”

Differences in Corporate Law

The Companies Law of the Cayman Islands is modeled after that of the United Kingdom but does not follow recent United Kingdom statutory enactments. In addition, the Companies Law differs from laws applicable to Delaware corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to Delaware corporations and their shareholders.

Mergers and Similar Arrangements. Cayman Islands law does not provide for mergers as that expression is understood under United States corporate law. However, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement in question is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made. Such shareholders or creditors must in addition represent three-fourths (3/4) in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder would have the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it is satisfied that:

- the statutory provisions as to majority vote have been complied with;
- the shareholders have been fairly represented at the meeting in question;
- the arrangement is such as a business person would reasonably approve; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

When a takeover offer is made and accepted by holders of 90% of the shares within four months, the offeror may, within a two-month period, require the holders of the remaining shares to transfer such shares on the same terms as the offer. An objection can be made to the Grand Court of the Cayman Islands, but this is unlikely to succeed unless there is evidence of fraud, bad faith or collusion.

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If the arrangement and reconstruction were thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which might otherwise ordinarily be available to dissenting shareholders of United States corporations and allow such dissenting shareholders to receive payment in cash for the judicially determined value of the shares. However, appraisal rights would also not be available to shareholders of a Delaware target in a business combination transaction if the shares of the target were listed on a national securities exchange and target shareholders receive only shares of a corporation that are also listed on a national securities exchange.

Shareholders' Suits. A shareholder of a Delaware corporation has the right to bring a derivative action on behalf of the corporation if the shareholder was a shareholder of the corporation at the time of the transaction in question. Our Cayman Islands counsel, Maples and Calder, is not aware of any reported class action having been brought in a Cayman Islands court. However, a class action suit could nonetheless be brought in the United States courts pursuant to an alleged violation of the United States securities laws. Derivative actions have been brought under Cayman Islands law but were unsuccessful for technical reasons. In principle, a derivative action may not be brought by a minority shareholder. However, based on English authorities, which are of persuasive authority in the Cayman Islands, exceptions to the foregoing principle apply in circumstances in which:

- a company is acting or proposing to act illegally or ultra vires;
- the act complained of, although not ultra vires, could be effected only if authorized by more than a simple majority vote (which has not been obtained);
- the individual rights of the plaintiff shareholder have been infringed or are about to be infringed; or
- those who control the company are perpetrating a “fraud on the minority.”

Directors' Fiduciary Duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components, the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director must act in a manner he or she reasonably believes to be in the best interests of the corporation. A director must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interests of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company, and therefore it is considered that he or she owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit out of his or her position as director (unless the company permits him or her to do so) and a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interests or his or her duty to a third party. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, there are indications that the courts are moving towards an objective standard with regard to the required skill and care.

Under our post-offering memorandum and articles of association, directors who are in any way, whether directly or indirectly, interested in a contract or proposed contract with our company shall declare the nature of their interest at a meeting of the board of directors. Following such declaration, a director may vote in respect of any contract or proposed contract notwithstanding his interest.

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Shareholder Action by Written Resolution. Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Under Cayman Islands law, a corporation may eliminate the ability of shareholders to approve corporate matters by way of written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matters at a general meeting without a meeting being held. Our post-offering memorandum and articles of association allow shareholders to act by written resolutions.

Cumulative Voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled for a single director, which increases the shareholder's voting power with respect to electing such director. As permitted under Cayman Islands law, our post-offering memorandum and articles of association do not provide for cumulative voting.

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation may be removed with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our post-offering memorandum and articles of association, directors can be removed, except in limited circumstances, only by the vote of holders of at least two-thirds of our outstanding shares being entitled to vote in person or by proxy at a shareholder meeting.

Transactions with Interested Shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date on which such person becomes an interested shareholder. An interested shareholder generally is one which owns or owned 15% or more of the target's outstanding voting shares within the past three years. This has the effect of limiting the ability of a potential acquiror to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction that resulted in the person becoming an interested shareholder. This encourages any potential acquiror of a Delaware public corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions entered into must be bona fide in the best interests of the company and not with the effect of perpetrating a fraud on the minority shareholders.

Dissolution; Winding Up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. The Delaware General Corporation Law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board of directors. Under our post-offering memorandum and articles of association, if our company is wound up, the liquidator of our company may distribute the assets only by the vote of holders of a majority of our outstanding shares being entitled to vote in person or by proxy at a shareholder meeting.

Variation of Rights of Shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our post-offering memorandum

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and articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class only with the vote of holders of a majority of the shares of such class entitled to vote in person or by proxy at a shareholder meeting.

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Our post-offering memorandum and articles of association may only be amended with the vote of holders of two-thirds of our shares entitled to vote in person or by proxy at a shareholder meeting.

Inspection of Books and Records. Under the Delaware General Corporation Law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records. Holders of our shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we intend to provide our shareholders with annual reports containing audited financial statements.

Anti-Takeover Provisions in Our Memorandum and Articles of Association. Some provisions of our post-offering memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including a provision that authorizes our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Rights of Non-Resident or Foreign Shareholders. There are no limitations imposed by foreign law or by our post-offering memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our post-offering memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Registration Rights

We and certain of our shareholders entered into a shareholders agreement in December 2005 with CDH Inservice Limited in connection with our private placement with CDH Inservice Limited. Upon completion of our restructuring in July 2007 in preparation for this offering, we and our existing shareholders entered into a new shareholders agreement, which replaced the December 2005 shareholders agreement. The new shareholders agreement is substantially similar to the December 2005 shareholders agreement. Set forth below is a description of the registration rights granted under the new shareholders agreement.

Demand Registration Rights

At any time commencing the earlier of six months after this offering and the third anniversary of the shareholders agreement, CDH, Cathay Capital Group or holders of a majority of our registrable securities then outstanding have the right to demand that we file a registration statement under the Securities Act covering the registration of their securities. However, we are not obligated to effect any such demand registration if we have, within the six month period preceding the demand, already effected a registration under the Securities Act or if the shareholders requesting such registration had an opportunity to be included in a registration pursuant to their piggyback registration rights. We have the ability to delay the filing of a registration statement for up to 90 days if we furnish to the shareholders requesting such registration a certificate signed by our president or chief executive officer stating that, in the good faith judgment of our board of directors, it would be materially detrimental to us and our shareholders for such registration statement to be filed. We are not obligated to effect more than one such demand registration for each of CDH, Cathay Capital Group and holders of a majority of our registrable securities then outstanding.

Piggyback Registration Rights

If we propose to file a registration statement for a public offering of our securities, other than pursuant to a F-3 registration statement or the shareholders' demand registration rights or other than relating to a share option plan or a corporate reorganization, we must offer all holders of our registrable securities of the opportunity to include their securities in the registration statement. Registrations pursuant to such piggyback registration are not deemed demand registrations.

Form F-3 Registration Rights

At any time after the first anniversary of the shareholders agreement, CDH, Cathay Capital Group or any holder or holders of a majority of our registrable securities then outstanding have the right to request we file a registration statement under Form F-3 or S-3 covering the offer and sale of their securities. However, we are not obligated to effect any such registration if, among other things, Form S-3 or F-3 is not available for such offering by the shareholders, or the aggregate amount of securities to be sold under the registration statement is less than US\$1 million, or we have, within the six month period preceding the demand, already effected a registration under the Securities Act, or in any particular jurisdiction in which we would be required to qualify to do business or to execute a general consent to service of process in effecting such registration. We have the ability to delay the filing of a registration statement for up to 90 days if we furnish to the shareholders requesting such registration a certificate signed by our president or chief executive officer stating that, in the good faith judgment of our board of directors, it would be materially detrimental to us and our shareholders for such Form S-3 or Form F-3 registration statement to be filed. Such requests for registrations are not counted as demand registrations.

Expenses of Registration

We will pay all expenses relating to any demand, piggyback or F-3 registrations, whether or not such registrations become effective, except that shareholders shall bear the expense of any broker's commission or underwriter's discount or commission relating to registration and sale of their securities.

Additional Registration Rights Agreement

In October 2007, Cephei Investment Holding Limited, or Cephei, purchased ordinary shares of our company from Super Able Investments Limited, one of the parties to the shareholders agreement discussed above. The purchase is conditional upon the closing of this offering. Cephei will not become a party to the new shareholders agreement. However, in connection with the purchase, we granted piggyback registration rights to Cephei pursuant to a separate registration rights agreement which would allow Cephei, subject to certain exceptions, to include their securities in a registration statement that we propose to file for a public offering of our securities. We will pay all expenses relating to such piggyback registration, except that Cephei shall bear the expenses of any broker's commission or underwriter's discount or commission relating to registration and sale of its securities.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

American Depositary Receipts

JPMorgan Chase Bank, N.A., as depositary, will issue the ADSs which you will be entitled to receive in the offering. Each ADS will represent an ownership interest in ordinary shares which we will deposit with the custodian, as agent of the depositary, under the deposit agreement among ourselves, the depositary and yourself as an ADR holder. In the future, each ADS will also represent any securities, cash or other property deposited with the depositary but which have not been distributed directly to you. Unless specifically requested by you, all ADSs will be issued on the books of our depositary in book-entry form and periodic statements will be mailed to you which reflect your ownership interest in such ADSs. In our description, references to American depositary receipts or ADRs shall include the statements you will receive which reflect your ownership of ADSs.

The depositary's office is located at 4 New York Plaza, New York, NY 10004.

You may hold ADSs either directly or indirectly through your broker or other financial institution. If you hold ADSs directly, by having an ADS registered in your name on the books of the depositary, you are an ADR holder. This description assumes you hold your ADSs directly. If you hold the ADSs through your broker or financial institution nominee, you must rely on the procedures of such broker or financial institution to assert the rights of an ADR holder described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Because the depositary's nominee will actually be the registered owner of the shares, you must rely on it to exercise the rights of a shareholder on your behalf. The obligations of the depositary and its agents are set out in the deposit agreement. The deposit agreement and the ADSs are governed by New York law.

The following is a summary of the material terms of the deposit agreement. Because it is a summary, it does not contain all the information that may be important to you. For more complete information, you should read the entire deposit agreement and the form of ADR which contains the terms of your ADSs. You can read a copy of the deposit agreement which is filed as an exhibit to the registration statement of which this prospectus forms a part. You may also obtain a copy of the deposit agreement at the SEC's Public Reference Room which is located at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-732-0330. You may also find the registration statement and the attached deposit agreement from the SEC's website at <http://www.sec.gov>.

Share Dividends and Other Distributions

How will you receive dividends and other distributions on the shares underlying your ADSs?

We may make various types of distributions with respect to our shares. The depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after converting any cash received into U.S. dollars and, in all cases, making any necessary deductions provided for in the deposit agreement. You will receive these distributions in proportion to the number of underlying securities that your ADSs represent.

Except as stated below, to the extent the depositary is legally permitted it will deliver such distributions to ADR holders in proportion to their interests in the following manner:

- *Cash.* The depositary will distribute any U.S. dollars available to it resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof (to the extent applicable), on an averaged or other practicable basis, subject to (a) appropriate adjustments for taxes withheld, (b) such distribution being impermissible or impracticable with respect to certain registered holders, and (c) deduction of the depositary's expenses in (1) converting any foreign currency to U.S. dollars to the extent that it determines that such conversion may be made on a reasonable basis,

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(2) transferring foreign currency or U.S. dollars to the United States by such means as the depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner. If exchange rates fluctuate during a time when the depositary cannot convert a foreign currency, you may lose some or all of the value of the distribution.

- *Shares.* In the case of a distribution in shares, the depositary will issue additional ADRs to evidence the number of ADSs representing such shares. Only whole ADSs will be issued. Any shares which would result in fractional ADSs will be sold and the net proceeds will be distributed in the same manner as cash to the ADR holders entitled thereto.
- *Rights to receive additional shares.* In the case of a distribution of rights to subscribe for additional shares or other rights, if we provide satisfactory evidence that the depositary may lawfully distribute such rights, the depositary will distribute warrants or other instruments representing such rights. However, if we do not furnish such evidence, the depositary may:
 - sell such rights if practicable and distribute the net proceeds as cash; or
 - if it is not practicable to sell such rights, do nothing and allow such rights to lapse, in which case ADR holders will receive nothing.

We have no obligation to file a registration statement under the Securities Act in order to make any rights available to ADR holders.

- *Other Distributions.* In the case of a distribution of securities or property other than those described above, the depositary may either (a) distribute such securities or property in any manner it deems equitable and practicable or (b) to the extent the depositary deems distribution of such securities or property not to be equitable and practicable, sell such securities or property and distribute any net proceeds in the same way it distributes cash.

If the depositary determines that any distribution described above is not practicable with respect to any specific ADR holder, the depositary may choose any practicable method of distribution for such ADR holder, including the distribution of foreign currency, securities or property, or it may retain such items, without paying interest on or investing them, on behalf of the ADR holder as deposited securities, in which case the ADSs will also represent the retained items.

Any U.S. dollars will be distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents will be withheld without liability for interest thereon and dealt with by the depositary in accordance with its then current practices.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADR holders.

There can be no assurance that the depositary will be able to convert any currency at a specified exchange rate or sell any property, rights, shares or other securities at a specified price, nor that any of such transactions can be completed within a specified time period.

Deposit, Withdrawal and Cancellation

How does the depositary issue ADSs?

The depositary will issue ADSs if you or your broker deposit shares or evidence of rights to receive shares with the custodian. In the case of the ADSs to be issued under this prospectus, we will arrange with the underwriters named herein to deposit such shares.

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Shares deposited in the future with the custodian must be accompanied by certain delivery documentation, including instruments showing that such shares have been properly transferred or endorsed to the person on whose behalf the deposit is being made.

The custodian will hold all deposited shares (including those being deposited by or on our behalf in connection with the offering to which this prospectus relates) for the account of the depositary. ADR holders thus have no direct ownership interest in the shares and only have such rights as are contained in the deposit agreement. The custodian will also hold any additional securities, property and cash received on or in substitution for the deposited shares. The deposited shares and any such additional items are referred to as “deposited securities.”

Upon each deposit of shares, receipt of related delivery documentation and compliance with the other provisions of the deposit agreement, including the payment of the fees and charges of the depositary and any taxes or other fees or charges owing, the depositary will issue an ADR or ADRs in the name or upon the order of the person entitled thereto evidencing the number of ADSs to which such person is entitled. All of the ADSs issued will, unless specifically requested to the contrary, be part of the depositary’s direct registration system, and a registered holder will receive periodic statements from the depositary which will show the number of ADSs registered in such holder’s name. An ADR holder can request that the ADSs not be held through the depositary’s direct registration system and that a certificated ADR be issued.

How do ADR holders cancel an ADS and obtain deposited securities?

When you turn in your ADSs at the depositary’s office, or when you provide proper instructions and documentation in the case of direct registration ADSs, the depositary will, upon payment of certain applicable fees, charges and taxes, deliver the underlying shares at the custodian’s office or effect delivery by such other means as the depositary deems practicable, including transfer to an account of an accredited financial institution on your behalf. At your risk, expense and request, the depositary may deliver deposited securities at such other place as you may request.

The depositary may only restrict the withdrawal of deposited securities in connection with:

- temporary delays caused by closing our transfer books or those of the depositary or the deposit of shares in connection with voting at a shareholders’ meeting, or the payment of dividends;
- the payment of fees, taxes and similar charges; or
- compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Record Dates

The depositary may fix record dates for the determination of the ADR holders who will be entitled (or obligated, as the case may be):

- to receive a dividend, distribution or rights;
- to give instructions for the exercise of voting rights at a meeting of holders of ordinary shares or other deposited securities;
- for the determination of the registered holders who shall be responsible for the fee assessed by the depositary for administration of the ADR program and for any expenses as provided for in the ADR; or
- to receive any notice or to act in respect of other matters all subject to the provisions of the deposit agreement.

Voting Rights

How do I vote?

If you are an ADR holder and the depositary asks you to provide it with voting instructions, you may instruct the depositary how to exercise the voting rights for the shares which underlie your ADSs. After receiving voting materials from us, the depositary will notify the ADR holders of any shareholder meeting or solicitation of consents or proxies. This notice will state such information as is contained in the voting materials and describe how you may instruct the depositary to exercise the voting rights for the shares which underlie your ADSs and will include instructions for giving a discretionary proxy to a person designated by us. For instructions to be valid, the depositary must receive them in the manner and on or before the date specified. The depositary will try, as far as is practical, subject to the provisions of and governing the underlying shares or other deposited securities, to vote or to have its agents vote the shares or other deposited securities as you instruct. The depositary will only vote or attempt to vote as you instruct. The depositary will not itself exercise any voting discretion. Furthermore, neither the depositary nor its agents are responsible for any failure to carry out any voting instructions, for the manner in which any vote is cast or for the effect of any vote.

There is no guarantee that you will receive voting materials in time to instruct the depositary to vote and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

Reports and Other Communications

Will I be able to view our reports?

The depositary will make available for inspection by ADR holders any written communications from us which are both received by the custodian or its nominee as a holder of deposited securities and made generally available to the holders of deposited securities. We will furnish these communications in English when so required by any rules or regulations of the Securities and Exchange Commission.

Additionally, if we make any written communications generally available to holders of our shares, including the depositary or the custodian, and we request the depositary to provide them to ADR holders, the depositary will mail copies of them, or, at its option, English translations or summaries of them to ADR holders.

Fees and Expenses

What fees and expenses will I be responsible for paying?

ADR holders will be charged a fee for each issuance of ADSs, including issuances resulting from distributions of shares, rights and other property, and for each surrender of ADSs in exchange for deposited securities. The fee in each case is \$5.00 for each 100 ADSs (or any portion thereof) issued or surrendered.

The following additional charges shall be incurred by the ADR holders, by any party depositing or withdrawing shares or by any party surrendering ADRs or to whom ADRs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the ADRs or the deposited securities or a distribution of ADRs), whichever is applicable:

- to the extent not prohibited by the rules of any stock exchange or interdealer quotation system upon which the ADSs are traded, a fee of US\$1.50 per ADR or ADRs for transfers of certificated or direct registration ADRs;
- a fee of US\$0.02 or less per ADS (or portion thereof) for any cash distribution made pursuant to the deposit agreement;
- a fee of up to US\$0.05 per ADS per calendar year for services performed by the depositary in administering our ADR program (which fee shall be assessed against holders of ADRs as of the record

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date set by the depositary not more than once each calendar year and shall be payable in the manner described in the next succeeding provision);

- any other charge payable by any of the depositary, any of the depositary's agents, including, without limitation, the custodian, or the agents of the depositary's agents in connection with the servicing of our shares or other deposited securities (which charge shall be assessed against registered holders of our ADRs as of the record date or dates set by the depositary and shall be payable at the sole discretion of the depositary by billing such registered holders or by deducting such charge from one or more cash dividends or other cash distributions);
- a fee for the distribution of securities (or the sale of securities in connection with a distribution), such fee being in an amount equal to the fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities (treating all such securities as if they were shares) but which securities or the net cash proceeds from the sale thereof are instead distributed by the depositary to those holders entitled thereto;
- stock transfer or other taxes and other governmental charges;
- cable, telex and facsimile transmission and delivery charges incurred at your request;
- transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities;
- expenses of the depositary in connection with the conversion of foreign currency into U.S. dollars; and
- such fees and expenses as are incurred by the depositary (including without limitation expenses incurred in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in delivery of deposited securities or otherwise in connection with the depositary's or its custodian's compliance with applicable laws, rules or regulations.

We will pay all other charges and expenses of the depositary and any agent of the depositary (except the custodian) pursuant to agreements from time to time between us and the depositary. The fees described above may be amended from time to time.

Our depositary has agreed to reimburse us for certain expenses we incur that are related to establishment and maintenance of the ADR program, including investor relations expenses and exchange application and listing fees. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not related to the amounts of fees the depositary collects from investors. The depositary collects its fees for issuance and cancellation of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions, or by directly billing investors, or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide services until its fees for those services and any other unpaid fees are paid.

Payment of Taxes

ADR holders must pay any tax or other governmental charge payable by the custodian or the depositary on any ADS or ADR, deposited security or distribution. If an ADR holder owes any tax or other governmental charge, the depositary may (a) deduct the amount thereof from any cash distributions, or (b) sell deposited securities and deduct the amount owing from the net proceeds of such sale. In either case the ADR holder remains liable for any shortfall. Additionally, if any tax or governmental charge is unpaid, the depositary may also refuse to effect any registration, registration of transfer, split-up or combination of deposited securities or withdrawal of deposited securities (except under limited circumstances mandated by securities regulations). If any tax or governmental charge is required to be withheld on any non-cash distribution, the depositary may sell

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the distributed property or securities to pay such taxes and distribute any remaining net proceeds to the ADR holders entitled thereto.

By holding an ADR or an interest therein, you will be agreeing to indemnify us, the depositary, its custodian and any of our or their respective directors, employees, agents and affiliates against, and hold each of them harmless from, any claims with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit. None of the depositary, the custodian or our company shall be liable for the failure by any holder or beneficial owner of ADSs or ordinary shares to obtain the benefits of credits on the basis of non-U.S. tax paid against such holder's or beneficial owner's income tax liability. The depositary and our company shall not incur any liability for any tax consequences that may be incurred by holders and beneficial owners of ADSs or ordinary shares on account of their ownership of ordinary shares, ADRs or ADSs.

Reclassifications, Recapitalizations and Mergers

If we take certain actions that affect the deposited securities, including (i) any change in par value, split-up, consolidation, cancellation or other reclassification of deposited securities or (ii) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all of our assets, then the depositary may choose to:

- (1) amend the form of ADR;
- (2) distribute additional or amended ADRs;
- (3) distribute cash, securities or other property it has received in connection with such actions;
- (4) sell any securities or property received and distribute the proceeds as cash; or
- (5) none of the above.

If the depositary does not choose any of the above options, any of the cash, securities or other property it receives will constitute part of the deposited securities and each ADS will then represent a proportionate interest in such property.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADSs without your consent for any reason. ADR holders must be given at least 30 days notice of any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or prejudices any substantial existing right of ADR holders. If an ADR holder continues to hold an ADR or ADRs after being so notified, such ADR holder is deemed to agree to such amendment. Notwithstanding the foregoing, if any governmental body or regulatory body should adopt new laws, rules or regulations which would require amendment or supplement of the deposit agreement or the form of ADR to ensure compliance therewith, we and the depositary may amend or supplement the deposit agreement and the ADR at any time in accordance with such changed laws, rules or regulations, which amendment or supplement may take effect before a notice is given or you otherwise receive notice. No amendment, however, will impair your right to surrender your ADSs and receive the underlying securities.

How may the deposit agreement be terminated?

The depositary may, and shall at our written direction, terminate the deposit agreement and the ADR by mailing notice of such termination to the registered holders of ADRs at least 30 days prior to the date fixed in such notice for such termination; provided, however, if the depositary shall have (i) resigned as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to registered holders unless a successor depositary shall not be operating hereunder within 45 days of the date of such resignation, and (ii) been removed as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to registered holders of ADRs unless a successor depositary shall not be operating hereunder on

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the 90th day after our notice of removal was first provided to the depositary. After termination, the depositary's only responsibility will be (i) to deliver deposited securities to ADR holders who surrender their ADRs, and (ii) to hold or sell distributions received on deposited securities. As soon as practicable after the expiration of six months from the termination date, the depositary will sell the deposited securities which remain and hold the net proceeds of such sales, without liability for interest, in trust for the ADR holders who have not yet surrendered their ADRs. After making such sale, the depositary shall have no obligations except to account for such proceeds and other cash. The depositary will not be required to invest such proceeds or pay interest on them.

Limitations on Obligations and Liability to ADR holders

Limits on our obligations and the obligations of the depositary; limits on liability to ADR holders and holders of ADSs

Prior to the issue, registration, registration of transfer, split-up, combination, or cancellation of any ADRs, or the delivery of any distribution in respect thereof, the depositary and its custodian may require you to pay, provide or deliver:

- payment with respect thereto of (a) any stock transfer or other tax or other governmental charge, (b) any stock transfer or registration fees in effect for the registration of transfers of shares or other deposited securities upon any applicable register, and (c) any applicable fees and expenses described in the deposit agreement;
- the production of proof satisfactory to the depositary and/or its custodian of (a) the identity of any signatory and genuineness of any signature and (b) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial ownership of any securities, payment of applicable taxes or governmental charges, or legal or beneficial ownership and the nature of such interest, information relating to the registration of the shares on the books maintained by or on our behalf for the transfer and registration of shares, compliance with applicable laws, regulations, provisions of or governing deposited securities and terms of the deposit agreement and the ADR, as it may deem necessary or proper; and
- compliance with such regulations as the depositary may establish consistent with the deposit agreement.

The deposit agreement expressly limits the obligations and liability of the depositary, ourselves and our respective agents. Neither we nor the depositary nor any such agent will be liable if:

- present or future law, rule or regulation of the United States, the Cayman Islands, the People's Republic of China or any other country, or of any governmental or regulatory authority or securities exchange or market or automated quotation system, the provisions of or governing any deposited securities, any present or future provision of our charter, any act of God, war, terrorism or other circumstance beyond our, the depositary's or our respective agents' control shall prevent, delay or subject to any civil or criminal penalty any act which the deposit agreement or the ADRs provide shall be done or performed by us, the depositary or our respective agents (including, without limitation, voting);
- it exercises or fails to exercise discretion under the deposit agreement or the ADR;
- it performs its obligations without gross negligence or bad faith;
- it takes any action or refrains from taking any action in reliance upon the advice of or information from legal counsel, accountants, any person presenting shares for deposit, any registered holder of ADRs, or any other person believed by it to be competent to give such advice or information; or
- it relies upon any written notice, request, direction or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

Neither the depositary nor its agents have any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the ADRs. We and our agents shall only be obligated to

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appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the ADRs, which in our opinion may involve us in expense or liability, if indemnity satisfactory to us against all expense (including fees and disbursements of counsel) and liability is furnished as often as may be required. The depositary and its agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the deposit agreement, any registered holder or holders of ADRs, any ADSs or otherwise to the extent such information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, administrative or judicial process, banking, securities or other regulators.

The depositary will not be responsible for failing to carry out instructions to vote the deposited securities or for the manner in which the deposited securities are voted or the effect of the vote. In no event shall we, the depositary or any of our respective agents be liable to holders of ADSs or interests therein for any indirect, special, punitive or consequential damages.

The depositary may own and deal in deposited securities and in ADSs.

Disclosure of Interest in ADSs

To the extent that the provisions of or governing any deposited securities may require disclosure of or impose limits on beneficial or other ownership of deposited securities, other shares and other securities and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, you agree to comply with all such disclosure requirements and ownership limitations and to comply with any reasonable instructions we may provide in respect thereof. We reserve the right to request you to deliver your ADSs for cancellation and withdrawal of the deposited securities so as to permit us to deal with you directly as a holder of deposited securities and, by holding an ADS or an interest therein, you will be agreeing to comply with such instructions.

Requirements for Depositary Actions

We, the depositary or the custodian may refuse to:

- issue, register or transfer an ADR or ADRs;
- effect a split-up or combination of ADRs;
- deliver distributions on any such ADRs; or
- permit the withdrawal of deposited securities (unless the deposit agreement provides otherwise), until the following conditions have been met:
 - the holder has paid all taxes, governmental charges, and fees and expenses as required in the deposit agreement;
 - the holder has provided the depositary with any information it may deem necessary or proper, including, without limitation, proof of identity and the genuineness of any signature; and
 - the holder has complied with such regulations as the depositary may establish under the deposit agreement.

The depositary may also suspend the issuance of ADSs, the deposit of shares, the registration, transfer, split-up or combination of ADRs, or the withdrawal of deposited securities (unless the deposit agreement provides otherwise), if the register for ADRs or any deposited securities is closed or the depositary decides it is advisable to do so.

Books of Depositary

The depositary or its agent will maintain a register for the registration, registration of transfer, combination and split-up of ADRs, which register shall include the depositary's direct registration system. You may inspect

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such records at such office during regular business hours, but solely for the purpose of communicating with other holders in the interest of business matters relating to the deposit agreement. Such register may be closed from time to time, when deemed expedient by the depositary.

The depositary will maintain facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADRs. These facilities may be closed from time to time, to the extent not prohibited by law.

Pre-release of ADSs

The depositary may issue ADSs prior to the deposit with the custodian of shares (or rights to receive shares). This is called a pre-release of the ADS. A pre-release is closed out as soon as the underlying shares (or rights to receive shares from us or from any registrar, transfer agent or other entity recording share ownership or transactions) are delivered to the depositary. The depositary may pre-release ADSs only if:

- the depositary has received collateral for the full market value of the pre-released ADSs (marked to market daily); and
- each recipient of pre-released ADSs agrees in writing that he or she:
 - owns the underlying shares;
 - assigns all rights in such shares to the depositary;
 - holds such shares for the account of the depositary; and
 - will deliver such shares to the custodian as soon as practicable, and promptly if the depositary so demands (but in any event within five business days of the depositary's demand therefor).

In general, the number of pre-released ADSs will not evidence more than 30% of all ADSs outstanding at any given time (excluding those evidenced by pre-released ADSs). However, the depositary may change or disregard such limit from time to time as it deems appropriate. The depositary may retain for its own account any earnings on collateral for pre-released ADSs and its charges for issuance thereof.

Appointment

In the deposit agreement, each holder and each person holding an interest in ADSs, upon acceptance of any ADSs (or any interest therein) issued in accordance with the terms and conditions of the deposit agreement will be deemed for all purposes to:

- be a party to and bound by the terms of the deposit agreement and the applicable ADR or ADRs; and
- appoint the depositary its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all actions contemplated in the deposit agreement and the applicable ADR or ADRs, to adopt any and all procedures necessary to comply with applicable laws and to take such action as the depositary in its sole discretion may deem necessary or appropriate to carry out the purposes of the deposit agreement and the applicable ADR and ADRs, the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have outstanding _____ ADSs representing approximately _____ % of our ordinary shares in issue. All of the ADSs sold in this offering and the ordinary shares they represent will be freely transferable by persons other than our “affiliates” without restriction or further registration under the Securities Act. Sales of substantial amounts of our ADSs in the public market could have a material adverse effect on the prevailing market prices of our ADSs. Prior to this offering, there has been no public market for our ordinary shares or the ADSs, and although we have applied to list the ADSs on the Nasdaq Global Market, we cannot assure you that an active trading market for our ADSs will develop. Our ordinary shares will not be listed on any exchange or quoted for trading on any over-the-counter trading system. We do not expect that an active trading market will develop for our ordinary shares not represented by the ADSs.

Lock-Up Agreements

We have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any ADSs or shares of ordinary shares, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of the representatives for a period of 180 days after the date of this prospectus, except issuances pursuant to the exercise of employee stock options outstanding on the date hereof or pursuant to our dividend reinvestment plan.

Our officers and directors and principal shareholders have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any ADSs or shares of ordinary shares or securities convertible into or exchangeable or exercisable for any ADSs or shares of ordinary shares, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our ADSs, whether any of these transactions are to be settled by delivery of our ADSs or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of the representatives for a period of 180 days after the date of this prospectus. After the expiration of the 180-day period, the ordinary shares or ADSs held by our directors, executive officers or principal shareholders may be sold subject to the restrictions under Rule 144 under the Securities Act or by means of registered public offerings.

The 180-day lock-up period is subject to adjustment under certain circumstances. If in the event that either (1) during the last 17 days of the “lock-up” period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the “lock-up” period, we announce that we will release earnings results during the 16-day period beginning on the last day of the “lock-up” period, then in either case the expiration of the “lock-up” will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or event, as applicable, unless the representatives waive, in writing, such an extension.

Rule 144

In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated) who has beneficially owned our restricted ordinary shares for at least one year is entitled to sell within any three-month period a number of ordinary shares that does not exceed the greater of the following:

- 1% of the number of our ordinary shares then outstanding, in the form of ADSs or otherwise, which will equal approximately _____ ordinary shares immediately after this offering; or
- the average weekly trading volume of our ordinary shares, in the form of ADSs or otherwise, during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC by such person.

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Sales under Rule 144 must be made through unsolicited brokers' transactions. They are also subject to manner of sale provisions, notice requirements and the availability of current public information about us. However, these shares would remain subject to lockup arrangements and would only become eligible for sale when the lock-up period expires.

Rule 144(k)

Under Rule 144(k), a person who is not deemed to have been our affiliate at any time during the three months preceding a sale, and who has beneficially owned the ordinary shares proposed to be sold for at least two years from the later of the date these shares were acquired from us or from our affiliate, including the holding period of any prior owner other than an affiliate, is entitled to sell those shares in the United States immediately following this offering without complying with the manner-of-sale, public information, volume limitation or notice provisions of Rule 144. Therefore, unless otherwise restricted, "144(k) shares" may be sold at any time.

Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases our ordinary shares from us in connection with a compensatory stock plan or other written agreement executed prior to the completion of this offering is eligible to resell such ordinary shares in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144.

Registration Rights

Upon completion of this offering, certain holders of our ordinary shares or their transferees will be entitled to request that we register their shares under the Securities Act, following the expiration of the lock-up agreements described above. See "Description of Share Capital—Registration Rights."

TAXATION

The following summary of the material Cayman Islands and United States federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this registration statement, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under state, local and other tax laws. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Maples and Calder, our Cayman Islands counsel. Based on the facts and subject to the limitations set forth herein, the statements of law or legal conclusions under the caption “—United States Federal Income Taxation” constitute the opinion of Latham & Watkins LLP, our special U.S. counsel, as to the material United States federal income tax consequences of an investment in the ADSs or ordinary shares.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands.

United States Federal Income Taxation

The following discussion describes the material U.S. federal income tax consequences to U.S. Holders (defined below) under present law of an investment in the ADSs or ordinary shares. This summary applies only to U.S. Holders that hold the ADSs or ordinary shares as capital assets and that have the U.S. dollar as their functional currency. This discussion is based on the tax laws of the United States as in effect on the date of this registration statement and on U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this registration statement, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, and it is possible that such change will apply retroactively and affect the tax consequences described below.

The following discussion does not deal with the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- financial institutions;
- insurance companies;
- broker dealers;
- traders that elect to mark to market;
- tax-exempt entities;
- persons liable for alternative minimum tax;
- persons holding an ADS or ordinary share as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of our voting stock;
- persons who acquired ADSs or ordinary shares pursuant to the exercise of any employee stock options or otherwise as compensation; or

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- persons holding ADSs or ordinary shares through partnerships or other pass-through entities.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE AND LOCAL AND FOREIGN TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF ADSs OR ORDINARY SHARES.

The discussion below of the U.S. federal income tax consequences to “U.S. Holders” will apply if you are the beneficial owner of ADSs or ordinary shares and you are, for U.S. federal income tax purposes,

- a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation) organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If you are a partner in a partnership or other entity taxable as a partnership that holds ADSs or ordinary shares, your tax treatment generally will depend on your status and the activities of the partnership.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with the terms. If you hold ADSs, you should be treated as the holder of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes, although this matter is not free from doubt because it is possible that in certain circumstances you will not have the ability to vote the ordinary shares underlying the ADSs. See “Description of American Depositary Shares—Voting Rights.” If you are not properly treated as the beneficial owner of the ordinary shares represented by the ADSs and as a result dividends received are not characterized as such, the lower capital gains rate with respect to qualified dividend income (discussed below) will not be available.

The U.S. Treasury has expressed concerns that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the beneficial ownership of the underlying shares (for example, pre-releasing ADSs to persons who do not have the beneficial ownership of the securities underlying the ADSs). Accordingly, the availability of the reduced tax rate for dividends received by certain non-corporate U.S. Holders (discussed below) could be affected by actions taken by intermediaries in the chain of ownership between the holder of ADSs and our company if as a result of such actions the holders of ADSs are not properly treated as beneficial owners of underlying shares.

Taxation of Dividends and Other Distributions on the ADSs or Ordinary Shares

Subject to discussions below under “—Passive Foreign Investment Company,” the gross amount of all our distributions to you with respect to the ADSs or ordinary shares will be included in your gross income as foreign source ordinary dividend income on the date of actual or constructive receipt by the depository, in the case of ADSs, or by you, in the case of ordinary shares, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Such dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

With respect to noncorporate U.S. Holders, including individual U.S. Holders, for taxable years beginning before January 1, 2011, dividends will be “qualified dividend income” that is taxed at the lower applicable

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capital gains rate, provided that certain conditions are satisfied, including (1) the ADSs or ordinary shares are readily tradable on an established securities market in the United States, (2) we are not a passive foreign investment company (as discussed below) for either our taxable year in which the dividend is paid or the preceding taxable year, and (3) certain holding period requirements are met. It is expected that our ADSs, upon listing on the Nasdaq Global Market (but not our ordinary shares), will be readily tradable on an established securities market in the United States. There can be no assurance that our ADSs will be considered readily tradable on an established securities market in later years. You should consult your tax advisors regarding the availability of the lower rate for dividends paid with respect to our ADSs or ordinary shares.

Dividends will constitute foreign source income for foreign tax credit limitation purposes. If the dividends are qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to ADSs or ordinary shares would constitute “passive category income” or, in the case of certain U.S. Holders, constitute “general category income.”

To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits (determined under U.S. federal income tax principles), it will be treated first as a tax-free return of your tax basis in your ADSs or ordinary shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. We do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder can expect that a distribution will be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

Taxation of a Disposition of ADSs or Ordinary Shares

Subject to discussions below under “Passive Foreign Investment Company,” you will recognize capital gain or loss on any sale, exchange or other taxable disposition of an ADS or ordinary share equal to the difference between the amount realized (in U.S. dollars) for the ADS or ordinary share and your tax basis (in U.S. dollars) in the ADS or ordinary share. If you are a non-corporate U.S. Holder (such as an individual), you will be eligible for reduced tax rates if you have held the ADSs or ordinary shares for more than a year. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize will be treated as U.S. source gain or loss for foreign tax credit limitation purposes, subject to exceptions and limitations.

Passive Foreign Investment Company

Based on the estimated value of our company and current and anticipated operations and composition of our assets, we do not expect to be a PFIC for U.S. federal income tax purposes for our current taxable year. Our expectation for our current taxable year is based in part on our estimates of the value of our assets, as determined by estimates of the price of our ordinary shares prior to our listing on the Nasdaq Global Market, and the expected price of the ADSs and our ordinary shares following the offering. Our actual PFIC status for 2007 will not be determinable until after the close of the 2007 taxable year. A non-U.S. corporation is considered a PFIC for any taxable year if either:

- at least 75% of its gross income is passive income, or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock.

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We must make a separate determination each year as to whether we are a PFIC. As a result, it is possible that our PFIC status will change. In particular, our PFIC status generally will be determined based on the market price of our ADSs and ordinary shares which is likely to fluctuate after the offering. Accordingly, it is possible that fluctuations in the market price of the ADSs and ordinary shares will result in our being a PFIC for any year. In addition, the composition of our income and assets will be affected by how, and how quickly, we spend the cash we raise in this offering. Moreover, it is not entirely clear how our contractual arrangements with the shareholders of Meidiya Investment and Yihe Investment and their subsidiaries will be treated for purposes of PFIC rules. If we are a PFIC for any year during which you hold ADSs or ordinary shares, we will continue to be treated as a PFIC for all succeeding years during which you hold ADSs or ordinary shares, absent a special election. For instance, if we cease to be a PFIC, you can avoid some of the adverse effects of the PFIC regime by making a deemed sale election with respect to the ADSs or ordinary shares, as applicable.

If we are a PFIC for any taxable year during which you hold ADSs or ordinary shares, you will be subject to special tax rules with respect to any “excess distribution” that you receive and any gain you realize from a sale or other disposition (including a pledge) of the ADSs or ordinary shares, unless you make a “mark-to-market” election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ADSs or ordinary shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ADSs or ordinary shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income, and
- the amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the ADSs or ordinary shares cannot be treated as capital, even if you hold the ADSs or ordinary shares as capital assets.

Alternatively, a U.S. Holder of “marketable stock” in a PFIC can make a mark-to-market election for stock of a PFIC to elect out of the tax treatment discussed in the two preceding paragraphs. If you make a mark-to-market election for the ADSs or ordinary shares, you will include in income each year an amount equal to the excess, if any, of the fair market value of the ADSs or ordinary shares as of the close of your taxable year over your adjusted basis in such ADSs or ordinary shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the ADSs or ordinary shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the ADSs or ordinary shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs or ordinary shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the ADSs or ordinary shares, as well as to any loss realized on the actual sale or disposition of the ADSs or ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ADSs or ordinary shares. Your basis in the ADSs or ordinary shares will be adjusted to reflect any such income or loss amounts. The tax rules that apply to distributions by corporations which are not PFICs would apply to distributions by us, except that the lower applicable capital gains rate discussed above under “—Taxation of Dividends and Other Distributions on the ADSs or Ordinary Shares” would not apply.

The mark-to-market election is available only for stock which is regularly traded on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. We expect that the ADSs will be listed on the

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Nasdaq Global Market and, consequently, if you are a holder of ADSs and the ADSs are regularly traded on the Nasdaq Global Market, the mark-to-market election would be available to you were we to be or become a PFIC.

If a non-U.S. corporation is a PFIC, a holder of shares in that corporation can avoid taxation under the rules described above by making a “qualified electing fund” election to include its share of the corporation’s income on a current basis, or a “deemed sale” election once the corporation no longer qualifies as a PFIC. However, you can make a qualified electing fund election with respect to your ADSs or ordinary shares only if we agree to furnish you annually with certain tax information, and we do not presently intend to prepare or provide such information.

If you hold ADSs or ordinary shares in any year in which we are a PFIC, you will be required to file Internal Revenue Service Form 8621 regarding distributions received on the ADSs or ordinary shares and any gain realized on the disposition of the ADSs or ordinary shares.

You are urged to consult your tax advisor regarding the application of the PFIC rules to your investment in ADSs or ordinary shares.

Information Reporting and Backup Withholding

Dividend payments with respect to ADSs or ordinary shares and proceeds from the sale, exchange or redemption of ADSs or ordinary shares will be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding at a current rate of 28%, unless the conditions of an applicable exception are satisfied. Backup withholding will not apply to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status can provide such certification on Internal Revenue Service Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding can be credited against your U.S. federal income tax liability, and you can obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

UNDERWRITERS

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. International plc is acting as representative, have agreed to purchase, severally, and we and the selling shareholders have agreed to sell to them, severally, the number of ADSs indicated below:

<u>Name</u>	<u>Number of ADSs</u>
Morgan Stanley & Co. International plc	

The underwriters are offering the ADSs subject to their acceptance of the ADSs from us and the selling shareholders and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ADSs offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the ADSs offered by this prospectus if any such ADSs are taken. However, the underwriters are not required to take or pay for the ADSs covered by the underwriters' over-allotment option described below. Morgan Stanley & Co. International plc will offer ADSs in the United States through its registered broker-dealer affiliate in the United States, Morgan Stanley & Co. Incorporated.

The underwriters initially propose to offer part of the ADSs directly to the public at the public offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of US\$ per ADS under the public offering price. Any underwriter may allow, and such dealers may re-allow, a concession not in excess of US\$ an ADS to other underwriters or to certain dealers. After the initial offering of the ADSs, the offering price and other selling terms may from time to time be varied by the representative.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an additional US\$ ADSs at the public offering price set forth on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the ADSs offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional ADSs as the number listed next to the underwriter's name in the preceding table bears to the total number of ADSs listed next to the names of all underwriters in the preceding table.

If the underwriters' option is exercised in full, the total price to the public of all the ADSs sold would be approximately US\$ million, the total underwriting discounts and commissions would be approximately US\$ million, the total proceeds to us (before expenses) would be approximately US\$ million. We will not receive any of the proceeds from the sale of the ADSs by the selling shareholders.

The following table sets forth the per-ADS and total underwriting discounts and commissions to be paid by us and the selling shareholders in connection with this offering. The amounts in the following table are shown assuming both no exercise and full exercise of the underwriters' over-allotment option.

<u>Underwriting Discounts and Commissions to Be Paid By</u>	<u>Per ADS</u>		<u>Total</u>	
	<u>No Exercise</u>	<u>Full Exercise</u>	<u>No Exercise</u>	<u>Full Exercise</u>
CNinsure Inc.	US\$	US\$	US\$	US\$
Selling shareholders	US\$	US\$	US\$	US\$

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The underwriting discounts and commissions are determined by negotiations among us, the selling shareholders and the representative and are a percentage of the offering price to the public. Among the factors to be considered in determining the discounts and commissions are the size of the offering, the nature of the security to be offered and the discounts and commissions charged in comparable transactions.

Total expenses for this offering are estimated to be approximately US\$ million, including SEC registration fees of US\$, NASD filing fees of US\$, Nasdaq Global Market listing fees of US\$, printing expenses of approximately US\$, legal fees of approximately US\$, accounting fees of approximately US\$, roadshow costs and expenses of approximately US\$, and travel and other out-of-pocket expenses of approximately US\$. All amounts are estimated except for the fees relating to SEC registration, NASD filing and Nasdaq Global Market listing.

We have agreed to reimburse up to US\$ of the legal expenses and the marketing costs and expenses incurred by the underwriters in connection with this offering.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed five percent of the total number of ADSs offered by them.

We have applied to list the ADSs on the Nasdaq Global Market under the symbol “CISG.”

We have agreed that, without the prior written consent of Morgan Stanley & Co. International plc on behalf of the underwriters, it will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any ordinary shares, ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs;
- file any registration statement with the SEC relating to the offering of any ordinary shares, ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares or ADSs;

whether any such transaction described above is to be settled by delivery of ordinary shares or ADSs or such other securities, in cash or otherwise.

These restrictions do not apply to:

- the sale of ordinary shares in the form of ADSs to the underwriters in this offering;
- the issuance by us of ordinary shares issuable upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing; and
- the issuance by us of ordinary shares in connection with any vested options awarded under our 2007 share option plan.

Each of the selling shareholders and our directors, executive officers and other existing shareholders has agreed that, without the prior written consent of Morgan Stanley & Co. International plc on behalf of the underwriters, it will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any ordinary shares, ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs; or

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- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares or ADSs;

whether any such transaction described above is to be settled by delivery of ordinary shares or ADSs or such other securities, in cash or otherwise.

These restrictions do not apply to transactions relating to ordinary shares, ADSs or other securities acquired in open market transactions after the closing of the offering of the ADSs.

In addition, we have agreed not to facilitate any conversion or exchange of our ordinary shares into ADSs for 180 days after the date of this prospectus without prior written consent of Morgan Stanley & Co. International plc. In that connection, we will instruct the depositary in writing not to accept any deposit of our ordinary shares against the issuance of ADSs for 180 days after the date of this prospectus.

The foregoing lock-up periods are subject to adjustment under certain circumstances. If (1) during the last 17 days of the applicable lock-up period, we issue an earnings release or material news or a material event relating to us occurs; or (2) prior to the expiration of the applicable lock-up period, we announce that we will release earnings results during the 16-day period beginning on the last day of the applicable lock-up period, the lock-up will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

In order to facilitate the offering of the ADSs, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the ADSs. Specifically, the underwriters may sell more ADSs than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of ADSs available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing ADSs in the open market. In determining the source of ADSs to close out a covered short sale, the underwriters will consider, among other things, the open market price of ADSs compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in the offering. As an additional means of facilitating the offering, the underwriters may bid for, and purchase, ADSs in the open market to stabilize the price of the ADSs. The underwriting syndicate may also reclaim selling concessions allowed to an underwriter or a dealer for distributing the ADSs in the offering, if the syndicate repurchases previously distributed ADSs to cover syndicate short positions or to stabilize the price of the ADSs. These activities may raise or maintain the market price of the ADSs above independent market levels or prevent or retard a decline in the market price of the ADSs. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

The underwriters have provided to us investment banking services in connection with and leading up to this initial public offering, and may, from time to time in the future, continue to provide investment banking and other financial advisory services to us for which they will receive customary fees and commissions.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

The address of Morgan Stanley & Co. International plc is 25 Cabot Square, Canary Wharf, London E14 4QA, England.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. Other than the prospectus in

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electronic format, the information on the websites of the underwriters is not part of this prospectus. The representative may agree to allocate a number of ADSs to underwriters for sale to their online brokerage account holders.

Pricing of the Offering

Prior to this offering, there has been no public market for the American Depositary Shares. The initial public offering price is determined by negotiations between us and the representative of the underwriters. Among the factors considered in determining the initial public offering price are the future prospects of our company and our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to those of our company. The estimated initial public offering price range set forth in the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors.

Selling Restrictions

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the ADSs, or the possession, circulation or distribution of this prospectus or any other material relating to us or the ADSs in any jurisdiction where action for that purpose is required. Accordingly, the ADSs may not be offered or sold, directly or indirectly, and neither this prospectus nor any other offering material or advertisements in connection with the ADSs may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

“Canadian Person” means any national or resident of the Canada (other than an individual resident in a Canadian province or territory where such individual is prohibited from purchasing securities under local provincial and territorial securities laws), or any corporation, person, profit-sharing or other trust or other entity organized under the laws of Canada or of any political subdivision thereof (other than a branch located outside the Canada of Canadian Person), and includes any Canadian branch of a person who is otherwise not a Canadian Person.

Canada. Each underwriter will be deemed to have represented and agreed that (1) it has not offered or sold, and will not offer or sell, any ADSs, directly or indirectly, in any province or territory of Canada or to, or for the benefit of, any resident of any province or territory of Canada in contravention of the securities laws thereof and has represented that any offer or sale of ADSs in Canada will be made only (a) in accordance with an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer or sale is made, and (b) by a dealer duly registered under the applicable securities laws of that province or territory or in circumstances where an exemption from the applicable registered dealer requirements is available; and (2) it will send to any dealer who purchases from it any of the ADSs a notice stating in substance that, by purchasing such ADSs, such dealer represents and agrees that it has not offered or sold, and will not offer or sell, directly or indirectly, any of such ADSs in any province or territory of Canada or to, or for the benefit of, any resident of any province or territory of Canada in contravention of the securities laws thereof and that any offer or sale of ADSs in Canada will be made only (a) in accordance with an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer or sale is made, and (b) by a dealer duly registered under the applicable securities laws of that province or territory or in circumstances where an exemption from the applicable registered dealer requirements is available, and that such dealer will deliver to any other dealer to whom it sells any of such ADSs a notice containing substantially the same statement as is contained in this sentence. Each underwriter has also agreed to comply with all applicable laws and regulations, and make or obtain all necessary filings, consents or approvals, in each Canadian jurisdiction in which it purchases, offers, sells or delivers ADSs (including, without limitation, any applicable requirements relating to the delivery of this prospectus), in each case, at its own expense. In connection with sales of and offers to sell ADSs made by it, each underwriter will either furnish to each Canadian Person to whom any such sale or offer is made a copy of the

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then current prospectus, or inform such person that such prospectus will be made available upon request, and will keep an accurate record of the names and addresses of all persons to whom it gives copies of this prospectus, or any amendment or supplement to this prospectus; and when furnished with any subsequent amendment to this prospectus, any subsequent prospectus or any medium outlining changes in this prospectus, such underwriter will upon request of the representative, promptly forward copies thereof to such persons or inform such persons that such amendment, subsequent prospectus or other medium will be made available upon request.

European Economic Area. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date), the ADSs may not be offered to the public in that Relevant Member State prior to the publication of a prospectus in relation to the ADSs which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of the ADSs to the public may be made in that Relevant Member State at any time:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives of the Underwriters; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purposes of the above, the expression an “offer of ADSs to the public” in relation to any ADSs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the ADSs to be offered so as to enable an investor to decide to purchase or subscribe the ADSs, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom. Each of the underwriters has represented, warranted and agreed that it has:

- (a) only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any ADSs in circumstances in which section 21(1) of the FSMA does not apply to us; and
- (b) complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the ADSs in, from or otherwise involving the United Kingdom.

The foregoing shall apply in addition to the restrictions set out under the heading “European Economic Area” above.

Japan. The underwriters will not offer or sell any of our ADSs directly or indirectly in Japan or to, or for the benefit of any Japanese person or to others, for re-offering or re-sale directly or indirectly in Japan or to any Japanese person, except in each case pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law of Japan and any other applicable laws and regulations of Japan. For purposes of this paragraph, “Japanese person” means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

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Hong Kong. The ADSs may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the ADSs may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder.

Singapore. Each underwriter has acknowledged that this prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the underwriter has represented and agreed that it has not offered or sold any ADSs or caused the ADSs to be made the subject of an invitation for subscription or purchase and will not offer or sell the ADSs or cause the ADSs to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the ADSs are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the ADSs pursuant to an offer made under Section 275 except:

- (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

Taiwan. Our ADSs may not be offered or sold, directly or indirectly, in Taiwan.

Cayman Islands. This prospectus does not constitute a public offer of the ADSs or ordinary shares, whether by way of sale or subscription, in the Cayman Islands. Each underwriter has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any ADSs or ordinary shares in the Cayman Islands.

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People's Republic of China. Each underwriter will be deemed to have represented and agreed that it has not and will not circulate or distribute this prospectus in the PRC and it has not offered or sold, and will not offer or sell to any person for re-offering or resale directly or indirectly, any ADSs to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. For the purpose of this paragraph, PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

Directed Share Program

At our request, the underwriters have reserved five percent of the ADSs to be issued by us and offered by this prospectus for sale, at the initial public offering price, to our directors, officers, employees, business associates and related persons. If purchased by these persons, these ADSs will be subject to a 180-day lock-up restriction. The number of ADSs available for sale to the general public will be reduced to the extent these persons purchase such reserved ADSs. Any reserved ADSs that are not so purchased will be offered by the underwriters to the general public on the same basis as the other ADSs offered by this prospectus.

LEGAL MATTERS

The validity of the ADSs and certain other legal matters as to the United States federal and New York law in connection with this offering will be passed upon for us by Latham & Watkins LLP. Certain legal matters as to the United States federal and New York law in connection with this offering will be passed upon for the underwriters by Simpson Thacher & Bartlett LLP. The validity of the ordinary shares represented by the ADSs offered in this offering and certain other legal matters as to Cayman Islands law will be passed upon for us by Maples and Calder. Legal matters as to PRC law will be passed upon for us by Commerce & Finance Law Offices and for the underwriters by Junhe Law Offices. Latham & Watkins LLP may rely upon Maples and Calder with respect to matters governed by Cayman Islands law and Commerce & Finance Law Offices with respect to matters governed by PRC law. Simpson Thacher & Bartlett LLP may rely upon Junhe Law Offices with respect to matters governed by PRC law.

EXPERTS

Our consolidated financial statements as of December 31, 2005 and 2006 and for the years ended December 31, 2004, 2005 and 2006, and the related financial statement schedule, included in this prospectus have been audited by Deloitte Touche Tohmatsu, an independent registered public accounting firm, as stated in their report appearing herein, which expressed an unqualified opinion with an explanatory paragraph regarding the translation of Renminbi amounts to U.S. dollar amounts for the convenience of the reader, and are included in reliance upon such report given on their authority as experts in accounting and auditing.

The offices of Deloitte Touche Tohmatsu are located at 35th Floor, One Pacific Place, 88 Queensway, Hong Kong.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form F-1, including relevant exhibits and securities under the Securities Act with respect to underlying ordinary shares represented by the ADSs, to be sold in this offering. We have also filed with the SEC a related registration statement on F-6 to register the ADSs. This prospectus, which constitutes a part of the registration statement, does not contain all of the information contained in the registration statement. You should read the registration statement on Form F-1 and its exhibits and schedules for further information with respect to us and our ADSs.

Immediately upon completion of this offering we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information filed with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. You may also obtain additional information over the Internet at the SEC's website at www.sec.gov.

As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of proxy statements to shareholders, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meeting and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our written request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

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CNINSURE INC.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF CNINSURE INC.

We have audited the accompanying consolidated balance sheets of CNinsure Inc. and its subsidiaries (the “Group”) as of December 31, 2005 and 2006, and the related consolidated statements of operations, shareholders’ equity and comprehensive income (loss), and cash flows for the three years ended December 31, 2004, 2005 and 2006 and the related financial statements included in Schedule 1. These financial statements and the related financial statement schedule are the responsibility of the Group’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of CNinsure Inc. and its subsidiaries as of December 31, 2005 and 2006, and the results of their operations and their cash flows for each of the three years ended December 31, 2004, 2005 and 2006 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

Our audits also comprehended the translation of Renminbi amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. Such United States dollar amounts are presented solely for the convenience of readers in the United States of America.

Deloitte Touche Tohmatsu

Hong Kong
August 17, 2007

CNINSURE INC.
Consolidated Balance Sheets
(In thousands, except for shares and per share data)

	At December 31,			At June 30,	
	2005	2006	2006	2007	2007
	RMB	RMB	US\$	RMB (unaudited)	US\$ (unaudited)
ASSETS:					
<i>Current assets</i>					
Cash and cash equivalents	174,634	223,926	29,417	363,406	47,741
Restricted cash	6,031	7,413	974	19,036	2,501
Accounts receivable	8,467	26,569	3,490	25,415	3,339
Insurance premium receivable	444	994	131	1,427	188
Other receivables, net (Note 5)	23,838	16,988	2,232	28,372	3,727
Amounts due from related parties (Note 15)	68,231	78,957	10,373	1,462	192
Other current assets	107	856	112	4,318	567
Total current assets	281,752	355,703	46,729	443,436	58,255
<i>Non-current assets</i>					
Property, plant and equipment, net (Note 6)	4,527	9,741	1,280	10,029	1,318
Goodwill (Note 4)	—	7,042	925	7,042	925
Intangibles	—	4,471	587	4,323	568
Deferred tax assets (Note 11)	457	2,365	311	3,869	508
Other	—	300	39	300	39
Total assets	286,736	379,622	49,871	468,999	61,613

See accompanying notes to consolidated financial statements.

CNINSURE INC.
Consolidated Balance Sheets—(Continued)
(In thousands, except for shares and per share data)

	At December 31,			At June 30,	
	2005	2006	2006	2007	2007
	RMB	RMB	US\$	RMB (unaudited)	US\$ (unaudited)
LIABILITIES AND SHAREHOLDERS' EQUITY:					
<i>Current liabilities:</i>					
Accounts payable	12,825	14,275	1,875	32,065	4,213
Insurance premium payable	6,031	7,413	974	19,036	2,501
Other payables and accrued expenses (Note 8)	11,912	12,139	1,595	13,195	1,733
Accrued payroll	3,836	4,902	644	5,417	712
Income tax payable	230	798	105	1,653	217
Amounts due to related parties (Note 15)	7,883	3,679	483	7,903	1,038
Dividend payable	—	32,000	4,204	58,550	7,692
Current portion of long-term borrowings (Note 10)	332	318	42	153	20
Total current liabilities	43,049	75,524	9,922	137,972	18,126
<i>Non-current liabilities:</i>					
Long-term borrowings (Note 10)	321	237	31	99	13
Other tax liabilities (Note 11)	—	—	—	994	131
Deferred tax liabilities (Note 11)	—	560	73	511	67
Total liabilities	43,370	76,321	10,026	139,576	18,337
Commitments and contingencies (Note 16)					
Minority interests	2,423	13,717	1,802	18,499	2,430
Common stock (Authorized shares: 1,000,000,000 at US\$0.001 each; Issued and outstanding shares: 650,000,000 at December 31, 2005 and 2006 and June 30, 2007 (unaudited)) (Note 12)	5,073	5,073	667	5,073	667
Additional paid-in capital	347,386	369,781	48,579	370,618	48,688
Subscription receivable	(935)	—	—	—	—
Accumulated deficit	(110,486)	(85,091)	(11,179)	(64,706)	(8,501)
Accumulated other comprehensive loss	(95)	(179)	(24)	(61)	(8)
Total shareholders' equity	240,943	289,584	38,043	310,924	40,846
Total liabilities and owners' equity	286,736	379,622	49,871	468,999	61,613

See accompanying notes to consolidated financial statements

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CNINSURE INC.
Consolidated Statements of Operations
(In thousands, except for shares and per share data)

	Year Ended December 31,				Six Months Ended June 30,		
	2004	2005	2006	2006	2006	2007	2007
	RMB	RMB	RMB	US\$	RMB (unaudited)	RMB (unaudited)	US\$ (unaudited)
Net revenues:							
Commissions and fees	33,401	142,520	245,652	32,271	106,543	172,323	22,638
Other service fees	564	1,179	897	118	248	238	31
Total net revenues	33,965	143,699	246,549	32,389	106,791	172,561	22,669
Operating costs and expenses:							
Commissions and fees	(4,256)	(65,752)	(133,076)	(17,482)	(53,321)	(87,275)	(11,465)
Selling expenses	(2,432)	(5,527)	(11,288)	(1,483)	(5,288)	(4,196)	(551)
General and administrative expenses*	(120,576)	(78,879)	(52,119)	(6,847)	(25,793)	(25,915)	(3,404)
Total operating costs and expenses	(127,264)	(150,158)	(196,483)	(25,812)	(84,402)	(117,386)	(15,420)
Income (loss) from operations	(93,299)	(6,459)	50,066	6,577	22,389	55,175	7,249
Other income (expense), net:							
Interest income	49	445	5,364	705	1,596	1,980	260
Interest expense	(15)	(19)	(34)	(5)	(28)	(66)	(9)
Others, net	158	(15)	5	1	10	15	2
Net income (loss) before income taxes	(93,107)	(6,048)	55,401	7,278	23,967	57,104	7,502
Income tax benefit (expense) (Note 11)	396	(672)	573	75	42	(176)	(23)
Net income (loss) before minority interest	(92,711)	(6,720)	55,974	7,353	24,009	56,928	7,479
Minority interest	—	27	1,421	187	160	1,762	231
Net income (loss)	(92,711)	(6,693)	57,395	7,540	24,169	58,690	7,710
Net income (loss) per share (Note 13):							
Basic	(0.5552)	(0.0139)	0.0883	0.0116	0.0372	0.0903	0.0119
Diluted	(0.5552)	(0.0139)	0.0875	0.0115	0.0370	0.0891	0.0117
Shares used in calculating net income (loss) per share:							
Basic	166,980,000	482,770,000	650,000,000	650,000,000	650,000,000	650,000,000	650,000,000
Diluted	166,980,000	482,770,000	655,970,000	655,970,000	652,884,328	658,927,355	658,927,355

* Including share-based compensation expenses of RMB109,262, RMB56,501 and RMB24,142 (US\$3,172), RMB12,978 and RMB837 (US\$110) for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 (unaudited) and 2007 (unaudited), respectively.

See accompanying notes to financial statements.

CNINSURE INC.

Consolidated Statements of Shareholders' Equity and Comprehensive Income (Loss)
(In thousands, except for shares and per share data)

	Share Capital		Subscription receivable from shareholder	Parent Company's Investment	Accumulated earnings (deficit)	Accumulated other comprehensive loss	Total	Comprehensive income (loss)
	Number of shares	Amounts						
		RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance at January 1, 2004	—	—	34,342	—	1,181	6,474	—	41,997
Issuance of common share upon incorporation	288,280,000	2,250	32,750	—	—	—	—	35,000
Distribution of net assets to parent company for the transfer of legal entities	—	—	(32,480)	—	—	(5,390)	—	(37,870)
Share-based compensation	123,570,000	964	108,298	—	—	—	—	109,262
Cash distribution paid to shareholders of parent company	—	—	—	—	—	(10,110)	—	(10,110)
Net income (loss)	—	—	—	—	2,056	(94,767)	—	(92,711)
Net assets attributable to parent company's investment	—	—	—	—	(3,237)	—	—	(3,237)
Balance at December 31, 2004	411,850,000	3,214	142,910	—	—	(103,793)	—	42,331
Issuance of common shares	238,150,000	1,859	204,476	(935)	—	—	—	205,400
Net loss	—	—	—	—	—	(6,693)	—	(6,693)
Foreign currency translation	—	—	—	—	—	—	(95)	(95)
Balance at December 31, 2005	650,000,000	5,073	347,386	(935)	—	(110,486)	(95)	240,943
Subscription receivable from Shareholders	—	—	—	935	—	—	—	935
Share-based compensation	—	—	22,395	—	—	—	—	22,395
Net income	—	—	—	—	—	57,395	—	57,395
Dividends (note)	—	—	—	—	—	(32,000)	—	(32,000)
Foreign currency translation	—	—	—	—	—	—	(84)	(84)
Balance at December 31, 2006	650,000,000	5,073	369,781	—	—	(85,091)	(179)	289,584
Cumulative effect of adoption of FIN48 (Note 11)	—	—	—	—	—	(305)	—	(305)
Share-based compensation	—	—	837	—	—	—	—	837
Net income	—	—	—	—	—	58,690	—	58,690
Dividends (note)	—	—	—	—	—	(38,000)	—	(38,000)
Foreign currency translation	—	—	—	—	—	—	118	118
Balance at June 30, 2007	650,000,000	5,073	370,618	—	—	(64,706)	(61)	310,924
Balance at December 31, 2006 in US\$		667	48,579	—	—	(11,179)	(24)	38,043
Balance at June 30, 2007 in US\$		667	48,688	—	—	(8,501)	(8)	40,846

Note:

Dividends represented final dividend of 2004 declared of RMB170 per share (before the effect of the 10,000-for-1 share exchange) for distribution to CISG shareholders of record as of December 31, 2004, and dividend of 2005 declared of RMB523 per share (before the effect of the 10,000-for-1 share exchange) for distribution to CISG shareholders of record as of December 21, 2005. Dividend for 2006 of RMB585 per share (before the effect of the 10,000-for-1 share exchange) was declared during the six months ended June 30, 2007 (unaudited) for distribution to CISG shareholders of record as of December 31, 2006.

See accompanying notes to consolidated financial statements.

CNINSURE INC.

Consolidated Statements of Cash Flows
(In thousands, except for shares and per share data)

	At December 31				Six Months Ended June 30,		
	2004	2005	2006	2006	2006	2007	2007
	RMB	RMB	RMB	USD	RMB (unaudited)	RMB (unaudited)	USD (audited)
OPERATING ACTIVITIES							
Net income (loss)	(92,711)	(6,693)	57,395	7,540	24,169	58,690	7,710
Adjustments to reconcile net income (loss) to net cash generated from operating activities:							
Depreciation	445	637	1,856	244	729	1,445	190
Amortization of acquired intangible assets	—	—	112	15	23	148	20
Minority interest	—	(27)	(1,421)	(187)	(160)	(1,762)	(231)
Compensation expense associated with stock options	109,262	56,501	3,562	468	3,562	837	110
Share-based compensation associated with performance commitment	—	—	20,580	2,704	9,416	—	—
Gain on disposal of property, plant and equipment	164	224	184	24	1	—	—
Changes in operating assets and liabilities:							
Accounts receivable	(2,686)	(5,360)	(16,509)	(2,169)	(12,095)	1,154	151
Insurance premium receivable	(655)	(414)	(126)	(17)	(34)	(433)	(57)
Other receivables	(11,778)	6,281	(11,031)	(1,449)	18,266	(11,384)	(1,495)
Other current assets	(235)	56	(721)	(95)	(58)	(3,462)	(455)
Accounts payable	41	12,801	1,450	190	19,590	17,790	2,337
Insurance premium payable	4,153	2,831	1,383	182	7,629	11,623	1,527
Other payables	5,285	2,660	(2,931)	(385)	(2,692)	1,056	139
Accrued employee benefit	(174)	2,094	1,053	138	(78)	515	67
Income taxes payable	182	143	568	75	125	855	112
Provision for deferred taxes	(607)	227	(1,468)	(193)	(366)	(864)	(114)
Net cash generated from operating activities	10,686	71,961	53,936	7,085	68,027	76,208	10,011
Cash flows from investing activities							
Purchase of property, plant and equipment	(1,610)	(2,812)	(6,285)	(826)	(2,831)	(1,733)	(228)
Repayments from (advances to) third parties	4	(1,026)	1,026	135	—	—	—
Increase in restricted cash	(198)	(2,831)	(1,382)	(182)	(7,629)	(11,623)	(1,527)
(Deposit paid) refunded for acquisition of an entity	—	(20,000)	20,000	2,627	—	—	—
Acquisition of subsidiaries, net of cash acquired of nil, nil, RMB8,690 RMB1,039 and nil for December 31, 2004, 2005 and 2006 and June 30, 2006 (unaudited) and 2007 (unaudited), respectively	—	—	(8,050)	(1,057)	(7,151)	—	—
Advances to related parties	(63,789)	(66,514)	(50,299)	(6,608)	(6,438)	(342)	(45)
Repayments from related parties	58,012	7,229	42,579	5,594	51,258	77,837	10,226
Net cash (used in) generated from investing activities	(7,581)	(85,954)	(2,411)	(317)	27,209	64,139	8,426

CNINSURE INC.

Consolidated Statements of Cash Flows—(Continued)
(In thousands, except for shares and per share data)

	At December 31				Six Months Ended June 30,		
	2004	2005	2006	2006	2006	2007	2007
	RMB	RMB	RMB	USD	RMB (unaudited)	RMB (unaudited)	USD (audited)
Cash flows from financing activities:							
Bank loans raised	897	511	432	57	—	—	—
Repayment of bank loans	(98)	(866)	(531)	(70)	(199)	(303)	(40)
Increase in minority interests	—	2,450	6,220	817	—	6,544	860
Advances from related parties	42,979	5,480	1,364	179	4,706	7,474	982
Repayments to related parties	(30,441)	(375)	(5,569)	(731)	(401)	(3,250)	(427)
(Decrease) increase in loan from third party	1,500	3,500	(5,000)	(657)	(1,362)	—	—
Proceeds from share issuances	35,000	148,899	935	123	—	—	—
Dividends paid	—	—	—	—	—	(11,450)	(1,504)
Cash distribution to parent company for the transfer of legal entities	(22,000)	—	—	—	—	—	—
Cash attributed to parent company's investment	(3,633)	—	—	—	—	—	—
Cash distribution to shareholders of parent company	(10,110)	—	—	—	—	—	—
Net cash generated from (used in) financing activities	14,094	159,599	(2,149)	(282)	2,744	(985)	(129)
Net increase in cash and cash equivalents	17,199	145,606	49,376	6,486	97,980	139,362	18,308
Cash and cash equivalents at beginning of year	11,924	29,123	174,634	22,942	174,634	223,926	29,417
Effect of exchange rate changes on cash and cash equivalents	—	(95)	(84)	(11)	(84)	118	16
Cash and cash equivalents at end of year	29,123	174,634	223,926	29,417	272,530	363,406	47,741
Supplemental disclosure of cash flow information:							
Interest paid	15	20	34	4	27	18	2
Income taxes paid	38	302	325	43	199	185	22

Supplemental disclosure of non-cash transactions is set out in note 18.

See accompanying notes to consolidated financial statements.

CNINSURE INC.

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(1) Organization and Description of Business

CISG Holdings Ltd (“CISG”) was incorporated in the British Virgin Islands (“BVI”) on June 8, 2004. CISG undertook a separate restructuring in anticipation of an initial public offering involving CNinsure Inc. (the “Company”) that was incorporated in the Cayman Islands on April 10, 2007. The Company issued 684,210,526 ordinary shares to the existing shareholders on July 31, 2007 for exchange of their CISG shares on a 10,000-for-1 basis and thereafter, became the ultimate holding company. The Company and its subsidiaries and variable interest entities (“VIEs”) are collectively referred to as the “Group.” The Group is principally engaged in the provision of insurance brokerage and agency services in the People’s Republic of China (the “PRC”).

Current PRC laws and regulations place certain restrictions on foreign investment in and ownership of insurance agencies and brokerages. Accordingly, the Company conducts its operations in China principally through contractual arrangements among its PRC subsidiaries, two PRC affiliated entities and the equity shareholders of these PRC affiliated entities, who are PRC nationals. The contractual arrangements include a series of contracts entered into between the Company’s PRC subsidiaries and the equity shareholders of these PRC affiliated entities, including loan agreements, equity pledge agreements, irrevocable powers of attorney, exclusive purchase option agreements, technology consulting and service agreements and trademark licensing agreements. Through these contractual arrangements, the Company is entitled to: (1) receive service fees from the subsidiaries of these PRC affiliated entities; (2) exercise all of the voting powers of the owners of these PRC affiliated entities; (3) receive dividends declared by these PRC affiliated entities and their subsidiaries and (4) acquire all the equity interests of these PRC affiliated entities and their subsidiaries once PRC laws permit. As a result, the Company absorbs all of the expected losses and residual returns of these PRC affiliated entities and their subsidiaries. Under the requirements of Financial Accounting Standard Board (“FASB”) International No. 46 (Revised) “Consolidation of Variable Interest Entities” (“FIN 46 (R)”), these two PRC affiliated entities and their subsidiaries are considered as the variable interest entities (“VIEs”) of the Company. As the Company is the sole primary beneficiary of these VIEs, the company consolidates them into its consolidated financial statements.

The exchange was accounted for as a reverse merger and the financial statements of the Company presents the historical results, assets and liabilities of CISG on the consummation of the reverse merger on the basis that CISG was the accounting acquiror. Prior to the exchange, the Company was a shell company which contained only insignificant amount of assets and liabilities. All shares and per share data of the Company have been retrospectively restated in this consolidation financial statements to reflect the impact of the shares exchange.

Prior to the incorporation of CISG on June 8, 2004, insurance brokerage and agency services were one of the business units of China United Financial Services Holdings Limited (“CUFS”). CUFS conducted its insurance brokerage and agency services through certain subsidiaries and VIEs.

In 2004, the PRC insurance regulatory environment changed and brokerage and agency licenses (“licenses”) were required. To sustain growth of the insurance business, the management and shareholders of CUFS decided to reorganize the business and placed the insurance brokerage and agency services into a separate legal entity in order to focus their operations (the “Reorganization”). The Reorganization was carried out by a series of steps including (i) establishing CISG, as a shell Company, (ii) on June 9, 2004, transferring from CUFS to CISG all of its interests in the subsidiaries and variable interest entities engaged in the provision of insurance brokerage and agency services, and (iii) transferring all other assets and liabilities related to the insurance brokerage and agency services, which were held by entities retained by CUFS, and (iv) on June 19, 2004, entered into a subscription agreement, pursuant to which the Company issued shares to CUFS and Cathay Auto Services Limited (“Cathay”), a significant shareholder of CUFS, for an aggregate of RMB35,000 in cash (“Subscription Agreement”). The Reorganization has been accounted for as a legal reorganization of entities under common control and as such, all assets and liabilities transferred to CISG from CUFS have been accounted for at historical cost.

CNINSURE INC.

Notes to The Consolidated Financial Statements—(Continued)
(In thousands, except for shares and per share data)

Pursuant to the Subscription Agreement, CISG issued 20,820 or 208,200,000 (after the effect of 10,000-for-1 share exchange) shares to CUFS for a consideration comprising cash in the amount of RMB10,000, together with its rights and interest in the insurance brokerage and agency services' businesses and 8,008 or 80,080,000 (after the effect of 10,000-for-1 share exchange) shares to Cathay for cash in the amount of RMB 25,000. Thereafter, CUFS and Cathay directly held a 72.22% and 27.78% interest in CISG, respectively. The subscription of shares was completed on September 13, 2004. As part of the Reorganization, upon the transfer of the legal entities from CUFS to CISG on June 9, 2004, CISG returned the assets and liabilities of these legal entities to CUFS and also paid an aggregate amount of RMB22,000 to CUFS based on the registered capital of these entities in compliance with laws and regulations of the PRC. The aggregate amount of the carrying amount of the assets and liabilities and the cash payment for the registered capital of these legal entities amounted to RMB37,870.

On December 20, 2005, CISG entered into Subscription Agreement and Shareholder Agreement ("New Subscription Agreement") with CDH Investments Limited ("CDH") for the sale of 17,160 or 171,600,000 (after the effect of 10,000-for-1 share exchange) shares of CISG (i.e. 26.4% interest in CISG) for RMB150,000.

The following table summarizes the Group's subsidiaries and VIEs as at December 31, 2006 presented herein.

Name of subsidiary and/or variable interest entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued share capital		Attributable equity interest to the Group
Guangdong Meidiya Investment Co., Ltd.*	China, Limited Liability Company	Investment, investment consulting service and sales	RMB	6,000	100%
Sichuan Yihe Investment Co., Ltd.*	China, Limited Liability Company	Investment, assets management, financing, and guarantee legally	RMB	20,000	100%
Beijing Fanlian Investment Co., Ltd.	China, Limited Liability Company	Investment management service	RMB	20,000	100%
Yiqiman Enterprise Management Consulting (Shenzhen) Co., Ltd.	China, Limited Liability Company	Technology development and financial consulting service	Hong Kong Dollar		
			("HKD")	76,000	100%
Haidileji Enterprise Image Planning (Shenzhen) Co., Ltd.	China, Limited Liability Company	Corporate Identity, product design and financial consulting service	HKD	76,000	100%
Shenzhen Fanhua Nanfeng Enterprise Management Consulting Co., Ltd.	China, Limited Liability Company	Management consulting service	RMB	30,000	100%
Guangzhou Zhongqi Enterprise Management Consulting Co., Ltd.	China, Limited Liability Company	Management consulting, marketing, and internet information consulting	RMB	1,300	100%
Beijing Ruisike Management Consulting Co., Ltd.	China, Limited Liability Company	Management consulting, investment consulting and financial consulting	RMB	1,000	100%
Fujian Fanhua Investment Co., Ltd.	China, Limited Liability Company	Investment, and financial consulting	RMB	5,360	55%

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Notes to The Consolidated Financial Statements—(Continued)
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Name of subsidiary and/or variable interest entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued share capital	Attributable equity interest to the Group
Guangdong Nanfeng Insurance Agency Co., Ltd.**	China, Limited Liability Company	Insurance agency service	RMB 5,000	100%
Guangdong Kafusi Insurance Brokerage Co., Ltd.**	China, Limited Liability Company	Insurance agency/brokerage service, and risk management consulting service	RMB10,000	100%
Guangzhou Yian Insurance Agency Co., Ltd.**	China, Limited Liability Company	Insurance agency/brokerage service	RMB 500	100%
Guangzhou Xiangxing Insurance Agency Co., Ltd.**	China, Limited Liability Company	Insurance agency service	RMB 500	100%
Guangdong Qicheng Insurance Brokerage Co., Ltd.**	China, Limited Liability Company	Insurance agency/brokerage service, and risk assessment and management consulting service	RMB 5,000	51%
Dongguan Nanfeng Jiayu Insurance Agency Co., Ltd.**	China, Limited Liability Company	Insurance agency service	RMB 500	100%
Foshan Tuohua Insurance Agency Co., Ltd.**	China, Limited Liability Company	Insurance agency service	RMB 1,000	100%
Shenzhen Nanfeng Insurance Agency Co., Ltd.**	China, Limited Liability Company	Insurance agency service	RMB 500	100%
Beijing Fanlian Insurance Agency Co., Ltd.**	China, Limited Liability Company	Insurance agency service in Beijing	RMB 5,000	100%
Beijing Fanhua Insurance Agency Co., Ltd.**	China, Limited Liability Company	Insurance agency service	RMB 500	100%
Beijing Fumin Insurance Agency Co., Ltd.**	China, Limited Liability Company	Insurance agency service	RMB 500	100%
Sichuan Fanhua Insurance Agency Co., Ltd.**	China, Limited Liability Company	Insurance agency service	RMB 2,000	100%
Sichuan Bocheng Insurance Brokerage Co., Ltd.**	China, Limited Liability Company	Insurance agency/brokerage service, and risk assessment and management service	RMB 5,000	100%
Sichuan Xintai Insurance Agency Co., Ltd.**	China, Limited Liability Company	Insurance agency service	RMB 2,000	70%
Fujian Xinheng Insurance Agency Co., Ltd.**	China, Limited Liability Company	Insurance agency service	RMB 2,050	51%
Hebei Anxin Insurance Agency Co., Ltd.**	China, Limited Liability Company	Insurance agency, and financial consulting service	RMB 4,500	55%

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Notes to The Consolidated Financial Statements—(Continued)
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Name of subsidiary and/or variable interest entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued share capital	Attributable equity interest to the Group
Shandong Fanhua Xintai Insurance Agency Co., Ltd.**	China, Limited Liability Company	Insurance agency service	RMB3,000	63%
Shanghai Fanhua Guosheng Insurance Agency Co., Ltd.**	China, Limited Liability Company	Insurance agency service	RMB3,000	55%
Hunan Fanhua Insurance Agency Co., Ltd.**	China, Limited Liability Company	Insurance agency service	RMB3,000	55%

* This entity represents a VIE that has been consolidated by the Company in accordance with Financial Accounting Standards Board (“FASB”) Interpretation No. 46, “*Consolidation of Variable Interest Entities—an interpretation of ARB No. 51*, as revised (“FIN 46R”)” because the Company absorbs all of the expected losses and residual returns of the entity and is the sole primary beneficiary.

** This represents a subsidiary directly held by Guangdong Meidiya Investment Co., Ltd. and Sichuan Yihe Investment Co., Ltd., both VIEs, which has been consolidated by the Company in accordance with FIN 46R because the Company absorbs all of the expected losses and residual returns of the entity and is the sole primary beneficiary.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation and Consolidation

The accompanying consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

The accompanying consolidated financial statements include the financial statements of the Company, all its majority-owned subsidiaries and those VIEs for which the Company is the primary beneficiary, from the dates they were acquired or incorporated. All significant intercompany balances and transactions have been eliminated in consolidation. In addition, the Group consolidates VIEs for which it is deemed to be the primary beneficiary and absorbs all of the expected losses and residual returns of the entity. As noted in Note 1, the Reorganization was accounted for as a transfer of interest between entities under common control and was recorded based upon historical costs and all insurance, brokerage and agency license operations prior to the reorganization have been combined for presentation purpose.

The historical results for 2004 have been prepared to reflect, on a combined basis, all of the insurance brokerage and agency service businesses for the entire year of 2004, including those entities transferred from CUFS on June 9, 2004 and those operations held by other entities of CUFS that the Company did not acquire. Accordingly, the revenues, expenses, assets, and liabilities related to the insurance brokerage and agency services for the period from January 1, 2004 to June 8, 2004 and as of June 8, 2004 held by the CUFS’ entities that the Company did not acquire, have been “carved-out” and combined with those of the Company for the entire period on a basis that the management considers to be reasonable (see note 3). Accordingly, the historical financial information that has been presented for the periods prior to the Reorganization on June 9, 2004, does not necessarily reflect what our financial position, results of operations and cash flows would have been had we been a separate, stand-alone entity during the periods presented. CUFS did not account for CISG or the Company, and CISG or the Company was not operated, as a separate, stand-alone entity prior to June 9, 2004.

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Notes to The Consolidated Financial Statements—(Continued)
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(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires management of the Group to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant accounting estimates reflected in the Group's consolidated financial statements included the valuation of deferred tax assets, useful lives of property and equipment, impairment of goodwill; economic lives of intangible assets and allowances for doubtful receivables. Actual results could differ from those estimates.

(c) Variable Interest Entity

VIE is an entity in which equity investors generally do not have the characteristics of a "controlling financial interest" or there is not sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. A VIE is consolidated by its primary beneficiary when it is determined that the primary beneficiary will absorb the majority of the VIE's expected losses and/or expected residual returns. Consistent with the provisions of FIN 46R, certain companies are accounted for as a VIE of the Group.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and bank current deposits. Cash equivalents consist of bank deposits and short-term, highly-liquid investments with original maturities of 90 days or less.

In its capacity as insurance agent and broker, the Group typically collects premiums from insureds and remits the premiums or net premiums after deducting its authorized commissions to the appropriate insurance companies. Accordingly, as reported in the consolidated balance sheets, "premiums" are receivable from insureds. Unremitted net insurance premiums are held in a fiduciary capacity until disbursed by the Group. The Group invests these unremitted funds only in cash accounts held for a short term, and reports such amounts as restricted cash on the Consolidated Balance Sheets.

(e) Accounts Receivable and Insurance Premium Receivable

Accounts receivable and insurance premium receivable are recorded at the invoiced amount and do not bear interest. Accounts receivable represent agency and brokerage service fees receivable from customers or insurance companies. Insurance premium receivable consists of insurance premium to be collected from insurers. Amounts collected on accounts receivable and insurance premium receivables are included in net cash provided by operating activities in the consolidated statements of cash flows. The allowance for doubtful accounts is the Group's best estimate of the amount of probable credit losses in the Group's existing accounts receivable. The Group determines the allowance based on historical write-off experience. The Group reviews its allowance for doubtful accounts regularly. Past due balances over 90 days and over a specified amount are reviewed individually for collectibility. Allowance for doubtful accounts for accounts receivable and insurance premium receivable for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 (unaudited) and 2007 (unaudited) were nil, respectively.

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Notes to The Consolidated Financial Statements—(Continued)
(In thousands, except for shares and per share data)

(f) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Depreciation and amortization are calculated using the straight-line method over the following estimated useful lives, taking into account any estimated residual value, which is based upon salvage value:

	Estimated useful life (Years)	Estimated residual value
Motor vehicles	5-10	0%-3%
Office equipment, furniture and fixtures	3-5	0%-3%
Leasehold improvements	5	0%

The amortization methods and estimated useful lives are reviewed regularly.

Depreciation expenses recognized in statements of operations for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 (unaudited) and 2007 (unaudited) were RMB445, RMB637, RMB1,856, RMB729 and RMB1,445, respectively. Depreciation expenses of RMB115, RMB164, RMB170, RMB71 and RMB118 were recorded in the selling expenses for the year ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 (unaudited) and 2007 (unaudited), respectively, and the remaining was recorded in general and administrative expenses.

(g) Goodwill and Other Intangible Assets

Goodwill represents the excess of costs over fair value of assets of businesses acquired. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually in accordance with the provisions of FASB Statement No. 142, "Goodwill and Other Intangible Assets".

Identifiable intangibles are required to be determined separately from goodwill based on fair value. In particular, an intangible that is acquired in a business combination should be recognized as an asset separate from goodwill if it satisfies either the "contractual-legal" or "separability" criterion. The intangible assets are carried at cost less accumulated amortization. Amortization is computed using the straight-line method over the intangible assets' economic lives.

Separately identifiable intangible assets consist of the brand name, customer relationship, non-compete and agency agreements.

The weighted average economic lives and net carrying values are as follows:

		At December 31, 2006			At June 30, 2007		
		Cost	Accumulated amortisation	Net carrying values	Cost	Accumulated amortisation	Net carrying values
		RMB	RMB	RMB	RMB (unaudited)	RMB (unaudited)	RMB (unaudited)
Brand Name	Indefinite	2,773	—	2,773	2,773	—	2,773
Customer Relationship	9.2 to 9.8 years	1,145	42	1,103	1,145	103	1,042
Non-compete Agreement	3.2 to 3.8 years	564	67	497	564	149	415
Agency Agreement	9.2 to 9.8 years	101	3	98	101	8	93
		4,583	112	4,471	4,583	260	4,323

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Notes to The Consolidated Financial Statements—(Continued)
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Aggregate amortization expense for intangible assets was nil, nil, RMB112, RMB23 and RMB148 for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 (unaudited) and 2007 (unaudited), respectively. As of December 31, 2006, the estimated amortization expense for the next five years is: RMB296 in 2007, RMB296 in 2008, RMB296 in 2009, RMB139 in 2010, and RMB133 in 2011 and an aggregate amount of RMB538 in years thereafter.

(h) Other Assets

Other current assets and other assets consist of prepayment and prepaid expenses.

(i) Impairment of Long-Lived Assets

In accordance with FASB Statement No. 144, “*Accounting for the Impairment or Disposal of Long-Lived Assets*”, property, plant, and equipment, and purchased intangible assets with definite life, subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

(j) Insurance Premium Payables

Insurance premium payables are insurance premium collected on behalf of insurance companies but not yet remitted as of the balance sheet date.

(k) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are evaluated and, if realization is not considered to be “more-likely-than-not,” a valuation allowance is provided.

In accordance with FASB Statement No. 109, “*Accounting for Income Taxes*”, the tax benefits associated with the utilization of pre-acquisition net operating losses carryforwards for which a valuation allowance was established at the date of the acquisition are recognized in the consolidated financial statements after the acquisition date as follows: (i) first to reduce to zero any goodwill related to the acquisition; (ii) second to reduce to zero other non-current intangible assets related to the acquisition; and (iii) third to reduce income tax expense.

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(l) Share-based Compensation

The Group has early adopted FASB Statement No. 123 (revised 2004), “Share-Based Payment” (“SFAS 123(R)”) which was effective on January 1, 2006. All forms of share-based payments to employees, including employee stock options and employee stock purchase plans, would be treated the same as any other form of compensation by recognizing the related cost in the statement of operations. Compensation cost related to employee stock option or similar equity instruments is measured at the grant date based on the fair value of the award and is recognized over the service period, which is usually the vesting period. The Group uses the Black-Scholes option-pricing model to determine the fair value of stock options and warrants.

Share-based compensation expenses of RMB109,262, RMB56,501, RMB24,142, RMB12,978 and RMB837 for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 (unaudited) and 2007 (unaudited), respectively, were included in the general and administrative expenses.

In addition, pursuant to the New Subscription Agreement dated December 22, 2005, a senior executive of the Company, Mr. Lai Qiu Ping (“Lai”), agreed to grant call options to the shareholders of the Company. The shareholders of the Company are entitled to require Lai to sell all of his shareholdings in Kingsford for a nominal consideration upon the failure to achieve specified performance milestones throughout 2006 as stipulated in the New Subscription Agreement. Based on the satisfaction of the performance milestones, Lai is entitled to remain his shareholding in Kingsford and accordingly, compensation expense of RMB18,833, RMB9,416 and nil were recognized for the year ended December 31, 2006 and the six months ended June 30, 2006 (unaudited) and 2007 (unaudited), respectively, which was estimated based on fair value of the shares of CISG.

(m) Employee Benefit Plans

As stipulated by the regulations of the PRC, the Group’s subsidiaries in the PRC participate in various defined contribution plans organized by municipal and provincial governments for its employees. The Group is required to make contributions to these plans at a percentage of the salaries, bonuses and certain allowances of the employees. Under these plans, certain pension, medical and other welfare benefits are provided to employees. The Group has no other material obligation for the payment of employee benefits associated with these plans beyond the annual contributions described above.

The contributions are charged to the statement of operations as they become payable in accordance with the rules of the central pension scheme. For the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 (unaudited) and 2007 (unaudited), the Group contributed RMB510, RMB759, RMB1,552, RMB626 and RMB1,012, respectively to these plans.

(n) Revenue Recognition

The Group’s revenue is derived principally from the provision of insurance brokerage and agency services. The Company recognizes revenue when all of the following have occurred: persuasive evidence of an agreement with the insurance company or insurance agency exists, services have been provided, the fees for such services are fixed or determinable and collectibility of the fee is reasonably assured.

Agency services are considered to be rendered and completed, and revenue is recognized, at the time the insurance policy becomes effective, that is, when the signed insurance policy is in place and the premium is collected from the insured. The Company believes that it has met all the four criteria of revenue recognition when the premiums are collected by the Company or the respective insurance companies and not before, because collectibility is not ensured until receipt of the premium. Accordingly, the Company does not accrue any

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Notes to The Consolidated Financial Statements—(Continued)

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commissions and fees prior to the receipt of the related premiums. No allowance for cancellation has been recognized as the management of the Group estimates, based on their past experience, that the cancellation of policies rarely occurs. Any subsequent commission adjustments in connection with policy cancellations which have been de minimis to date, are recognized upon notification from the insurance carriers. Actual commission and fees adjustments in connection with the cancellation of policies were approximately 0.3%, 0.1%, 0.1%, 0.1% and 0.04% of the total commission and fees revenue for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 (unaudited) and 2007 (unaudited), respectively and 0.1%, 2%, 0.4%, 0.5% and 0.1% of the actual net income (loss) for each of the three years ended December 31, 2006 and for the six months ended June 30, 2006 (unaudited) and 2007 (unaudited), respectively. For property insurance and life insurance, the agency company may receive a performance bonus from the insurance company per contract provisions. Once the agency company achieves its performance target, typically a certain sales volume, the bonus will become due. The bonus amount is the insurance premium volume multiplied by an agreed-upon percentage. In addition, contingent commissions are recorded as revenue when received, which in many cases, is the Group's first notification of amounts earned.

Other service fee includes revenue from the provision of claims compensation services for the insurance carriers. Revenue is recognized when the services are rendered.

The Group represented revenue net of sales taxes incurred. The sales taxes amounted to RMB1,724, RMB3,363, RMB2,453 (US\$314), RMB2,212 and RMB3,425 (US\$450) for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 (unaudited) and 2007 (unaudited), respectively.

Liabilities for loss contingencies, arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated.

(o) Contingent Consideration

The Group has incorporated contingent consideration into the structure of acquisitions completed in 2006. These arrangements generally result in the payment of additional consideration or surrender of shares to the sellers upon the acquired entities' satisfaction of performance targets for year 2006 and 2007 as stipulated in the acquisition agreement.

Additional cash payments or surrender of shares which are determined to be additional purchase consideration will be accounted for as part of the purchase of the acquired entities when the outcome of the contingency is determinable beyond a reasonable doubt (see note 4), while those which are determined to be compensatory in nature will be recorded as compensation expenses and charged to the consolidated statements of operations. Compensation expenses for such arrangements was RMB1,747 for the year ended December 31, 2006.

(p) Fair Value of Financial Instruments

The carrying amounts of accounts receivables, insurance premium receivables, other receivables accounts payable, amounts due from (to) related parties, insurance premium payables and short-term borrowings approximate their fair values due to the short-term maturity of these instruments.

(q) Foreign Currencies

The functional currency of the subsidiaries and VIEs of the Group that are established in the PRC is Renminbi ("RMB"). Transactions denominated in other currencies are translated into RMB at the average rates

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Notes to The Consolidated Financial Statements—(Continued)
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of exchange prevailing during the year. Monetary assets and liabilities denominated in other currencies are translated into RMB at rates of exchange in effect on the balance sheet dates. Nonmonetary assets and liabilities are remeasured into RMB at historical exchange rates.

The functional currency of the Company is United States dollars (“U.S. dollars”). The Group has chosen the RMB as its reporting currency. Assets and liabilities are translated using exchange rates in effect at the balance sheet date and average exchange rates for the period are used for revenue and expense transactions.

Currency transaction gains and losses are recorded in the consolidated statements of operations. Translation adjustments are recorded in accumulated other comprehensive income, a component of shareholders’ equity.

(r) Translation into United States Dollars

The financial statements of the Group are stated in RMB. Translations of amounts from RMB into U.S. dollars are solely for the convenience of the reader and were calculated at the rate of US\$1.00 = RMB7.6120, on June 30, 2007, representing the noon buying rate in the City of New York for cable transfers of Renminbi, as certified for customs purposes by the Federal Reserve Bank of New York. The translation is not intended to imply that the RMB amounts could have been, or could be, converted, realized or settled into U.S. dollars at that rate on June 30, 2007, or at any other rate.

(s) Segment reporting

The Group manages its business as a single operating segment engaged in the provision of insurance brokerage and agency services in the PRC. Substantially all of its revenues are derived in the PRC. All long-lived assets are located in PRC.

(t) Earnings per Share

Basic earnings per share is calculated by dividing the net income available to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated by using the weighted average number of common shares outstanding adjusted to include the potentially dilutive effect of outstanding stock-based awards, unless their inclusion in the calculation is anti-dilutive.

(u) Advertising Costs

Advertising costs are expensed as incurred. Advertising costs amounted to RMB43, RMB178, RMB1,188, RMB1,406 and RMB274 for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 (unaudited) and 2007 (unaudited), respectively

(v) Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) represents foreign currency translation adjustments and is included in the consolidated statements of shareholders’ equity.

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(w) Recently Issued Accounting Standards

In September 2006, the FASB issued FASB Statement No. 157, “*Fair Value Measurement*” (“SFAS 157”). SFAS 157 addresses standardizing the measurement of fair value for companies who are required to use a fair value measure of recognition for recognition or disclosure purposes. The FASB defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.” SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Group is in the process of assessing the impact of the adoption of SFAS 157 on its financial position or results of operations and cash flows.

In February 2007, the FASB issued SFAS No. 159, “*The Fair Value Option for Financial Assets and Financial Liabilities*” (“SFAS 159”) which permits entities to choose to measure many financial instrument and certain other items at fair value that are not currently required to be measured at fair value. SFAS 159 will be effective for the Group on July 1, 2008. The Group is currently evaluating the impact of adopting SFAS 159 on its consolidated financial position, cash flows, and results of operations.

(y) Unaudited interim financial information

The financial information with respect to the six months periods ended June 30, 2006 and 2007 is unaudited and has been prepared on the same basis as the audited consolidated financial statements. In the opinion of management, such unaudited financial information contains all adjustments, consisting of only normal recurring adjustment, necessary for a fair presentation of the results of such periods. The results of operations for the six months periods ended June 30, 2006 and 2007 are not necessarily indicative of results to be expected for the full year.

(3) Allocation of Expenses

Expenses incurred from January 1, 2004 until the June 9, 2004, the date of reorganization, relating to general corporate functions have been allocated between the entities retained by CUFS, and the Group based on a pro-rata percentage of total net revenue. General corporate overhead expenses primarily related to centralized corporate functions, including treasury, tax, accounting and administrative functions. The Group believes the assumptions and methodologies underlying the allocation of general corporate overhead expenses from CUFS are reasonable. However, such expenses may not be indicative of the actual level of expenses that would have been incurred by the Group if it were to have operated as an independent, stand-alone entity for the period. As such, the financial information herein for the year ended December 31, 2004 may not necessarily reflect the combined financial position, results of operations, and cash flows of the Group had the Group been an independent, stand-alone entity during the entire year.

(4) Acquisitions

(a) Sichuan Xintai Insurance Agency Company Limited

On March 31, 2006, the Group acquired 82% of the outstanding common shares of Sichuan Xintai Insurance Agency Company Limited (“Sichuan Xintai”) which is engaged in the insurance agency business in order to grow the Group’s business. The results of Sichuan Xintai’s operations have been included in the consolidated financial statements since then. The aggregate purchase price was RMB10,190 of which RMB8,190 was paid by the end of 2006 and the remaining balance was recorded as amounts due to related companies, and is payable to the former shareholder of Sichuan Xintai. The purchase price was determined based on arms-length

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negotiations with the selling shareholders. Subject to the adjustment contingent upon Sichuan Xintai achieving certain financing results, the Group would give 12% shares of Sichuan Xintai to the selling shareholders at nil consideration. However, in September 2006, this contingency has been resolved as the management of the Group agreed to give the 12% shares to the selling shareholders of Sichuan Xintai even though the specified financial results have not been achieved.

The following table summarizes the 82% of the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition.

	RMB
Net tangible assets acquired	2,736
Intangible assets	1,964
Goodwill	5,352
Deferred tax asset	315
Deferred tax liability	(177)
Total consideration	10,190

The excess of purchase price, over tangible assets and identifiable intangible assets acquired and liabilities assumed was recorded as goodwill. The acquisition was made based on the expected benefits that the acquired business will bring to the Group in the future by providing insurance brokerage and agency services to a new market in Sichuan province of the PRC.

The acquired intangible assets of RMB1,964, which have a weighted average economic life, are comprised of the following:

	Economic life (Years)	Fair value acquired (RMB)
Brand name	Indefinite	1,427
Customer relationship	9.8	303
Non-compete agreement	3.8	230
Agency agreement	9.8	4
Total		1,964

The following pro forma information summarizes the effect of the acquisition, as if the acquisition of Sichuan Xintai had occurred as of January 1, 2006 and January 1, 2005. This pro forma information is presented for information purposes only. It is based on historical information and does not purport to represent the actual results that may have occurred had the Group consummated the acquisitions on January 1, 2006 and January 1, 2005, nor is it necessarily indicative of future results of operations of the consolidated enterprises:

	Year ended December 31,	
	2005	2006
	RMB (unaudited)	RMB (unaudited)
Pro forma net revenues	142,534	246,896
Pro forma income (loss) from operations	(6,870)	49,197
Pro forma net income (loss)	(7,074)	56,537
Pro forma net income (loss) per share	(147)	870

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(b) Fujian Xinheng Insurance Agency Company Limited

On June 30, 2006, the Group acquired 51.22% of the outstanding common shares of Fujian Xinheng Insurance Agency Company Limited (“Fujian Xinheng”) which is engaged in the insurance agency business in order to grow the Group's business. The results of Fujian Xinheng's operations have been included in the consolidated financial statements since then. The initial purchase consideration was RMB1,050 in cash. The purchase price is subject to adjustment contingent upon Fujian Xinheng achieving certain financial results. Specifically, if Fujian Xinheng, achieves the performance targets, the Group will convert a RMB4,950 interest-free loan into common shares of Fujian Xinheng. The purchase price was determined based on arms-length negotiations with the selling shareholders.

At December 31, 2006, convertible loan of RMB2,000 was funded to Fujian Xinheng as working capital. On March 23, 2007, the Group signed the Memorandum of understanding and agreed to provide the remaining balance of RMB2,950 to Fujian Xinheng and convert the interest-free loan into common shares of Fujian Xinheng although the performance milestones were not achieved. As a result of converting the loan into shares, the Group's interest in Fujian Xinheng will be increased to 55% effective from 2007.

The following table summarizes the 51.22% of the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition.

	RMB
Net tangible assets acquired	618
Intangible assets	348
Deferred tax asset	143
Deferred tax liability	(59)
Total consideration	1,050

The excess of purchase price, over tangible assets and identifiable intangible assets acquired and liabilities assumed was recorded as goodwill. The acquisition was made based on the expected benefits that the acquired business will bring to the Group in the future by providing insurance brokerage and agency services to a new market in Fujian province of the PRC.

The acquired intangible assets of RMB348, which have a weighted average economic life, are comprised of the following:

	Economic life (Years)	Fair value acquired (RMB)
Brand name	Indefinite	169
Customer relationship	9.5	110
Non-compete agreement	3.5	48
Agency agreement	9.5	21
Total		348

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The following pro forma information summarizes the effect of the acquisition, if the acquisition of Fujian Xinheng had occurred as of January 1, 2006 and January 1, 2005. This pro forma information is presented for information purposes only. It is based on historical information and does not purport to represent the actual results that may have occurred had the Group consummated the acquisitions on January 1, 2006 and January 1, 2005, nor is it necessarily indicative of future results of operations of the consolidated enterprises:

	Year ended December 31,	
	2005	2006
	RMB (unaudited)	RMB (unaudited)
Pro forma net revenues	145,213	248,145
Pro forma income (loss) from operations	(7,327)	50,294
Pro forma net income (loss)	(7,563)	57,628
Pro forma net income (loss) per share	(157)	887

(c) Hebei Anxin Insurance Agency Company Limited

On October 31, 2006, the Group acquired 55% of the outstanding common shares of Hebei Anxin Insurance Agency Company Limited (“Hebei Anxin”) which is principally engaged in insurance agency business in order to grow the Group’s business. The results of Hebei Anxin’s operations have been included in the consolidated financial statements since then. As a result of the acquisition, the Group is expected to widen economies of scale. The aggregate purchase price was RMB7,970 of which RMB7,500 was paid by the end of 2006 and the remaining balance was recorded as amounts due to related companies and is payable to the former shareholder of Hebei Anxin. The purchase price was determined based on arms-length negotiations with the selling shareholders.

The following table summarizes the 55% of the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition.

	RMB
Net tangible assets acquired	4,349
Intangible assets	2,271
Goodwill	1,690
Deferred tax asset	21
Deferred tax liability	(361)
Total consideration	7,970

The excess of purchase price, over tangible assets and identifiable intangible assets acquired and liabilities assumed was recorded as goodwill. The acquisition was made based on the expected benefits that the acquired business will bring to the Group in the future by providing insurance brokerage and agency services to a new market in Hebei province of the PRC.

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The following pro forma information summarizes the effect of the acquisition, if the acquisition of Hebei Anxin had occurred as of January 1, 2006 and January 1, 2005. This pro forma information is presented for information purposes only. It is based on historical information and does not purport to represent the actual results that may have occurred had the Group consummated the acquisitions on January 1, 2006 and January 1, 2005, nor is it necessarily indicative of future results of operations of the consolidated enterprises:

	Year ended December 31,	
	2005	2006
	RMB (unaudited)	RMB (unaudited)
Pro forma net revenues	148,655	255,883
Pro forma income (loss) from operations	(6,664)	49,891
Pro forma net income (loss)	(6,841)	57,269
Pro forma net income (loss) per share	(142)	881

The acquired intangible assets of RMB 2,271, which have a weighted average economic life, are comprised of the following:

	Economic life (Years)	Fair value acquired (RMB)
Brand name	Indefinite	1,177
Customer relationship	9.2	732
Non-compete agreement	3.2	286
Agency agreement	9.2	76
Total		2,271

(d) Newly incorporated entities

During 2005, the Group contributed RMB2,550 in order to establish Guangdong Qicheng Insurance Brokerage Co., Ltd. and in exchange received 51% ownership interest. The Group consolidates the results of this entity.

During 2006, the Group invested RMB1,890, RMB1,650, RMB1,650, RMB500 and RMB2,950 for the establishment of Shandong Fanhua Xintai Insurance Agency Co., Ltd., Hunan Fanhua Insurance Agency Co., Ltd., Shanghai Fanhua Guosheng Insurance Agency Co., Ltd., Shenzhen Nanfeng Insurance Agency Co., Ltd. and Fujian Fanhua Investment Co., Ltd., and received 63%, 55%, 55%, 100% and 55% ownership of the equity of those entities, respectively. The Group consolidates the results of those entities.

During six months period ended June 30, 2007, (unaudited), CISG invested RMB2,550, RMB4,400, and RMB515 for the establishment of Guangzhou Desheng Insurance Brokerage Co., Ltd., Shijiazhuang Fanhua Anxin Investment Limited, and Fuzhou Fanhua Lianxin Insurance Agency Co., Ltd., respectively, and received 51%, 55%, 51% ownership of the equity of those entities, respectively. The Company consolidates the results of those entities.

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(5) Other Receivables

Other receivables, net is analyzed as follows:

	At December 31,		At June 30,
	2005	2006	2007
	RMB	RMB	RMB (unaudited)
Advances to staff (note i)	1,507	3,109	7,183
Advances to entrepreneurial individual sales agents (note ii)	784	10,570	13,195
Insurance claim receivable	4	262	748
Rental deposit	254	1,019	1,376
Receivables from third parties	1,026	—	4,000
Deposit for acquisition of an entity (note iii)	20,000	—	—
Interest income receivable	—	1,255	685
Others	263	773	1,185
Total	23,838	16,988	28,372

Notes:

- (i) This represented advances to staff of the Group for daily business operations which are unsecured, interest-free, and repayable on demand.
- (ii) This represents advances to entrepreneurial individual sales agents who provide services to the Group. The advances are used by entrepreneurial individual sales agents for team building in order to grow the Group's business. The advances are unsecured, interest-free and repayable on demand.
- (iii) Amount represents a deposit made in connection with a planned acquisition which was ultimately abandoned and the money returned in 2006.

(6) Property, Plant and Equipment

Property, plant and equipment, net, is comprised of the following:

	At December 31,		At June 30,
	2005	2006	2007
	RMB	RMB	RMB (unaudited)
Office equipment, furniture and fixtures	1,231	3,499	4,550
Motor vehicles	3,984	8,464	8,823
Leasehold improvements	733	1,239	1,562
Total	5,948	13,202	14,935
Less: Accumulated depreciation	(1,421)	(3,461)	(4,906)
Property, plant and equipment, net	4,527	9,741	10,029

No impairment for property plant and equipment was recorded during the years ended December 31, 2005 and 2006 and for the six months period ended June 30, 2006 (unaudited) and 2007 (unaudited).

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(7) Variable Interest Entities

The equity interests in the VIEs were all funded by loans from the Group. However, in order to comply with certain PRC rules and regulations, the loans were structured such that the Chairman of the Board and certain employees acting as the Group's agent, entered into the contractual arrangements with the entities on the Group's behalf.

The arrangement with the VIEs has been structured such that the Group has a controlling interest over the VIEs through a series of related contractual arrangements including equity pledge agreements and loan agreements. As a result of these arrangements, the Group is the primary beneficiary of these entities as it absorbs substantially all of the VIEs' expected losses and receives substantially all of the VIEs' expected residual returns.

The VIEs are all principally engaged in the provision of insurance brokerage and agency services in the PRC.

The total assets, liabilities, net revenues, operating costs and expenses and net income of VIEs are as follows:

	At December 31,			At June 30,
	2004	2005	2006	2007
	RMB	RMB	RMB	RMB (unaudited)
Total assets	68,683	153,181	150,195	123,572
Total liabilities	14,557	41,964	99,782	55,357
Net Revenues	28,040	142,437	138,570	87,965
Operating costs and expenses	10,918	22,118	31,074	18,424
Net income	14,697	54,668	3,989	12,131

(8) Other Payables and Accrued Expenses

Components of other payables and accrued expenses are as follows:

	At December 31,		At June 30,
	2005	2006	2007
	RMB	RMB	RMB (unaudited)
Business and other tax payable	1,442	2,365	2,472
Refundable deposits from employees and agents	613	4,862	5,282
Audit fee	1,040	500	—
Advances from third parties (note i)	5,000	—	1,073
Insurance compensation claim payable to customers	3,197	3,543	3,144
Due to an officer (note ii)	410	—	—
Others	210	869	1,224
	11,912	12,139	13,195

Notes:

- (i) Advance from third party was unsecured and interest-free. The balance as of December 31, 2005 was repaid in 2006.
- (ii) This represents amount due to an officer who is also one of the minority shareholders of CUFS. The amount was unsecured, interest-free, repayable on demand and repaid in 2006.

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(9) Employee Benefit Plans

Employees of the Group located in the PRC are covered by the retirement schemes defined by local practice and regulations, which are essentially defined contribution schemes. The calculation of contributions for these eligible employees is based on 20%, 18%, 12% and 20% of the applicable payroll cost in Beijing, Guangzhou (Local staff and Non-local staff) and Sichuan, respectively.

In addition, the Group is required by law to contribute approximately 12%, 2% and 1% of applicable salaries for medical insurance benefits, unemployment and other statutory benefits, respectively, in Beijing, 8%, 2%, and 1.1% of applicable salaries for medical insurance benefits, unemployment and other statutory benefits, respectively, in Guangzhou, and 7.5%, 2% and 1.2% of applicable salaries for medical insurance benefits, unemployment and other statutory benefits, respectively, in Sichuan. The PRC government is directly responsible for the payments of the benefits to these employees.

For the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 (unaudited) and 2007 (unaudited), the Group contributed RMB509, RMB759, RMB1,552, RMB626 and RMB1,012, respectively, to these plans.

(10) Long-term Borrowings

The Group's long-term borrowings are related to automobile loans used by employees. The interest rate was between 4.185% and 6.3% per annum, which were in compliance with the regulations of The People's Bank of China. The aggregate maturities of bank borrowings for each of the three years subsequent to December 31, 2006 are RMB318 in 2007, RMB145 in 2008 and RMB92 in 2009.

The Group's bank borrowings are secured by the pledge of the purchased cars. The net book value of the motor vehicles being pledged for the bank borrowings was RMB1,613 as at December 31, 2005 and RMB1,589 as at December 31, 2006 and RMB1,080 as at June 30, 2007 (unaudited). The carrying amounts of the Group's borrowings approximate the total of principal and interest.

(11) Income Taxes

The Group is a tax exempted company incorporated in the British Virgins Islands. The Group's subsidiaries and VIEs incorporated in PRC are subject to foreign Enterprise Income Tax in the PRC. Under the current laws of the British Virgin Islands, the Group is not subject to tax on their income or capital gains. In addition, upon any payments of dividends by the Group to its shareholders, no British Virgin Islands withholding tax is imposed. The subsidiaries and VIEs operating in PRC are subject to taxation in PRC.

In accordance with "Enterprise Income Tax Law of PRC" and "Income Tax Law of China for Enterprises with Foreign Investment and Foreign Enterprises", all subsidiaries registered in PRC are subject to enterprise income tax ("EIT") at a rate of 33%. PRC subsidiaries located in Shenzhen are subject to EIT at a reduced rate of 15% according to the relevant tax incentives.

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In addition to the above, pursuant to additional tax incentives, the following entities are entitled to an exemption from taxation for the periods specified as follows:

Entities Name	Tax holiday period
Beijing Fanhua Insurance Agency Co., Ltd.	2005.1.1-2007.12.31
Beijing Fanlian Investment Co., Ltd.	2004.1.1-2006.12.31
Beijing Fumin Insurance Agency Co., Ltd.	2005.1.11-2007.12.31
Guangzhou Xiangxing Insurance Agency Co., Ltd.	2005.1.1-2006.12.31
Guangzhou Zhongqi Enterprise Management Consulting Co., Ltd.	2005.3.14-2007.12.31
Beijing Ruisike Management Consulting Co., Ltd.	2005.3.28-2007.12.31
Guangdong Kafusi Insurance Brokerage Co., Ltd.	2003.9.16-2005.12.31
Guangzhou Yian Insurance Agency Co., Ltd.	2005.1.1-2007.12.31#

During the six months period ended June 30, 2007 (unaudited), the entity has extended its tax holiday period for one year from December 31, 2006 to December 31, 2007.

Under the newly promulgated PRC income tax laws, enacted in March 2007, which will become effective from January 1, 2008, various preferential tax treatments and incentives will be eliminated. The Group's deferred tax assets will be decreased by RMB149 and deferred tax liabilities will be decreased by RMB112 for the year ended December 31, 2006. During the six months ended June 30, 2007, the Group's deferred tax assets and deferred tax liabilities have been adjusted for the change in the tax law as adjustments to income tax expense. As detailed implementation guidelines are currently not available, the Group has made assumptions on the future policies related to implementation of the law in valuing their deferred tax assets and liabilities. A change in such assumptions when the detailed implementation guidelines are issued is not expected to have a significant impact of the Group's deferred tax assets and liabilities.

In June 2006, FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement 109" ("FIN 48"). FIN 48 establishes a single model to address accounting for uncertain tax positions. FIN 48 clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement classification, interest and penalties, accounting in interim periods, disclosure and transition. On January 1, 2007, the Group adopted the provisions of FIN 48.

As of January 1, 2007 (unaudited), the Group had RMB305 of liabilities for unrecognized tax benefits. If recognized, the portion of liabilities for unrecognized tax benefits that would decrease the Group's provision for income taxes and increase its net income is RMB305. The impact on net income reflects the liabilities for unrecognized tax benefits net of certain deferred tax assets. The adoption resulted in a cumulative impact to retained earnings of RMB305 as of January 1, 2007 (unaudited). As of June 30, 2007 (unaudited), the Group's liabilities for unrecognized tax benefits totaled RMB994 and are included in other tax liabilities. The total liabilities for unrecognized tax benefits and increase for the current period of these liabilities relate primarily to the allocations of revenue and costs among its operations.

The Group is subject to taxation in the PRC. The uncertain tax positions are related to tax years that remain subject to examination by the relevant taxable authorities. Based on the outcome of any future examinations, or as a result of the expiration of statute of limitations for specific jurisdictions, it is reasonably possible that the

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related unrecognized tax benefits for tax positions taken regarding previously filed tax returns, will materially change from those recorded as liabilities for uncertain tax positions in the Group's financial statements at January 1, 2007 (unaudited). In addition, the outcome of these examinations may impact the valuation of certain deferred tax assets (such as net operating losses) in future periods. However, based on the current lack of any examinations in progress, and the protocol of finalizing audits by the relevant tax authorities, it is not possible to estimate the impact of any amount of such changes, if any, to previously recorded uncertain tax positions. The Group's policy is that it recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of the date of adoption of FIN 48, the Group did not have any accrued interest or penalties associated with any unrecognized tax benefits, nor was any interest expense recognized during the six months ended June 30, 2007 (unaudited).

Income tax (expenses) credit are comprised of the following:

	Year Ended December 31,			Six Months Ended June 30,	
	2004	2005	2006	2006	2007
	RMB	RMB	RMB	RMB (unaudited)	RMB (unaudited)
Current tax expense	(210)	(445)	(893)	(324)	(1,040)
Other tax expenses	—	—	—	—	(689)
Deferred tax income (expense)	606	(227)	1,466	366	1,553
Income tax benefit (expense), net	396	(672)	573	42	(176)

The principal components of the deferred income tax assets and liabilities are as follows:

	At December 31,		At June 30,
	2005	2006	2007
	RMB	RMB	RMB (unaudited)
Deferred tax assets:			
Operating loss carryforward	623	3,499	6,273
Others	32	142	94
Total	655	3,641	6,367
Less: valuation allowances	(198)	(1,276)	(2,498)
Deferred tax asset, net	457	2,365	3,869
Deferred tax liability:			
Intangible assets, net	—	560	511
Total	457	1,805	3,358

Due to the uncertainty of the level of PRC statutory income and the Group's lack of operating history, management does not believe certain subsidiaries will generate sufficient taxable income such that it is more likely than not that the deferred tax assets will be realized. As such, a valuation allowance has been established for these deferred tax assets at December 31, 2005 and December 31, 2006 and June 30, 2007 (unaudited). The Group had operating loss carryforwards of RMB2,659, RMB2,315, RMB12,649, RMB11,973 and RMB24,398 for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 (unaudited) and 2007 (unaudited), respectively. Such operating loss carryforwards expire five years after the Group incurs the loss unless utilised.

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Reconciliation between the provision for income taxes computed by applying the PRC enterprise income rate of 33% to net income (loss) before income taxes and the actual provision for income taxes is as follows:

	Year Ended December 31			Six Months Ended June 30,	
	2004	2005	2006	2006	2007
	RMB	RMB	RMB	RMB (unaudited)	RMB
Net income (loss) before income taxes	(93,107)	(6,048)	55,401	23,967	57,104
PRC statutory tax rate	33%	33%	33%	33%	33%
Income tax at statutory tax rate	(30,725)	(1,996)	18,282	7,909	18,844
Expenses not deductible for tax purposes:					
Entertainment	13	39	188	19	121
Salaries and employee's benefits	16	199	1,140	652	13
Compensation expenses in relation to contingent consideration	—	—	613	—	—
Others	—	—	178	161	6
Tax exemption and tax relief					
Income tax at preferential tax rate of 15%	695	2,050	(120)	406	(638)
Impact of lower tax rates in other jurisdictions	35,432	20,355	7,467	4,295	1,492
Tax exemption					
Tax holidays	(5,864)	(20,132)	(29,640)	(13,465)	(21,135)
Change in valuation allowance	37	76	1,078	24	1,222
Tax effect of unrecognized tax benefits	—	—	—	—	689
Others	—	81	241	(43)	(438)
Income tax (benefit) expense	(396)	672	(573)	(42)	176

PRC income taxes that would have been payable without the tax exemption and tax relief amounted to approximately RMB5,993, RMB20,561, RMB30,535, RMB14,704 and RMB22,081 for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 (unaudited) and 2007 (unaudited), respectively. Basic net loss per share would have increased to RMB0.5911 for the year ended December 31, 2004. Both basic and diluted net loss per share would have been increased to RMB0.0565 for the year ended December 31, 2005, and basic and diluted net income per share for the year ended December 31, 2006 would have been decreased to RMB0.0413 and RMB0.0409, respectively. Basic and diluted net income per share for the six months ended June 30, 2006 (unaudited) would have been decreased to RMB0.0146 and RMB0.0145 respectively, and basic and diluted net income per share of the six months ended June 30, 2007 (unaudited) would have been decreased to RMB0.0563 and RMB0.0555, respectively.

Also, pursuant to “Enterprise Income Tax Law of PRC” and “Income Tax Law of China for Enterprises with Foreign Investment and Foreign Enterprises” issued by national tax authority, accumulated losses incurred in prior years can be offset against taxable income starting from the year in which the entity generates taxable income, however, such net operating loss carryforwards expire in five years.

(12) Capital Structure

On June 9, 2004, CISG issued 20,820 or 208,200,000 (after the effect of 10,000-for-1 share exchange) ordinary shares to its parent company, CUFS representing an ownership interest of 72.22% and to Cathay 8,008 or 80,080,000 (after the effect of 10,000-for-1 share exchange) shares, representing an interest of 27.78%.

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On December 18, 2004, CISG issued 12,357 or 123,570,000 (after the effect of 10,000-for-1 share exchange) ordinary shares to Kingsford Resources Limited (“Kingsford”), a company held by employees of the Company including two key executives, upon their exercise by management of options held which were granted on July 10, 2004. Share-based compensation of RMB109,131 was recorded in connection with this grant based on the fair value of the options as of the date of grant. In January 2005, the Company issued 6,655 or 66,550,000 (after the effect of 10,000-for-1 share exchange) ordinary shares to Kingsford for nominal consideration and share-based compensation of RMB56,501 was recognized in connection with this issuance based on its fair value as of the date of issuance.

On December 20, 2005 CISG issued 17,160 or 171,600,000 (after the effect of 10,000-for-1 share exchange) ordinary shares to CDH in exchange of RMB150,000. This represented an interest of 26.4% on a diluted basis.

On July 31, 2007, the Company issued shares to the shareholders of CISG on the same date on a 10,000-to-1 share basis. All shares and per share data of the Company have been retrospectively restated in this consolidated financial statements to reflect the impact of the shares exchange.

(13) Income (loss) per share

The computation of basic and diluted income (loss) per common share is as follows:

	Year Ended December 31,			Six Months Ended June 30,	
	2004	2005	2006	2006	2007
	RMB	RMB	RMB	RMB (unaudited)	RMB (unaudited)
<i>Basic:</i>					
Net income (loss)	(92,711)	(6,693)	57,395	24,169	58,690
Weighted average number of ordinary shares outstanding	166,980,000	482,770,000	650,000,000	650,000,000	650,000,000
Basic income (loss) per common share	(0.5552)	(0.0139)	0.0883	0.0372	0.0903
<i>Diluted:</i>					
Net income (loss)	(92,711)	(6,693)	57,395	24,169	58,690
Weighted average number of ordinary shares outstanding	166,980,000	482,770,000	650,000,000	650,000,000	650,000,000
Share options	—	—	5,970,000	2,884,328	8,927,355
Total	166,980,000	482,770,000	655,970,000	652,884,328	658,927,355
Diluted income (loss) per common share	(0.5552)	(0.0139)	0.0875	0.0370	0.0891

There is no dilutive effect for year ended December 31, 2004 and 2005 as the stock options were antidilutive. The weighted average number of stock options which have not been included in the calculation of the diluted net loss per share for the years ended December 31, 2004 and 2005 were 54,510,000 and nil, respectively.

(14) Distribution of Profits

As stipulated by the relevant PRC laws and regulations applicable to China’s foreign investment enterprise, the Group’s subsidiaries and VIEs in the PRC are required to maintain non-distributable reserves which include a statutory surplus reserve and a statutory welfare reserve as of December 31, 2006. Appropriations to the statutory

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Notes to The Consolidated Financial Statements—(Continued)
(In thousands, except for shares and per share data)

surplus reserve are required to be made at not less than 10% of profit after taxes as reported in the PRC statutory statements of the Company's subsidiaries and VIEs. The appropriations to statutory surplus reserve are required until the balance reaches 50% of the registered capital of subsidiaries and VIEs. The statutory welfare reserve allocations are determined based on management's discretion.

The statutory surplus reserve is used to offset future extraordinary losses. These reserves represent appropriations of retained earnings determined according to PRC law and may not be distributed. There are no appropriations to reserves by the Company other than the Company's subsidiaries and VIEs in the PRC during any of the periods presented. Amounts contributed to the statutory surplus reserve and the statutory welfare reserve were RMB11,817, RMB24,280 and RMB24,280 as of December 31, 2005 and 2006 and June 30, 2007 (unaudited), respectively.

(15) Related Party Transactions

The principal related party transactions for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2007 (unaudited) are as follows:

- a) As mentioned in note 1 to the financial statements, interests in the VIEs and insurance business units were transferred from CUFS to CISG as part of the reorganization.
- b) Amounts due from related companies:

	At December 31,		At June 30,
	2005	2006	2007
	RMB	RMB	RMB (unaudited)
Amounts due from affiliated companies (note i)	50,196	58,986	62
Amounts due from directors/officers (note iii)	17,032	17,266	—
Amount due from a shareholder (note iii)	1,003	—	—
Amounts due from minority shareholders (note ii)	—	2,705	1,400
Total	68,231	78,957	1,462

Amounts due to related companies:

	At December 31,		At June 30,
	2005	2006	2007
	RMB	RMB	RMB (unaudited)
Amounts due to affiliated companies (note iv)	7,591	735	60
Amount due to a director	—	—	7,823
Amount due to a shareholder (note iii)	292	369	—
Amounts due to minority shareholders (note ii)	—	2,575	20
Total	7,883	3,679	7,903

- c) CISG paid consultancy fees to a subsidiary of CUFS, Beijing Dongfang Wenhua Consulting Limited for obtaining consulting services provided, amounting to nil, nil and RMB4,470 for the years ended December 31, 2004, 2005 and 2006 respectively and RMB1,325 and RMB253 for the six months ended June 30, 2006 (unaudited) and 2007 (unaudited), respectively.

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Notes to The Consolidated Financial Statements—(Continued)
(In thousands, except for shares and per share data)

Notes:

- (i) As of December 31, 2006, the amounts due from affiliated companies represent the funds advanced to CUFS subsidiaries for working capital purposes amounting to RMB26,986 and a short-term loan to a company of which Mr. Hu and Mr. Lai have beneficial interests amounting to RMB32,000. These amounts are unsecured, interest-free and repayable on demand, with the exception of a short term loan of RMB15,000 as of December 31, 2006 advanced to Guangdong Nanfeng Automobile Association Co., Ltd. ("Nanfeng Automobile Association"), a subsidiary of CUFS, for three months which has a maturity date of March 26, 2007 and bears interest at 1.71% per annum. For the year ended December 31, 2006 and for the six months ended June 30, 2007 (unaudited), interest income received from Nanfeng Automobile Association amounted to RMB3 and RMB61, respectively. The amounts due from affiliated companies were fully repaid during the six months ended June 30, 2007 (unaudited).
- As of December 31, 2005, the amounts due from affiliated companies represented the funds advanced to CUFS subsidiaries for working capital purposes. These amounts are unsecured, interest-free and repayable on demand.
- (ii) Included in the amounts due to minority shareholders of VIEs as of December 31, 2006 are considerations payable of RMB 2,470 in relation to the acquisition of Sichuan Xintai and Hebei Anxin. The remaining amounts due from (to) minority shareholders as of December 31, 2006 and June 30, 2007 (unaudited) represent advances to or from minority shareholders of VIEs. These amounts are interest-free and repayable on demand.
- (iii) Amounts due from (to) shareholder and directors/officers of the Group are unsecured, interest-free and repayable on demand.
- (iv) Amounts due to affiliated companies are unsecured, interest-free and repayable on demand.

(16) Commitments and Contingencies

The Group has several non-cancelable operating leases, primarily for office rent.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of December 31, 2006 are:

	Minimum Lease Amount
	RMB
Year ending December 31:	
2007	5,664
2008	4,259
2009	2,559
2010	445
2011	220
After 2011	107
Total	13,254

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Notes to The Consolidated Financial Statements—(Continued)
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Rental expenses incurred under operating leases for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 (unaudited) and 2007 (unaudited) amounted to RMB2,258, RMB2,891, RMB4,677, RMB1,784 and RMB3,008, respectively.

At December 31, 2006 and June 30, 2007, the Group had a commitment of RMB860 and RMB860, respectively in connection with acquisition of office equipment.

(17) Concentrations of Credit risk

Concentration risks

Details of the customers accounting for 10% or more of total net revenues are as follows:

	Year ended December 31,						Six Months Ended June 30,			
	2004	% of sales	2005	% of sales	2006	% of sales	2006	% of sales	2007	% of sales
	RMB		RMB		RMB		RMB		RMB	
PICC Property and Casualty Company Limited	22,565	66%	69,897	49%	149,976	61%	66,341	62%	81,639	47%
Ping An Property & Casualty Insurance Company of China, Ltd.	1,983	6%	23,275	16%	25,880	11%	13,310	12%	17,089	10%
Hua An Property Insurance Company, Ltd.	*	*	17,879	12%	*	*	*	*	*	*
	24,548	72%	111,051	77%	175,856	72%	79,651	74%	98,728	57%

* Less than 10%

CNINSURE INC.

Notes to The Consolidated Financial Statements—(Continued)
(In thousands, except for shares and per share data)

Details of the customers which accounted for 10% or more of accounts receivable are as follows:

	At December 31,				At June 30,			
	2005	%	2006	%	2006	%	2007	%
	RMB		RMB		RMB (unaudited)		RMB (unaudited)	
PICC Property and Casualty Company Limited	4,446	52%	13,152	50%	13,238	64%	12,962	51%
Aviva-Cofco Life Insurance Co., Ltd.	—	—	2,986	11%	*	*	*	*
Ping An Property & Casualty Insurance Company of China, Ltd.	1,737	21%	*	*	*	*	*	*
China Pacific Insurance (Group) Co., Ltd.	*	*	*	*	*	*	5,591	22%
Taiping Insurance Company Ltd.	*	*	*	*	2,482	12%	*	*
	6,183	73%	16,138	61%	15,720	76%	18,553	73%

* less than 10%

The Group performs ongoing credit evaluations of its customers and generally does not require collateral on accounts receivable. The Group places its cash and cash equivalents with financial institutions with high-credit ratings and quality.

Substantially all of the Group's revenue for the three years were generated from the PRC. A substantial portion of the identifiable assets of the Group are located in the PRC. Accordingly, no geographical segments are presented.

Currency risk

Substantially all of the revenue-generating operations of the Group are transacted in RMB, which is not fully convertible into foreign currencies. On January 1, 1994, the PRC government abolished the dual rate system and introduced a single rate of exchange as quoted by the People's Bank of China. However, the unification of the exchange rate does not imply convertibility of RMB into United States dollars or other foreign currencies. All foreign exchange transactions must take place either through the People's Bank of China or other institutions authorized to buy and sell foreign exchange or at a swap center. Approval of foreign currency payments by the People's Bank of China or other institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts.

(18) Non-Cash Transactions

The Group entered into the following non-cash activities:

	Year ended December 31,			Six Months ended June 30,	
	2004	2005	2006	2006	2007
	RMB	RMB	RMB	RMB (unaudited)	RMB (unaudited)
Net assets acquired in connection with acquisitions of subsidiaries	—	—	7,303	2,736	—
Considerations payable in connection with acquisition of Sichuan Xintai and Hebei Anxin included in amounts due to related companies	—	—	2,470	2,000	—
Net liabilities attributed to parent company upon the restructuring	(6,030)	—	—	—	—
Net assets and equity of the legal entities distributed to CUFS as part of the restructuring	15,870	—	—	—	—

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Notes to The Consolidated Financial Statements—(Continued)
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(19) Share-based Compensation

2007 Options (unaudited)

On February 3, 2007, CISG granted options to the Company's Chief Financial Officer, Mr. David Tang to purchase 547 or 5,473,684 (after the effect of 10,000-for-1 share exchange) ordinary shares. The shares grant represents 0.8% of the issued share capital of CISG on a fully diluted basis upon full exercise of all outstanding options. The options vest over two-year period, with 40% of the options vest upon public listing of the company and 30% on each of the first and second anniversary of his employment. The options have an exercise price of RMB23,214 or 2.3214 (after the effect of 10,000-for-1 share exchange) per share, equal to the fair value of CISG's share price at the grant date, as determined by using the Black-Scholes option pricing model. The management of the Company determined the value of the Company's share as of January 31, 2007, with the assistance of a third party valuation company. There is no intrinsic value of the option as of the date of grant. For the six months period ended June 30, 2007 (unaudited), share-based compensation expense of RMB837 was recognized in connection with 2007 Options.

The assumptions used in determining the fair value of the options were as follows:

Weighted average assumptions—expected dividend yield	0%
Risk-free interest rate	2.71%
Expected Life	5.6 years
Expected volatility	28.5%

At June 30, 2007, no options have been exercised. The expected term was estimated by taking into consideration the expiration period and the vesting terms. Expected volatility is estimated based on daily stock prices of comparable companies for a period with length commensurate to expected term.

The following table summarizes information regarding share options issued within twelve months prior to June 30, 2007 (unaudited):

Grant date	No. of shares underlying options granted	Exercise price	Fair value of ordinary shares	Type of valuation
February 3, 2007	5,473,684	RMB 2.3214	RMB 2.3214	(1)

(1) The fair value was determined based on a contemporaneous valuation by an independent appraiser.

2006 Plan

In January 2006, CISG adopted the 2006 Stock Option Plan and granted 3,421 stock options to the Company's executives to purchase 3,421 or 34,210,526 (after the effect of 10,000-for-1 share exchange) ordinary shares at an exercise price of RMB8,741 or 0.8741 (after the effect of 10,000-for-1 share exchange) per share. The fair value of ordinary shares was RMB8,027 or 0.8027 (after the effect of 10,000-for-1 share exchange) per share at the date of the grant. The fair value was determined based on a retrospective valuation by an independent appraiser, using the discounted cash flow method, the income approach where by the present value of future expected net cash flows is calculated using a discounted rate. There is no intrinsic value of the option as of the date of grant. On December 31, 2006, all option holders for this group of options met the vesting requirements, and hence 3,421 options are fully vested as of December 31, 2006.

CNINSURE INC.**Notes to The Consolidated Financial Statements—(Continued)**
(In thousands, except for shares and per share data)

On the date of grant, the fair value of the options was determined to be RMB1,030 or 0.1030 (after the effect of 10,000-for-1 share exchange) per option using the Black-Scholes option pricing model. The assumptions used in determining the fair value of the options were as follows:

Weighted average assumptions –expected dividend yield	0%
Risk-free interest rate	1.9%
Expected Life	2.21 years
Expected volatility	24.8%

At December 31, 2006, no options have been exercised. The expected term was estimated by taking into consideration the expiration period and the vesting terms. Expected volatility is estimated based on daily stock prices of those comparable companies for a period with length commensurate to expected term.

During the year ended December 31, 2006 and the six months ended June 30, 2006 (unaudited) and 2007 (unaudited), share-based compensation expense of RMB3,562, RMB3,562 and nil, respectively, was recognized in connection with 2006 Plan.

Kingsford 2005 Shares

On January 8, 2005, CISG issued 6,655 or 66,550,000 (after the effect of 10,000-for-1 share exchange) shares, representing 13.91% of the then issued share capital of the CISG on a fully diluted basis to Kingsford at par value. Accordingly, share-based compensation expense of RMB56,501 was recognized in 2005 based on the fair value of the CISG's shares of RMB8,833 or 0.8833 (after the effect of 10,000-for-1 share exchange) per share as of the grant date. Fair value was determined based on the Black-Scholes option-pricing model.

2004 Plan

In July 2004, stock options to purchase 12,357 or 123,570,000 (after the effect of 10,000-for-1 share exchange) ordinary shares were granted to the Group's executives at an exercise price of RMB 0.1 or 0.00001 (after the effect of 10,000-for-1 share exchange) per share. The stock options were fully vested as of the grant date, and were all exercised in December 2004. The fair value of the options was determined to be RMB109,131 using the Black-Scholes option-pricing model. The assumptions used in determining the fair value of the options were as follows:

Weighted average assumptions –expected dividend yield	0%
Risk-free interest rate	3.17%
Expected life	1.5 years
Expected volatility	25.1%

The expected term was estimated by taking into consideration the expiration period and the vesting terms of the options. Expected volatility was estimated based on daily stock prices of those comparable companies for a period with length commensurate to expected term.

The compensation expenses of RMB109,131 were recognized in 2004 and included in the general and administrative expenses.

CNINSURE INC.

Notes to The Consolidated Financial Statements—(Continued)
(In thousands, except for shares and per share data)

For the three years ended 2006, changes in the status of outstanding options were as follows (giving effects to the 10,000-for-1 share exchange) and the six months ended June 30, 2007:

	No. of shares underlying options granted	Weighted average exercise price RMB	Aggregate intrinsic value
Balance at December 31, 2003	—	—	—
Granted	123,570,000	*	
Exercised	123,570,000	—	
Forfeited	—	—	
Expired	—	—	
Balance at December 31, 2004	—	—	—
Granted	—	—	
Exercised	—	—	
Forfeited	—	—	
Expired	—	—	
Balance at December 31, 2005	—	—	—
Granted	34,210,526	0.8741	
Exercised	—	—	
Forfeited	—	—	
Expired	—	—	
Balance at December 31, 2006	34,210,526	0.8741	—
Granted	5,473,684	2.3214	—
Balance at June 30, 2007 (unaudited)	39,684,210	1.0737	—
Exercisable at June 30, 2007 (unaudited)	34,210,526	0.8741	—
Exercisable at December 31, 2006	34,210,526	0.8741	—

* The weighted average exercise price was RMB0.000001 each

As of December 31, 2006, there was no outstanding unvested options. As of June 30, 2007 (unaudited), there was RMB3,179 of total unrecognized compensation cost related to non-vested share options granted in 2007.

The following table summarizes information about the Company's stock option plans for the years ended December 31, 2004, 2005, 2006 and the six months ended June 30, 2007 (unaudited):

	For the years ended December 31,			For the six months ended June 30,	
	2004	2005	2006	2006	2007
	RMB	RMB	RMB	RMB	RMB
Weighted-average grant-date fair value of options granted	109,131	—	3,562	3,562	837
Total intrinsic value of options exercised in the year of	109,130	—	7,441	7,441	—
Total fair value of shares vested during the year of	109,262	—	3,562	3,562	837

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Notes to The Consolidated Financial Statements—(Continued)
(In thousands, except for shares and per share data)

The following table summarizes information about the Company's stock option plans at December 31, 2006 and June 30, 2007 (unaudited):

	Options outstanding	Weighted Average Remaining Contractual Life (yrs.)	Weighted average exercise price RMB	Options Exercisable
2006 Stock Plan	3,421	3.5	8,741	3,421
2007 Stock Plan (unaudited)	547	9.5	23,214	—

2003 Options

On November 7, 2002, CUFS granted 6,162,888 options to 45 management level employees. As noted in Note 1, CUFS undertook a reorganization where by the insurance brokerage and agency businesses were transferred to CISG. Sixteen of these management level employees, who were granted options in CUFS became employees of CISG. Each option was exercisable after two years of continuous employment with the Company. The Board Of Directors retained the right to issue a stock option exercise notice to shareholders, and upon such notice if the shareholders choose not to exercise stock options under the notice then they will be regarded as forfeiting their right to exercise said options. The exercise price of options issued under this Share Option Scheme was RMB 1 per share.

On the date of grant, the fair value of the options was determined to be RMB0.72 per option using the Black-Scholes option pricing model. The assumptions used in determining the fair value of the options were as follows:

Weighted average assumptions -expected dividend yield	0%
Risk-free interest rate	2.55%
Expected Life	3.71 years
Expected volatility	38.4%

The expected term was estimated by taking into consideration the expiration period and the vesting terms of the options. Expected volatility was estimated based on daily stock prices of those comparable companies for a period with length commensurate to expected term.

The share-based compensation expenses of RMB1,862 and RMB131 were recognized in 2003 and 2004 respectively which included in the general and administrative expenses.

(20) Restricted net assets

Relevant PRC statutory laws and regulations permit payments of dividends by the Group's PRC subsidiaries only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. As a result of these PRC laws and regulations, the Group's PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to either in the form of dividends, loans or advances. As of December 31, 2006 and as of June 30, 2007 (unaudited), the Company had restricted net assets of RMB313,474 and RMB327,484, respectively, which are not eligible to be distributed. This amount is comprised of the registered equity of the Group's PRC subsidiaries and the statutory reserves disclosed in Note 14.

CNINSURE INC.

Notes to The Consolidated Financial Statements—(Continued)
(In thousands, except for shares and per share data)

(21) Subsequent events

On March 9, 2007, the Company declared dividends of RMB38,000 for distribution to shareholders of record as of December 31, 2006.

Unaudited

On July 13, 2007 (unaudited), the board approved options holders of 2006 Stock Option Plan to exercise all of the options. Subsequently on July 14, 2007, Mr. Lai sold 320.5264 or 3,205,264 (after the effect of 10,000-for-1 share exchange) shares to Mr. Hu Yi Nan and five other employees at share price equivalent to the fair value of the Company's shares as of July 14, 2007. The management of the Company engaged a third party appraiser to assess the fair value of the ordinary shares as of the date of sale, i.e. RMB29,693 or 2.9693 (after the effect of 10,000-for-1 share exchange) per share, which was determined based on a contemporaneous valuation. There was no share-based compensation incurred in connection to this sale of shares.

On August 25, 2007 (unaudited), the Company held a shareholder meeting. The shareholder meeting adopted a new share incentive plan which allows the Company to grant up to 10% of the issued share capital of the Company over a 10-year period. The specific grants and general principles will be subject to the approvals of the compensation committee of the board of directors.

In October 2007, the board of the Company voted to grant options under our 2007 share incentive plan to certain of the directors and employees to purchase an aggregate of 42,000,000 ordinary shares of the Company at an exercise price equal to the offering price per ordinary share in the initial public offering.

In October 2007, the Company declared dividends of RMB70 million (US\$9.2 million) for the year 2007 and is expected to pay out these declared dividends before the completion of the initial public offering.

CNINSURE INC.
SCHEDULE 1—CONDENSED FINANCIAL STATEMENT OF REGISTRANT
BALANCE SHEETS
(In thousands, except for shares and per share data)

	December 31,		
	2005	2006	2006
	RMB	RMB	US\$
ASSETS:			
Current assets:			
Cash and cash equivalents	3,233	3,390	445
Dividend receivable	—	32,000	4,204
Investment in subsidiaries	239,042	287,063	37,712
TOTAL CURRENT ASSETS	242,275	322,453	42,361
LIABILITIES AND SHAREHOLDERS' EQUITY:			
Current liabilities:			
Other payables	1,040	500	66
Amount due to a shareholder	292	369	48
Dividends payable	—	32,000	4,204
Total current liabilities	1,332	32,869	4,318
Shareholders' equity:			
Common stock (Authorized shares: 1,000,000,000 at US\$0.001 each; Issued and outstanding share: 650,000,000 at December 31, 2005 and 2006)	5,073	5,073	667
Additional paid-in capital	347,386	369,781	48,579
Subscription receivable	(935)	—	—
Accumulated other comprehensive loss	(95)	(179)	(24)
Accumulated deficit	(110,486)	(85,091)	(11,179)
Total shareholders' equity	240,943	289,584	38,043
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	242,275	322,453	42,361

CNINSURE INC.
SCHEDULE 1—CONDENSED FINANCIAL STATEMENT OF REGISTRANT
STATEMENTS OF OPERATIONS
(In thousands, except for shares and per share data)

	For the period from June 8 (date of incorporation) to December 31,	Year ended December 31,		
	2004	2005	2006	2006
	RMB	RMB	RMB	US\$
General and administrative expenses	(109,262)	(61,634)	(22,752)	(2,989)
Interest income	—	21	125	16
Other expenses	—	(68)	—	—
Equity in earnings of subsidiaries	12,518	54,988	80,022	10,513
Net income (loss)	(96,744)	(6,693)	57,395	7,540

CNINSURE INC.

**SCHEDULE 1—CONDENSED FINANCIAL STATEMENT OF REGISTRANT
STATEMENTS OF SHAREHOLDERS' EQUITY AND
COMPREHENSIVE INCOME (LOSS)
(In thousands, except for shares and per share data)**

	Share Capital		Additional paid-in capital	Subscription receivable from shareholder	Accumulated earnings (deficit)	Accumulated other comprehensive loss	Total	Comprehensive income (loss)
	Number of shares	Amounts						
		RMB	RMB	RMB	RMB	RMB	RMB	RMB
Contribution of investment in subsidiaries from CUFS	—	—	1,862	—	3,061	—	4,923	
Issuance of common share upon incorporation	288,280,000	2,250	32,750	—	—	—	35,000	
Share-based compensation	123,570,000	964	108,298	—	—	—	109,262	
Dividends paid to CUFS	—	—	—	—	(10,110)	—	(10,110)	
Net loss	—	—	—	—	(96,744)	—	(96,744)	(96,744)
Balance at December 31, 2004	411,850,000	3,214	142,910	—	(103,793)	—	42,331	(96,744)
Issuance of common shares	238,150,000	1,859	204,476	(935)	—	—	205,400	
Net loss	—	—	—	—	(6,693)	—	(6,693)	(6,693)
Foreign currency translation	—	—	—	—	—	(95)	(95)	(95)
Balance at December 31, 2005	650,000,000	5,073	347,386	(935)	(110,486)	(95)	240,943	(6,788)
Subscription receivable from shareholders	—	—	—	935	—	—	935	
Share-based compensation	—	—	22,395	—	—	—	22,395	
Net income	—	—	—	—	57,395	—	57,395	57,395
Dividends	—	—	—	—	(32,000)	—	(32,000)	
Foreign currency translation	—	—	—	—	—	(84)	(84)	(84)
Balance at December 31, 2006	650,000,000	5,073	369,781	—	(85,091)	(179)	289,584	57,311
Balance at December 31, 2006 in US\$		667	48,579	—	(11,179)	(24)	38,043	7,529

CNINSURE INC.
SCHEDULE 1—CONDENSED FINANCIAL STATEMENT OF REGISTRANT
STATEMENTS OF CASH FLOWS
(In thousands, except for shares and per share data)

	For the period from June 8 (date of incorporation) to December 31, 2004	Year ended December 31,		
		2005	2006	2006
	RMB	RMB	RMB	US\$
Operating activities:				
Net income (loss)	(96,744)	(6,693)	57,395	7,540
Adjustments to reconcile net income (loss) to net cash generated from operating activities:				
Equity in earnings of subsidiaries	(12,518)	(54,988)	(80,022)	(10,513)
Compensation expense associated with stock options	109,262	56,501	3,562	468
Share-based compensation associated with performance commitment	—	—	18,834	2,474
Change in operating liabilities:				
Other payables	—	1,040	(540)	(71)
Net cash used in operating activities	—	(4,140)	(771)	(102)
Cash used in investing activity:				
Advances to subsidiaries	(35,000)	(141,723)	—	—
Cash flows from financing activities:				
Net proceeds on issue of shares	35,000	148,899	935	123
Amount due to a shareholder	—	292	77	10
Cash generated from financing activities	35,000	149,191	1,012	133
Net increase in cash and cash equivalents	—	3,328	241	31
Cash and cash equivalents at beginning of year	—	—	3,233	425
Effect of exchange rate changes on cash and cash equivalents	—	(95)	(84)	(11)
Cash and cash equivalents at the end of the period/year	—	3,233	3,390	445

Note to Schedule 1

1) Schedule 1 has been provided pursuant to the requirements of Rule 12-04(a) and 4-08(e)(3) of Regulation S-X, which require condensed financial statement as to the financial position, changes in financial position and results of operations of a parent company as if the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of the consolidated and unconsolidated subsidiaries together exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. As of December 31, 2006, RMB313,474 of the restricted capital and reserves are not available for distribution, and as such, the condensed financial statement of CISG has been presented for the period from June 8, 2004 (date of incorporation) to December 31, 2006. No condensed financial information has been presented for additional periods as CISG did not exist until June 8, 2004 and the historical consolidated financial statements presented represent those of insurance brokerage and agency service businesses conducted under China United Financial Services Holdings Limited which were transferred to the Company as a result of the restructuring occurred in 2004.

CISG undertook a separate restructuring in anticipation of an initial public offering involving a holding company (the “Company”) that was incorporated in the Cayman Islands on April 10, 2007. The Company became the ultimate holding company upon completion of a 10,000-for-1 share exchange with the existing shareholders of CISG on July 31, 2007. The exchange was accounted for as a reverse merger on the basis that CISG was the accounting acquiror.



泛华保险服务

CNINSURE
INC.





PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. We intend to adopt an amended and restated articles of association that will provide for indemnification of officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in connection with the execution or discharge of his duties, powers, authorities or discretions as a director or officer of our company, to the fullest extent permissible under the Companies Law.

Pursuant to indemnification agreements, the form of which is filed as Exhibit 10.3 to this Registration Statement, we will agree to indemnify our directors and officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or officer.

The Underwriting Agreement, the form of which is filed as Exhibit 1.1 to this Registration Statement, will also provide for indemnification of us and our officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

ITEM 7. RECENT SALES OF UNREGISTERED SECURITIES.

During the past three years, we have issued the following securities (including options to acquire our ordinary shares). We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation S under the Securities Act or pursuant to Section 4(2) of the Securities Act regarding transactions not involving a public offering.

<u>Purchaser</u>	<u>Date of Sale or Issuance</u>	<u>Number of Securities</u>	<u>Consideration</u>	<u>Underwriting Discount and Commission</u>
China United Financial Services	June 2004	20,820 CISG shares	(i) RMB10.0 million and (ii) all of its rights and interests in certain agreements that established its control of five PRC insurance intermediary companies	Not applicable
Cathay Auto Services Limited	June 2004	8,008 CISG shares	RMB25.0 million	Not applicable
Kingsford Resources Limited	December 2004	12,357 CISG shares	RMB1,235.7	Not applicable

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<u>Purchaser</u>	<u>Date of Sale or Issuance</u>	<u>Number of Securities</u>	<u>Consideration</u>	<u>Underwriting Discount and Commission</u>
Kingsford Resources Limited	January 2005	6,655 CISG shares	RMB665.5	Not applicable
CDH Inservice Limited	December 2005	17,160 CISG shares	US\$18.6 million	Not applicable
David Tang	February 2007	Options to purchase 0.8% of the total outstanding number of shares of CISG on a fully diluted basis	Exercise price is the fair value per CISG share as of January 31, 2007	Not applicable
14 employees (including 4 executive officers)	July 2007	3,421 CISG shares	RMB29.9 million	Not applicable
Bestcheer International Limited	July 2007	478,400,000 ordinary shares	47,840 CISG shares	Not applicable
CDH Inservice Limited	July 2007	171,600,000 ordinary shares	17,160 CISG shares	Not applicable
Kingsford Resources Limited	July 2007	34,210,526	3,421 CISG shares	Not applicable
Directors, officers, and employees	October 2007	Options to purchase 42,000,000 ordinary shares	Past and future services to our company	Not applicable

ITEM 8. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits

See Exhibit Index beginning on page II-6 of this registration statement.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the Consolidated Financial Statements or the Notes thereto.

ITEM 9. UNDERTAKINGS.

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form

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of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) For the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; *provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(4) For the purpose of determining any liability under the Securities Act of 1993 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

- (i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;
- (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
- (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
- (iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Guangzhou, People's Republic of China, on October 10, 2007.

CNINSURE INC.

By: /s/ YINAN HU

Name: Yinan Hu

Title: Chairman and Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints each of Yinan Hu and Qiuping Lai as an attorney-in-fact, each with full power of substitution, for him or her in any and all capacities, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the registrant to comply with the Securities Act of 1933, as amended (the "Securities Act"), and any rules, regulations and requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Securities Act of ordinary shares of the registrant (the "Shares"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form F-1 (the "Registration Statement") to be filed with the Securities and Exchange Commission with respect to such Shares, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462(b) under the Securities Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/S/ YINAN HU</u> Yinan Hu	Chairman and Chief Executive Officer (principal executive officer)	October 10, 2007
<u>/S/ DAVID WEI TANG</u> David Wei Tang	Chief Financial Officer (principal financial officer)	October 10, 2007
<u>/S/ QIUPING LAI</u> Qiuping Lai	Director	October 10, 2007
<u>/S/ PENG GE</u> Peng Ge	Director and Finance Manager (principal accounting officer)	October 10, 2007
<u>/S/ PAUL WOLANSKY</u> Paul Wolansky	Director	October 10, 2007
<u>/S/ SHANGZHI WU</u> Shangzhi Wu	Director	October 10, 2007

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
<hr/> <div>/s/ STEPHEN MARKSCHEID</div> <div>Stephen Markscheid</div>	Independent Director	October 10, 2007
<hr/> <div>/s/ ALLEN WARREN LUETH</div> <div>Allen Warren Lueth</div>	Independent Director	October 10, 2007
<hr/> <div>/s/ DONALD J. PUGLISI</div> <div>Donald J. Puglisi, Managing Director, Puglisi & Associates</div>	Authorized U.S. Representative	October 10, 2007

CNINUSRE INC.
EXHIBIT INDEX

Exhibit Number	Description of Document
1.1†	Form of Underwriting Agreement
3.1	Memorandum and Articles of Association of the Registrant, as currently in effect
3.2	Amended and Restated Memorandum and Articles of Association of the Registrant
4.1†	Registrant's Form of American Depositary Receipt (included in Exhibit 4.3)
4.2	Registrant's Specimen Certificate for Ordinary Shares
4.3†	Form of Deposit Agreement among the Registrant, the depositary and owners and beneficial owners of the American Depositary Receipts
4.4	Subscription Agreement, dated June 19, 2004, relating to the subscription of ordinary shares of CISG by China United Financial Services and Cathay Auto Services Limited
4.5	Subscription Agreement, dated December 22, 2005, relating to the subscription of ordinary shares of CISG Holdings Ltd. by CDH Inservice Limited
4.6	Shareholders Agreement, dated December 22, 2005, relating to CISG
4.7	Agreement for Sale and Purchase of the Entire Issued Share Capital in CISG, dated July 31, 2007, relating to the exchange of CISG shares for shares of the Registrant
4.8	Shareholders Agreement, dated July 31, 2007, relating to the Registrant
4.9†	Registration Rights Agreement, dated October 10, 2007, relating to the Registrant
5.1	Opinion of Maples and Calder regarding the validity of the ordinary shares being registered
8.1	Opinion of Maples and Calder regarding certain Cayman Islands Tax matters (included in Exhibit 5.1)
8.2	Opinion of Latham & Watkins LLP regarding certain U.S. tax matters
10.1	English translation of 2006 Share Option Plan of CISG
10.2	2007 Share Incentive Plan
10.3	Form of Indemnification Agreement with the Registrant's directors and officers
10.4	Form of Director Agreement with Independent Directors of the Registrant
10.5	Form of Employment Agreement between the Registrant and an Executive Officer of the Registrant
10.6	English translation of Form of Loan Agreement between Yiqiman Management and each shareholder of Meidiya Investment and Yihe Investment
10.7	English translation of Form of Equity Pledge Agreement among Yiqiman Management, each shareholder of Meidiya Investment (or Yihe Investment) and Meidiya Investment (or Yihe Investment)
10.8	English translation of Form of Irrevocable Power of Attorney issued by each shareholder of Meidiya Investment and Yihe Investment
10.9	English translation of Form of Exclusive Purchase Option Agreement among Yiqiman Management, each shareholder of Meidiya Investment (or Yihe Management), and Meidiya Investment (or Yihe Management)
10.10	English translation of Form of Technology Consulting and Service Agreement between Ruisike Consulting and some of the insurance agency and brokerage subsidiaries of Meidiya Investment and Yihe Investment
10.11	English translation of Form of Technology Consulting and Service Agreement between Zhongqi Consulting and some of the insurance agency and brokerage subsidiaries of Meidiya Investment and Yihe Investment

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Exhibit Number	Description of Document
10.12	English translation of Form of Trademark Licensing Agreement between Ruisike Consulting and some of the insurance agency and brokerage subsidiaries of Meidiya Investment and Yihe Investment
10.13	English translation of Form of Employment Agreement between an acquired Company and its founder
21.1	Subsidiaries of the Registrant
23.1	Consent of Deloitte Touche Tohmatsu, Independent Registered Public Accounting Firm
23.2	Consent of Maples and Calder (included in Exhibit 5.1)
23.3	Consent of Latham & Watkins LLP (included in Exhibit 8.2)
23.4	Consent of Commerce & Finance Law Offices
23.5	Consent of American Appraisal China Limited
24.1	Powers of Attorney (included on signature page)
99.1	Code of Business Conduct and Ethics of the Registrant

† To be filed by amendment.

THE COMPANIES LAW (2004 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

MEMORANDUM AND ARTICLES

OF

ASSOCIATION

OF

CNINSURE INC.

THE COMPANIES LAW (2004 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

CNINSURE INC.

- 1 The name of the Company is **CNinsure Inc.**
- 2 The registered office of the Company shall be at the offices of M&C Corporate Services Limited, PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, or at such other place as the Directors may from time to time decide.
- 3 The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (2004 Revision) or as the same may be revised from time to time, or any other law of the Cayman Islands.
- 4 The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
- 5 The share capital of the Company is US\$10,000,000 divided into 10,000,000,000 shares of a par value of US\$0.001 each.
- 6 The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
- 7 Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.

WE, the subscriber to this Memorandum of Association, wish to be formed into a company pursuant to this Memorandum of Association, and we agree to take the number of shares shown opposite our name.

DATED this 10th day of April 2007.

SIGNATURE and ADDRESS OF SUBSCRIBER

Mapcal Limited
of PO Box 309GT, Ugland House
South Church Street, George Town
Grand Cayman, Cayman Islands
Acting by:

NUMBER OF SHARES TAKEN

One

/s/ _____

/s/ _____

Witness to the above signature

I, Neydis Taveras, Asst. Registrar of Companies in and for the Cayman Islands DO HEREBY CERTIFY that this is a true and correct copy of the Memorandum of Association of this Company duly incorporated on the 10th day of April 2007.

/s/ _____

[Asst.] REGISTRAR OF COMPANIES

THE COMPANIES LAW (2004 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

CNINSURE INC.

INTERPRETATION

1 In these Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:

“Articles”	means these articles of association of the Company.
“Auditor”	means the person for the time being performing the duties of auditor of the Company (if any).
“Company”	means the above named company.
“Directors”	means the directors for the time being of the Company.
“Dividend”	includes an interim dividend.
“Electronic Record”	has the same meaning as in the Electronic Transactions Law (2003 Revision).
“Member”	has the same meaning as in the Statute.
“Memorandum”	means the memorandum of association of the Company.
“Ordinary Resolution”	means a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, and includes a unanimous written resolution. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles.
“Register of Members”	means the register maintained in accordance with the Statute and includes (except where otherwise stated) any duplicate Register of Members.
“Registered Office”	means the registered office for the time being of the Company.

“Seal”	means the common seal of the Company and includes every duplicate seal.
“Share” and “Shares”	means a share or shares in the Company and includes a fraction of a share.
“Special Resolution”	has the same meaning as in the Statute, and includes a unanimous written resolution.
“Statute”	means the Companies Law (2004 Revision) of the Cayman Islands.

- 2 In the Articles:
- 2.1 words importing the singular number include the plural number and vice versa;
- 2.2 words importing the masculine gender include the feminine gender;
- 2.3 words importing persons include corporations;
- 2.4 “written” and “in writing” include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record;
- 2.5 references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time;
- 2.6 any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- 2.7 headings are inserted for reference only and shall be ignored in construing these Articles; and
- 2.8 in these Articles Section 8 of the Electronic Transactions Law (2003 Revision) shall not apply.

COMMENCEMENT OF BUSINESS

- 3 The business of the Company may be commenced as soon after incorporation as the Directors shall see fit.
- 4 The Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company, including the expenses of registration.

ISSUE OF SHARES

- 5 Subject to the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing Shares, the Directors may allot, issue, grant options over or otherwise dispose of Shares (including fractions of a Share) with or without preferred, deferred or other rights or restrictions, whether in regard to Dividend, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper.
- 6 The Company shall not issue Shares to bearer.

REGISTER OF MEMBERS

- 7 The Company shall maintain or cause to be maintained the Register of Members in accordance with the Statute.

CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE

- 8 For the purpose of determining Members entitled to notice of, or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any Dividend, or in order to make a determination of Members for any other purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period which shall not in any case exceed forty days. If the Register of Members shall be closed for the purpose of determining Members entitled to notice of, or to vote at, a meeting of Members the Register of Members shall be closed for at least ten days immediately preceding the meeting.
- 9 In lieu of, or apart from, closing the Register of Members, the Directors may fix in advance or arrears a date as the record date for any such determination of Members entitled to notice of, or to vote at any meeting of the Members or any adjournment thereof, or for the purpose of determining the Members entitled to receive payment of any Dividend or in order to make a determination of Members for any other purpose.
- 10 If the Register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of, or to vote at, a meeting of Members or Members entitled to receive payment of a Dividend, the date on which notice of the meeting is sent or the date on which the resolution of the Directors declaring such Dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

CERTIFICATES FOR SHARES

- 11 A Member shall only be entitled to a share certificate if the Directors resolve that share certificates shall be issued. Share certificates representing Shares, if any, shall be in such form as the Directors may determine. Share certificates shall be signed by one or more Directors or other person authorised by the Directors. The Directors may authorise certificates to be issued with the authorised signature(s) affixed by mechanical process.

All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. All certificates surrendered to the Company for transfer shall be cancelled and subject to these Articles no new certificate shall be issued until the former certificate representing a like number of relevant Shares shall have been surrendered and cancelled.

- 12 The Company shall not be bound to issue more than one certificate for Shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.
- 13 If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Directors may prescribe, and (in the case of defacement or wearing out) upon delivery of the old certificate.

TRANSFER OF SHARES

- 14 Shares are transferable subject to the consent of the Directors who may, in their absolute discretion, decline to register any transfer of Shares without giving any reason. If the Directors refuse to register a transfer they shall notify the transferee within two months of such refusal.
- 15 The instrument of transfer of any Share shall be in writing and shall be executed by or on behalf of the transferor (and if the Directors so require, signed by the transferee). The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.

REDEMPTION AND REPURCHASE OF SHARES

- 16 Subject to the provisions of the Statute the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company. The redemption of such Shares shall be effected in such manner as the Company may, by Special Resolution, determine before the issue of the Shares.
- 17 Subject to the provisions of the Statute, the Company may purchase its own Shares (including any redeemable Shares) provided that the Members shall have approved the manner of purchase by Ordinary Resolution.
- 18 The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital.

VARIATION OF RIGHTS OF SHARES

- 19 If at any time the share capital of the Company is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-quarters of the issued Shares of that class, or with the sanction of a Special Resolution passed at a general meeting of the holders of the Shares of that class.

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- 20 The provisions of these Articles relating to general meetings shall apply to every class meeting of the holders of one class of Shares except that the necessary quorum shall be one person holding or representing by proxy at least one third of the issued Shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll.
- 21 The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking pari passu therewith.

COMMISSION ON SALE OF SHARES

- 22 The Company may, in so far as the Statute permits, pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any Shares of the Company. Such commissions may be satisfied by the payment of cash and/or the issue of fully or partly paid-up Shares. The Company may also on any issue of Shares pay such brokerage as may be lawful.

NON RECOGNITION OF TRUSTS

- 23 The Company shall not be bound by or compelled to recognise in any way (even when notified) any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by these Articles or the Statute) any other rights in respect of any Share other than an absolute right to the entirety thereof in the registered holder.

LIEN ON SHARES

- 24 The Company shall have a first and paramount lien on all Shares (whether fully paid-up or not) registered in the name of a Member (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Member or his estate, either alone or jointly with any other person, whether a Member or not, but the Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this Article. The registration of a transfer of any such Share shall operate as a waiver of the Company's lien thereon. The Company's lien on a Share shall also extend to any amount payable in respect of that Share.
- 25 The Company may sell, in such manner as the Directors think fit, any Shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable, and is not paid within fourteen clear days after notice has been given to the holder of the Shares, or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the Shares may be sold.
- 26 To give effect to any such sale the Directors may authorise any person to execute an instrument of transfer of the Shares sold to, or in accordance with the directions of, the

purchaser. The purchaser or his nominee shall be registered as the holder of the Shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale under these Articles.

- 27 The net proceeds of such sale after payment of costs, shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable and any residue shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the person entitled to the Shares at the date of the sale.

CALL ON SHARES

- 28 Subject to the terms of the allotment the Directors may from time to time make calls upon the Members in respect of any monies unpaid on their Shares (whether in respect of par value or premium), and each Member shall (subject to receiving at least fourteen days notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on the Shares. A call may be revoked or postponed as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the Shares in respect of which the call was made.
- 29 A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
- 30 The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
- 31 If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine, but the Directors may waive payment of the interest wholly or in part.
- 32 An amount payable in respect of a Share on allotment or at any fixed date, whether on account of the par value of the Share or premium or otherwise, shall be deemed to be a call and if it is not paid all the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call.
- 33 The Directors may issue Shares with different terms as to the amount and times of payment of calls, or the interest to be paid.
- 34 The Directors may, if they think fit, receive an amount from any Member willing to advance all or any part of the monies uncalled and unpaid upon any Shares held by him, and may (until the amount would otherwise become payable) pay interest at such rate as may be agreed upon between the Directors and the Member paying such amount in advance.

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- 35 No such amount paid in advance of calls shall entitle the Member paying such amount to any portion of a Dividend declared in respect of any period prior to the date upon which such amount would, but for such payment, become payable.

FORFEITURE OF SHARES

- 36 If a call remains unpaid after it has become due and payable the Directors may give to the person from whom it is due not less than fourteen clear days notice requiring payment of the amount unpaid together with any interest, which may have accrued. The notice shall specify where payment is to be made and shall state that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited.
- 37 If the notice is not complied with any Share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all Dividends or other monies declared payable in respect of the forfeited Share and not paid before the forfeiture.
- 38 A forfeited Share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal a forfeited Share is to be transferred to any person the Directors may authorise some person to execute an instrument of transfer of the Share in favour of that person.
- 39 A person any of whose Shares have been forfeited shall cease to be a Member in respect of them and shall surrender to the Company for cancellation the certificate for the Shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of those Shares together with interest, but his liability shall cease if and when the Company shall have received payment in full of all monies due and payable by him in respect of those Shares.
- 40 A certificate in writing under the hand of one Director or officer of the Company that a Share has been forfeited on a specified date shall be conclusive evidence of the fact as against all persons claiming to be entitled to the Share. The certificate shall (subject to the execution of an instrument of transfer) constitute a good title to the Share and the person to whom the Share is disposed of shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.
- 41 The provisions of these Articles as to forfeiture shall apply in the case of non payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the par value of the Share or by way of premium as if it had been payable by virtue of a call duly made and notified.

TRANSMISSION OF SHARES

- 42 If a Member dies the survivor or survivors where he was a joint holder, and his legal personal representatives where he was a sole holder, shall be the only persons recognised

by the Company as having any title to his interest. The estate of a deceased Member is not thereby released from any liability in respect of any Share, which had been jointly held by him.

- 43 Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Directors, elect either to become the holder of the Share or to have some person nominated by him as the transferee. If he elects to become the holder he shall give notice to the Company to that effect, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by that Member before his death or bankruptcy, as the case may be.
- 44 If the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- 45 A person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of the holder (or in any other case than by transfer) shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the Share. However, he shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company and the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Share. If the notice is not complied with within ninety days the Directors may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

AMENDMENTS OF MEMORANDUM AND ARTICLES OF ASSOCIATION AND ALTERATION OF CAPITAL

- 46 The Company may by Ordinary Resolution:
- 46.1 increase the share capital by such sum as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- 46.2 consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
- 46.3 by subdivision of its existing Shares or any of them divide the whole or any part of its Share capital into Shares of smaller amount than is fixed by the Memorandum or into Shares without par value; and
- 46.4 cancel any Shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person.
- 47 All new Shares created in accordance with the provisions of the preceding Article shall be subject to the same provisions of the Articles with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the Shares in the original share capital.

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- 48 Subject to the provisions of the Statute and the provisions of these Articles as regards the matters to be dealt with by Ordinary Resolution, the Company may by Special Resolution:
- 48.1 change its name;
- 48.2 alter or add to these Articles;
- 48.3 alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and
- 48.4 reduce its share capital and any capital redemption reserve fund.

REGISTERED OFFICE

- 49 Subject to the provisions of the Statute, the Company may by resolution of the Directors change the location of its Registered Office.

GENERAL MEETINGS

- 50 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 51 The Company shall, if required by the Statute, in each year hold a general meeting as its annual general meeting, and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as the Directors shall appoint and if no other time and place is prescribed by them, it shall be held at the Registered Office on the second Wednesday in December of each year at ten o'clock in the morning. At these meetings the report of the Directors (if any) shall be presented.
- 52 The Company may hold an annual general meeting, but shall not (unless required by Statute) be obliged to hold an annual general meeting.
- 53 The Directors may call general meetings, and they shall on a Members requisition forthwith proceed to convene an extraordinary general meeting of the Company.
- 54 A Members requisition is a requisition of Members of the Company holding at the date of deposit of the requisition not less than ten per cent. in par value of the capital of the Company as at that date carries the right of voting at general meetings of the Company.
- 55 The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.
- 56 If the Directors do not within twenty-one days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further twenty-one

days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months after the expiration of the said twenty-one days.

- 57 A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

NOTICE OF GENERAL MEETINGS

- 58 At least five days' notice shall be given of any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this regulation has been given and whether or not the provisions of the Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:
- 58.1 in the case of an annual general meeting, by all the Members (or their proxies) entitled to attend and vote thereat; and
- 58.2 in the case of an extraordinary general meeting, by a majority in number of the Members (or their proxies) having a right to attend and vote at the meeting, being a majority together holding not less than ninety five per cent. in par value of the Shares giving that right.
- 59 The accidental omission to give notice of a general meeting to, or the non receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings of that meeting.

PROCEEDINGS AT GENERAL MEETINGS

- 60 No business shall be transacted at any general meeting unless a quorum is present. Two Members being individuals present in person or by proxy or if a corporation or other non-natural person by its duly authorised representative or proxy shall be a quorum unless the Company has only one Member entitled to vote at such general meeting in which case the quorum shall be that one Member present in person or by proxy or (in the case of a corporation or other non-natural person) by a duly authorised representative or proxy.
- 61 A person may participate at a general meeting by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting.
- 62 A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by all Members for the time being entitled to receive notice of and to attend and vote at general meetings (or, being corporations, signed by their duly authorised representatives) shall be as valid and effective as if the resolution had been passed at a general meeting of the Company duly convened and held.

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- 63 If a quorum is not present within half an hour from the time appointed for the meeting or if during such a meeting a quorum ceases to be present, the meeting, if convened upon the requisition of Members, shall be dissolved and in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day, time or such other place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Members present shall be a quorum.
- 64 The chairman, if any, of the board of Directors shall preside as chairman at every general meeting of the Company, or if there is no such chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting, or is unwilling to act, the Directors present shall elect one of their number to be chairman of the meeting.
- 65 If no Director is willing to act as chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present shall choose one of their number to be chairman of the meeting.
- 66 The chairman may, with the consent of a meeting at which a quorum is present, (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Otherwise it shall not be necessary to give any such notice.
- 67 A resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands, the chairman demands a poll, or any other Member or Members collectively present in person or by proxy and holding at least ten per cent. in par value of the Shares giving a right to attend and vote at the meeting demand a poll.
- 68 Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost or not carried by a particular majority, an entry to that effect in the minutes of the proceedings of the meeting shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- 69 The demand for a poll may be withdrawn.
- 70 Except on a poll demanded on the election of a chairman or on a question of adjournment, a poll shall be taken as the chairman directs, and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded.

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- 71 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the general meeting directs, and any business other than that upon which a poll has been demanded or is contingent thereon may proceed pending the taking of the poll.
- 72 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a second or casting vote.

VOTES OF MEMBERS

- 73 Subject to any rights or restrictions attached to any Shares, on a show of hands every Member who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorised representative or proxy, shall have one vote and on a poll every Member shall have one vote for every Share of which he is the holder.
- 74 In the case of joint holders of record the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register of Members.
- 75 A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other person on such Member's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.
- 76 No person shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class of Shares unless he is registered as a Member on the record date for such meeting nor unless all calls or other monies then payable by him in respect of Shares have been paid.
- 77 No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
- 78 On a poll or on a show of hands votes may be cast either personally or by proxy. A Member may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting. Where a Member appoints more than one proxy the instrument of proxy shall state which proxy is entitled to vote on a show of hands.
- 79 A Member holding more than one Share need not cast the votes in respect of his Shares in the same way on any resolution and therefore may vote a Share or some or all such Shares either for or against a resolution and/or abstain from voting a Share or some or all of the Shares and, subject to the terms of the instrument appointing him, a proxy

appointed under one or more instruments may vote a Share or some or all of the Shares in respect of which he is appointed either for or against a resolution and/or abstain from voting.

PROXIES

- 80 The instrument appointing a proxy shall be in writing, be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.
- 81 The instrument appointing a proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company:
- 81.1 not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
- 81.2 in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
- 81.3 where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;
- provided that the Directors may in the notice convening the meeting, or in an instrument of proxy sent out by the Company, direct that the instrument appointing a proxy may be deposited (no later than the time for holding the meeting or adjourned meeting) at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company. The chairman may in any event at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted shall be invalid.
- 82 The instrument appointing a proxy may be in any usual or common form and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to include the power to demand or join or concur in demanding a poll.
- 83 Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer was received by the Company at the Registered Office before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.

CORPORATE MEMBERS

- 84 Any corporation or other non-natural person which is a Member may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member.

SHARES THAT MAY NOT BE VOTED

- 85 Shares in the Company that are beneficially owned by the Company shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding Shares at any given time.

DIRECTORS

- 86 There shall be a board of Directors consisting of not less than one person (exclusive of alternate Directors) provided however that the Company may from time to time by Ordinary Resolution increase or reduce the limits in the number of Directors. The first Directors of the Company shall be determined in writing by, or appointed by a resolution of, the subscriber(s) to the Memorandum.

POWERS OF DIRECTORS

- 87 Subject to the provisions of the Statute, the Memorandum and the Articles and to any directions given by Special Resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.
- 88 All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall determine by resolution.
- 89 The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.
- 90 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

APPOINTMENT AND REMOVAL OF DIRECTORS

- 91 The Company may by Ordinary Resolution appoint any person to be a Director or may by Ordinary Resolution remove any Director.
- 92 The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors.

VACATION OF OFFICE OF DIRECTOR

- 93 The office of a Director shall be vacated if:
- 93.1 he gives notice in writing to the Company that he resigns the office of Director; or
- 93.2 if he absents himself (without being represented by proxy or an alternate Director appointed by him) from three consecutive meetings of the board of Directors without special leave of absence from the Directors, and they pass a resolution that he has by reason of such absence vacated office; or
- 93.3 if he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- 93.4 if he is found to be or becomes of unsound mind; or
- 93.5 if all the other Directors of the Company (being not less than two in number) resolve that he should be removed as a Director.

PROCEEDINGS OF DIRECTORS

- 94 The quorum for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed shall be two if there are two or more Directors, and shall be one if there is only one Director. A person who holds office as an alternate Director shall, if his appointor is not present, be counted in the quorum. A Director who also acts as an alternate Director shall, if his appointor is not present, count twice towards the quorum.
- 95 Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. A Director who is also an alternate Director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.
- 96 A person may participate in a meeting of the Directors or committee of Directors by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other at the same time. Participation by a person in a meeting in this manner is treated as presence in person at that meeting. Unless otherwise determined by the Directors the meeting shall be deemed to be held at the place where the chairman is at the start of the meeting.

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- 97 A resolution in writing (in one or more counterparts) signed by all the Directors or all the members of a committee of Directors (an alternate Director being entitled to sign such a resolution on behalf of his appointor) shall be as valid and effectual as if it had been passed at a meeting of the Directors, or committee of Directors as the case may be, duly convened and held.
- 98 A Director or alternate Director may, or other officer of the Company on the requisition of a Director or alternate Director shall, call a meeting of the Directors by at least two days' notice in writing to every Director and alternate Director which notice shall set forth the general nature of the business to be considered unless notice is waived by all the Directors (or their alternates) either at, before or after the meeting is held.
- 99 The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.
- 100 The Directors may elect a chairman of their board and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.
- 101 All acts done by any meeting of the Directors or of a committee of Directors (including any person acting as an alternate Director) shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or alternate Director, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and qualified to be a Director or alternate Director as the case may be.
- 102 A Director but not an alternate Director may be represented at any meetings of the board of Directors by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.

PRESUMPTION OF ASSENT

- 103 A Director of the Company who is present at a meeting of the board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

DIRECTORS' INTERESTS

- 104 A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.
- 105 A Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.
- 106 A Director or alternate Director of the Company may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.
- 107 No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is interested provided that the nature of the interest of any Director or alternate Director in any such contract or transaction shall be disclosed by him at or prior to its consideration and any vote thereon.
- 108 A general notice that a Director or alternate Director is a shareholder, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure for the purposes of voting on a resolution in respect of a contract or transaction in which he has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

MINUTES

- 109 The Directors shall cause minutes to be made in books kept for the purpose of all appointments of officers made by the Directors, all proceedings at meetings of the Company or the holders of any class of Shares and of the Directors, and of committees of Directors including the names of the Directors or alternate Directors present at each meeting.

DELEGATION OF DIRECTORS' POWERS

- 110 The Directors may delegate any of their powers to any committee consisting of one or more Directors. They may also delegate to any managing director or any Director holding

any other executive office such of their powers as they consider desirable to be exercised by him provided that an alternate Director may not act as managing director and the appointment of a managing director shall be revoked forthwith if he ceases to be a Director. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.

- 111 The Directors may establish any committees, local boards or agencies or appoint any person to be a manager or agent for managing the affairs of the Company and may appoint any person to be a member of such committees or local boards. Any such appointment may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of any such committee, local board or agency shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.
- 112 The Directors may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Directors may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Directors at any time.
- 113 The Directors may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Directors may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him.
- 114 The Directors may appoint such officers as they consider necessary on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors may think fit. Unless otherwise specified in the terms of his appointment an officer may be removed by resolution of the Directors or Members.

ALTERNATE DIRECTORS

- 115 Any Director (other than an alternate Director) may by writing appoint any other Director, or any other person willing to act, to be an alternate Director and by writing may remove from office an alternate Director so appointed by him.
- 116 An alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member, to attend and

vote at every such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in his absence.

- 117 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director.
- 118 Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors.
- 119 An alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him.

NO MINIMUM SHAREHOLDING

- 120 The Company in general meeting may fix a minimum shareholding required to be held by a Director, but unless and until such a shareholding qualification is fixed a Director is not required to hold Shares.

REMUNERATION OF DIRECTORS

- 121 The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.
- 122 The Directors may by resolution approve additional remuneration to any Director for any services other than his ordinary routine work as a Director. Any fees paid to a Director who is also counsel or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his remuneration as a Director.

SEAL

- 123 The Company may, if the Directors so determine, have a Seal. The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some officer or other person appointed by the Directors for the purpose.
- 124 The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place where it is to be used.

- 125 A Director or officer, representative or attorney of the Company may without further authority of the Directors affix the Seal over his signature alone to any document of the Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

DIVIDENDS, DISTRIBUTIONS AND RESERVE

- 126 Subject to the Statute and this Article, the Directors may declare Dividends and distributions on Shares in issue and authorise payment of the Dividends or distributions out of the funds of the Company lawfully available therefor. No Dividend or distribution shall be paid except out of the realised or unrealised profits of the Company, or out of the share premium account or as otherwise permitted by the Statute.
- 127 Except as otherwise provided by the rights attached to Shares, all Dividends shall be declared and paid according to the par value of the Shares that a Member holds. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date, that Share shall rank for Dividend accordingly.
- 128 The Directors may deduct from any Dividend or distribution payable to any Member all sums of money (if any) then payable by him to the Company on account of calls or otherwise.
- 129 The Directors may declare that any Dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of shares, debentures, or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional Shares and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Directors.
- 130 Any Dividend, distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any Dividends, bonuses, or other monies payable in respect of the Share held by them as joint holders.
- 131 No Dividend or distribution shall bear interest against the Company.
- 132 Any Dividend which cannot be paid to a Member and/or which remains unclaimed after six months from the date of declaration of such Dividend may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend shall remain as a debt due to the Member. Any Dividend which remains unclaimed after a period of six years from the date of declaration of such Dividend shall be forfeited and shall revert to the Company.

CAPITALISATION

- 133 The Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts (including share premium account and capital redemption reserve fund) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of Dividend and to apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalisation, with full power to the Directors to make such provisions as they think fit for the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

BOOKS OF ACCOUNT

- 134 The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.
- 135 The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or authorised by the Directors or by the Company in general meeting.
- 136 The Directors may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

AUDIT

- 137 The Directors may appoint an Auditor of the Company who shall hold office until removed from office by a resolution of the Directors, and may fix his or their remuneration.

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- 138 Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditor.
- 139 Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an ordinary company, and at the next extraordinary general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an exempted company, and at any other time during their term of office, upon request of the Directors or any general meeting of the Members.

NOTICES

- 140 Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by courier, post, cable, telex, fax or e-mail to him or to his address as shown in the Register of Members (or where the notice is given by e-mail by sending it to the e-mail address provided by such Member). Any notice, if posted from one country to another, is to be sent airmail.
- 141 Where a notice is sent by courier, service of the notice shall be deemed to be effected by delivery of the notice to a courier company, and shall be deemed to have been received on the third day (not including Saturdays or Sundays or public holidays) following the day on which the notice was delivered to the courier. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre paying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays) following the day on which the notice was posted. Where a notice is sent by cable, telex or fax, service of the notice shall be deemed to be effected by properly addressing and sending such notice and shall be deemed to have been received on the same day that it was transmitted. Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same day that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.
- 142 A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Member in the same manner as other notices which are required to be given under these Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
- 143 Notice of every general meeting shall be given in any manner hereinbefore authorised to every person shown as a Member in the Register of Members on the record date for such

meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member of record where the Member of record but for his death or bankruptcy would be entitled to receive notice of the meeting, and no other person shall be entitled to receive notices of general meetings.

WINDING UP

- 144 If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.
- 145 If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

INDEMNITY

- 146 Every Director, agent or officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him as a result of any act or failure to act in carrying out his functions other than such liability (if any) that he may incur by his own actual fraud or wilful default. No such Director, agent or officer shall be liable to the Company for any loss or damage in carrying out his functions unless that liability arises through the actual fraud or wilful default of such Director, agent or officer. References in this Article to actual fraud or wilful default mean a finding to such effect by a competent court in relation to the conduct of the relevant party.

FINANCIAL YEAR

- 147 Unless the Directors otherwise prescribe, the financial year of the Company shall end on 31st December in each year and, following the year of incorporation, shall begin on 1st January in each year.

TRANSFER BY WAY OF CONTINUATION

- 148 If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

DATED this 10th day of April 2007.

/s/

For and on behalf of
Mapcal Limited
of PO Box 309GT, Ugland House,
South Church Street, George Town,
Grand Cayman, Cayman Islands

/s/

Witness to the above signature

I, Neydis Taveras, Asst. Registrar of Companies in and for the Cayman Islands DO HEREBY CERTIFY that this is a true and correct copy of the Articles of Association of this Company duly incorporated on the 10th day of April 2007.

/s/ Neydis Taveras

ASST. REGISTRAR OF COMPANIES

THE COMPANIES LAW (2007 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

CNINSURE INC.

Adopted by Special Resolution
passed on October 10, 2007 and
effective immediately upon completion of the Company's initial public offering of
ordinary shares represented by American Depositary Shares

1. The name of the Company is **CNinsure Inc.**.
2. The Registered Office of the Company shall be at the offices of M&C Corporate Services Limited, P.O. Box 309 GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, or at such other place as the Directors may from time to time decide.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (2007 Revision) or as the same may be revised from time to time, or any other law of the Cayman Islands.
4. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
5. The authorized share capital of the Company is US\$10,000,000 divided into 10,000,000,000 ordinary shares of a nominal or par value of US\$0.001 each. The Company has the power to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law (2007 Revision) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained.
6. The Company has the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
7. Capitalized terms that are not defined in this Amended and Restated Memorandum of Association bear the same meaning as those given in the Amended and Restated Articles of Association of the Company adopted by Special Resolution passed on October 10, 2007 and effective immediately upon completion of the Company's initial public offering of ordinary shares represented by American Depositary Shares.

THE COMPANIES LAW (2007 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

AMENDED AND RESTATED ARTICLES OF ASSOCIATION

OF

CNINSURE INC.

Adopted by Special Resolution
passed on October 10, 2007 and
effective immediately upon completion of the Company's initial public offering of
ordinary shares represented by American Depositary Shares

INTERPRETATION

1. In these Articles, unless otherwise defined, the defined terms shall have the meanings assigned to them as follows:

“Articles”

the Amended and Restated Articles of Association adopted by Special Resolution on October 10, 2007 and effective immediately upon commencement of the trading of the Company's American Depositary Shares representing its Ordinary Shares on the Designated Stock Exchange, as from time to time altered or added to in accordance with the Statutes and these Articles;

“Board”

the board of directors of the Company;

“Business Day”

a day (excluding Saturdays or Sundays), on which banks in Hong Kong, Beijing and New York are open for general banking business throughout their normal business hours;

“Commission”

Securities and Exchange Commission of the United States of America or any other federal agency for the time being administering the Securities Act;

“Companies Law”

the Companies Law (2007 Revision) of the Cayman Islands and any statutory amendment or re-enactment thereof. Where any provision of the Companies Law is referred to, the reference is to that provision as amended by any law for the time being in force;

“Company”

CNinsure Inc., a Cayman Islands exempted company limited by shares;

“Company’s Website”

the website of the Company, the address or domain name of which has been notified to Members;

“Designated Stock Exchange”

the Global Market of The Nasdaq Stock Market, The New York Stock Exchange or any other internationally recognized stock exchange where the Company’s securities are traded;

“Directors”

the directors of the Company for the time being, or as the case may be, the Directors assembled as a Board or as a committee thereof;

“electronic”

the meaning given to it in the Electronic Transactions Law (2003 Revision) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefore;

“electronic communication”

electronic posting to the Company’s Website, transmission to any number, address or internet website or other electronic delivery methods as otherwise decided and approved by not less than two-thirds of the vote of the Board;

“in writing”

includes writing, printing, lithograph, photograph, type-writing and every other mode of representing words or figures in a legible and non-transitory form and, only where used in connection with a notice served by the Company on Members or other persons entitled to receive notices hereunder, shall also include a record maintained in an electronic medium which is accessible in visible form so as to be useable for subsequent reference;

“Member”

a person whose name is entered in the Register of Members as the holder of a share or shares;

“Memorandum of Association”

the Memorandum of Association of the Company, as amended and re-stated from time to time;

“month”

calendar month;

“Ordinary Resolution”

a resolution:

- (a) passed by a simple majority of votes cast by such Members as, being entitled to do so, vote in person or, in the case of any Member being an organization, by its duly authorized representative or, where proxies are allowed, by proxy at a general meeting of the Company; or
- (b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments if more than one, is executed;

“Ordinary Shares”

shares of par value of US\$0.001 each in the capital of the Company with the rights set out in these Articles;

“paid up”

paid up as to the par value and any premium payable in respect of the issue of any shares and includes credited as paid up;

“Register of Members”

the register to be kept by the Company in accordance with Section 40 of the Companies Law;

“Registered Office”

the registered office for the time being of the Company;

“Seal”

the common seal of the Company including any facsimile thereof;

“Securities Act”

the Securities Act of 1933 of the United States of America, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time;

“share”

any share in the capital of the Company, including the Ordinary Shares and shares of other classes;

“signed”

includes a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a person with the intent to sign the electronic communication;

“Special Resolution”

a resolution passed in accordance with Section 60 of the Companies Law and includes a unanimous written resolution expressly passed as a special resolution;

“Statutes”

the Companies Law and every other laws and regulations of the Cayman Islands for the time being in force concerning companies and affecting the Company;

“year”

calendar year.

2. In these Articles, save where the context requires otherwise:

- (a) words importing the singular number shall include the plural number and vice versa;
- (b) words importing the masculine gender only shall include the feminine gender;
- (c) words importing persons only shall include companies or associations or bodies of persons, whether corporate or not;
- (d) **“may”** shall be construed as permissive and **“shall”** shall be construed as imperative;
- (e) a reference to a dollar or dollars (or \$) is a reference to dollars of the United States;
- (f) references to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;
- (g) any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms; and
- (h) Section 8 of the Electronic Transactions Law (2003 Revision) shall not apply.

3. Subject to the last two preceding Articles, any words defined in the Companies Law shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

PRELIMINARY

4. The business of the Company may be commenced as soon after incorporation as the Directors see fit, notwithstanding that only part of the shares may have been allotted or issued.
5. The registered office of the Company shall be at such address in the Cayman Islands as the Directors shall from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.

SHARE CAPITAL

6. The authorized share capital of the Company at the date of adoption of these Articles is US\$10,000,000 divided into 10,000,000,000 ordinary shares of a nominal or par value of US\$0.001 each, with power for the Company, insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law and these Articles and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that, unless the conditions of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the powers hereinbefore contained.

ISSUE OF SHARES

7. Subject to the provisions, if any, in the Memorandum of Association, the Directors may, in their absolute discretion and without approval of the holders of Ordinary Shares, cause the Company to issue such amounts of Ordinary Shares and/or preferred shares (whether in certificated form or non-certificated form), grant rights over existing shares or issue other securities in one or more series as they deem necessary and appropriate and determine designations, powers, preferences, privileges and other rights, including dividend rights, voting rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers and rights associated with the Ordinary Shares, at such times and on such other terms as they think proper. The Company shall not issue shares in bearer form.

REGISTER OF MEMBERS AND SHARE CERTIFICATES

8. The Company shall maintain a Register of Members and every person whose name is entered as a Member in the Register of Members shall, without payment, be entitled to a certificate within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) in the form determined by the Directors. All certificates shall specify the share or shares held by that person and the amount paid up thereon, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all. All certificates for shares shall be delivered personally or sent through the post addressed to the Member entitled thereto at the Member's registered address as appearing in the register.

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9. Every share certificate of the Company shall bear legends required under the applicable laws, including the Securities Act.
 10. Any two or more certificates representing shares of any one class held by any Member may at the Member's request be cancelled and a single new certificate for such shares issued in lieu on payment (if the Directors shall so require) of US\$1.00 or such smaller sum as the Directors shall determine.
 11. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares may be issued to the relevant Member upon request subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.
 12. In the event that shares are held jointly by several persons, any request may be made by any one of the joint holders and if so made shall be binding on all of the joint holders.

TRANSFER OF SHARES

13. The instrument of transfer of any share shall be in writing and executed by or on behalf of the transferor and shall be accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.
14. All instruments of transfer that shall be registered shall be retained by the Company.

REDEMPTION AND PURCHASE OF OWN SHARES

15. Subject to the provisions of the Statutes and these Articles, the Company may:
 - (a) issue shares on terms that they are to be redeemed or are liable to be redeemed at the option of the Company or the Member on such terms and in such manner as the Company may, before the issue of such shares, determine by Special Resolution;
 - (b) purchase its own shares (including any redeemable shares) at such times, on such terms and in such manners as the Directors may determine and agree with the Member; and
 - (c) make a payment in respect of the redemption or purchase of its own shares otherwise than out of profits or the proceeds of a fresh issue of shares.
16. Any share in respect of which notice of redemption has been given shall not be entitled to participate in the profits of the Company in respect of the period after the date specified as the date of redemption in the notice of redemption.

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17. The redemption or purchase of any share shall not be deemed to give rise to the redemption or purchase of any other share.
 18. The Directors may, when making payments in respect of redemption or purchase of shares, if authorized by the terms of issue of the shares being redeemed or purchased or with the agreement of the holder of such shares, make such payment in any form of consideration permitted by the Statutes.

VARIATION OF RIGHTS ATTACHING TO SHARES

19. If at any time the share capital is divided into different classes of shares, the rights attaching to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to these Articles, be varied or abrogated with the consent in writing of the holders of a majority of the issued shares of that class or with the sanction of a Special Resolution passed at a general meeting of the holders of the shares of that class.
20. The provisions of these Articles relating to general meetings shall apply to every such general meeting of the holders of one class of shares except that the necessary quorum shall be one person holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.
21. The rights conferred upon the holders of the shares of any class shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking in priority to or *pari passu* therewith.

COMMISSION ON SALE OF SHARES

22. The Company may, in so far as the Statutes from time to time permit, pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares of the Company. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

NON-RECOGNITION OF TRUSTS

23. No person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future, or partial interest in any share, or any interest in any fractional part of a share, or (except only as is otherwise provided by these Articles or the Statutes) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

LIEN ON SHARES

24. The Company shall have a first and paramount lien and charge on all shares (whether fully paid-up or not) registered in the name of a Member (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether

presently payable or not) by such Member or his estate, either alone or jointly with any other person, whether a Member or not, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The registration of a transfer of any such share shall operate as a waiver of the Company's lien (if any) thereon. The Company's lien (if any) on a share shall extend to all dividends or other monies payable in respect thereof.

25. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of 14 calendar days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or to the persons entitled thereto by reason of the death or bankruptcy of such registered holder.
26. To give effect to any such sale, the Directors may authorise any person to transfer the shares sold to, or in accordance with the direction of, the purchaser thereof. The purchaser or his nominee shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale under these Articles.
27. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

28. The Directors may from time to time make calls upon the Members in respect of any money unpaid on their shares, and each Member shall (subject to receiving at least 14 calendar days notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
29. The joint holders of a share shall be jointly and severally liable to pay calls in respect thereof.
30. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum from the day appointed for the payment thereof to the time of the actual payment at such rate as the Directors may determine, but the Directors may waive payment of that interest wholly or in part.
31. An amount payable in respect of a share on allotment or at any fixed date, whether on account of the par value of the share or premium or otherwise, shall be deemed to be a call and if it is not paid all the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.

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32. The Directors may make arrangements on the issue of shares for a difference between the Members, or the particular shares, in the amount of calls to be paid and in the times of payment.
33. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him, and upon all or any of the moneys so advanced may (until the same would otherwise become payable) pay interest at such rate as may be agreed upon between the Member paying the sum in advance and the Directors. No such sum paid in advance of calls shall entitle the member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

FORFEITURE OF SHARES

34. If a Member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of such much of the call or instalment as is unpaid, together with any interest which may have accrued.
35. The notice shall name a further day (not earlier than the expiration of 14 calendar days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.
36. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.
37. A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Directors think fit.
38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company receives payment in full of all monies due and payable by him with respect to those shares.
39. A statutory declaration in writing that the declarant is a Director of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share or any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the

application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

40. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes due and payable, whether on account of the par value of the share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

REGISTRATION OF EMPOWERING INSTRUMENTS

41. The Company shall be entitled to charge a fee not exceeding one dollar (US\$1.00) on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

TRANSMISSION OF SHARES

42. The legal personal representative of a deceased sole holder of a share shall be the only person recognised by the Company as having any title to the share. In the case of a share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only person recognised by the Company as having any title to the share.
43. Any person becoming entitled to a share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) shall upon such evidence being produced as may from time to time be properly required by the Directors, have the right either to be registered as a Member in respect of the share or, instead of being registered himself, to have some person nominated by him as the transferee. If the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
44. A person becoming entitled to a share by reason of the death or bankruptcy or liquidation or dissolution of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company, *provided, however*, that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within 90 calendar days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

ALTERATION OF CAPITAL

45. Subject to these Articles, the Company may from time to time by Ordinary Resolution increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe.
46. Subject to these Articles, the Company may by Ordinary Resolution:
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

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- (b) sub-divide its existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; and
 - (c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
47. The Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorized by law.
48. All new shares created hereunder shall be subject to the same provisions with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE

49. For the purpose of determining those Members that are entitled to receive notice of, attend or vote at any meeting of Members or any adjournment thereof, or those Members that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Member for any other purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period but not to exceed in any case 30 calendar days. If the Register of Members shall be so closed for the purpose of determining those Members that are entitled to receive notice of, attend or vote at a meeting of Members, such register shall be so closed for at least 10 calendar days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register of Members.
50. In lieu of or apart from closing the Register of Members, the Directors may fix in advance or arrears a date as the record date for any such determination of those Members that are entitled to receive notice of, attend or vote at a meeting of the Members, and for the purpose of determining those Members that are entitled to receive payment of any dividend, the Directors may, at or within 30 calendar days prior to the date of declaration of such dividend fix a subsequent date as the record date of such determination.
51. If the Register of Members is not so closed and no record date is fixed for the determination of those Members entitled to receive notice of, attend or vote at a meeting of Members or those Members that are entitled to receive payment of a dividend, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of those Members that are entitled to receive notice of, attend or vote at a meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof.

GENERAL MEETINGS

52. All general meetings of the Company other than annual general meetings shall be called extraordinary general meetings.
53. (a) The Company may hold an annual general meeting but shall not (unless required by the Companies Law) be obliged to hold an annual general meeting.
- (b) At these meetings the report of the Directors (if any) shall be presented.
54. (a) The Directors may call general meetings, and they shall on a Members requisition forthwith proceed to convene an extraordinary general meeting of the Company.
- (b) A Members requisition is a requisition of Members of the Company holding at the date of deposit of the requisition not less than one-third of the share capital of the Company as at that date carries the right of voting at general meetings of the Company.
- (c) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.
- (d) If the Directors do not within 21 calendar days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further 21 calendar days, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months after the expiration of the second said 21 calendar days.
- (e) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

NOTICE OF GENERAL MEETINGS

55. At least 14 calendar days' notice shall be given for any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, *provided* that a general meeting of the Company shall, whether or not the notice specified in this regulation has been given and whether or not the provisions of these Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:
- (a) in the case of an annual general meeting by all the Members (or their proxies) entitled to attend and vote thereat; and
- (b) in the case of an extraordinary general meeting by a majority in number of the Members (or their proxies) having a right to attend and vote at the meeting, being a majority together holding not less than ninety five per cent in par value of the shares giving that right.

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56. The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Member shall not invalidate the proceedings at any meeting.

PROCEEDINGS AT GENERAL MEETINGS

57. No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Members holding not less than an aggregate of one-third of all voting share capital of the Company in issue present in person or by proxy or, if a corporation or other non-natural person, by its duly authorised representative or proxy and entitled to vote shall be a quorum for all purposes. A person may participate at a general meeting by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting.
58. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day, time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall be dissolved.
59. The Chairman of the Board of Directors shall preside as chairman at every general meeting of the Company.
60. If at any meeting the Chairman of the Board of Directors is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the Members present shall choose a chairman of the meeting.
61. The Chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn a meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 10 calendar days or more, not less than seven Business Days' notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
62. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman or one or more Members present in person or by proxy entitled to vote and who together hold not less than 10 per cent of the paid up voting share capital of the Company, and unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

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63. If a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.
 64. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.
 65. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

VOTES OF MEMBERS

66. Subject to any rights and restrictions for the time being attached to any class or classes of shares, on a show of hands every Member who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person, who is present by its duly authorised representative or proxy, at a general meeting of the Company shall have one vote and, on a poll, shall have one vote for each share registered in his name in the Register of Members.
67. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
68. A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, or other person in the nature of a committee appointed by that court, and any such committee or other person may, on a poll, vote by proxy.
69. No Member shall be entitled to vote at any general meeting unless he is registered as a Member on the record date for such meeting nor unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
70. On a poll or on a show of hands, votes may be given either personally or by proxy. A Member may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting. Where a Member appoints more than one proxy, the instrument of proxy shall state which proxy is entitled to vote on a show of hands.
71. No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
72. A Member holding more than one share need not cast the votes in respect of his shares in the same way on any resolution and therefore may vote a share or some or all such shares either for or against a resolution and/or abstain from voting a share or some or all of the shares and, subject to the terms of the instrument appointing him, a proxy

appointed under one or more instruments may vote a share or some or all of the shares in respect of which he is appointed either for or against a resolution and/or abstain from voting.

73. A resolution in writing signed (in one or more counterparts) by all the Members for the time being entitled to receive notice of and to attend and vote at general meetings (or, being corporations or other non-natural persons, signed by their duly authorized representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

PROXIES

74. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized. A proxy need not be a Member of the Company.
75. The instrument appointing a proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company:
- (a) not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
 - (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
 - (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;
- provided* that the Directors may in the notice convening the meeting, or in an instrument of proxy sent out by the Company, direct that the instrument appointing a proxy may be deposited (no later than the time for holding the meeting or adjourned meeting) at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company. The chairman may in any event at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted shall be invalid.
76. The instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
77. Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given unless notice in writing of such death,

insanity, revocation or transfer was received by the Company at the Registered Office before the commencement of the general meeting or adjourned meeting at which it is sought to use the proxy.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETING

78. Any corporation which is a Member or a Director may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members or of the Board of Directors or of a committee of Directors, and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member or Director.

CLEARING HOUSES

79. If a clearing house (or its nominee) is a Member, it may, by resolution of its directors or other governing body or by power of attorney, authorise such person or persons as it thinks fit to act as its representative or representatives at any general meeting of the Company or at any general meeting of any class of members of the Company *provided* that, if more than one person is so authorized, the authorisation shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized pursuant to this provision shall be entitled to exercise the same powers on behalf of the clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual Member of the Company holding the number and class of shares specified in such authorisation.

DIRECTORS

80. (A) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than three Directors. The Directors shall be elected or appointed in the first place by the subscribers to the Memorandum of Association or by a majority of them and thereafter by the Members at general meeting.
- (B) Each Director shall hold office until the expiration of his term and until his successor shall have been elected and qualified.
- (C) The Board of Directors shall have a Chairman of the Board of Directors (the "Chairman") elected and appointed by a majority of the Directors then in office. The Directors may also elect a Co-Chairman or a Vice-Chairman of the Board of Directors (the "Co-Chairman"). The Chairman shall preside as chairman at every meeting of the Board of Directors. To the extent the Chairman is not present at a meeting of the Board of Directors, the Co-Chairman, or in his absence, the attending Directors may choose one Director to be the chairman of the meeting. The Chairman's voting right as to the matters to be decided by the Board of Directors shall be the same as other Directors.

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- (D) Subject to these Articles and the Companies Law, the Company may by Ordinary Resolution elect any person to be a Director either to fill a casual vacancy on the Board or as an addition to the existing Board.
- (E) The Directors by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting, or the sole remaining Director, shall have the power from time to time and at any time to appoint any person as a Director to fill a casual vacancy on the Board or as an addition to the existing Board, subject to the Company's compliance with director nomination procedures required under applicable corporate governance rules of the Designated Stock Exchange, as long as the Company's securities are traded on the Designated Stock Exchange.
81. Subject to Article 80, a Director may be removed from office by Special Resolution at any time before the expiration of his term notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under such agreement).
82. A vacancy on the Board created by the removal of a Director under the provisions of Article 81 above may be filled by the election or appointment by Ordinary Resolution at the meeting at which such Director is removed or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting.
83. The Board may, from time to time, and except as required by applicable law or the listing rules of the Designated Stock Exchange, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives, which shall be intended to set forth the policies of the Company and the Board on various corporate governance related matters as the Board shall determine by resolution from time to time.
84. A Director shall not be required to hold any shares in the Company by way of qualification. A Director who is not a Member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at general meetings of the Company and of all classes of shares of the Company.

DIRECTORS' FEES AND EXPENSES

85. The Directors may receive such remuneration as the Board may from time to time determine. The Directors may be entitled to be repaid all traveling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.
86. Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.

ALTERNATE DIRECTOR

87. Any Director may in writing appoint another person to be his alternate to act in his place at any meeting of the Directors at which he is unable to be present. Every such alternate shall be entitled to notice of meetings of the Directors and to attend and vote thereat as a Director when the person appointing him is not personally present and, where he is a Director, to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. An alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him. An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director. Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors.
88. Any Director may appoint any person, whether or not a Director, to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director or, in the absence of such instructions, at the discretion of the proxy, at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

POWERS AND DUTIES OF DIRECTORS

89. Subject to the provisions of the Companies Law, these Articles and to any resolutions made in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution made by the Company in a general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been made.
90. Subject to these Articles, the Directors may from time to time appoint any person, whether or not a director of the Company, to hold such office in the Company as the Directors may think necessary for the administration of the Company, including without prejudice to the foregoing generality, the office of the Chief Executive Officer, President, one or more Vice Presidents, Chief Operating Officer, Chief Financial Officer, Manager or Controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. The Directors may also appoint one or more of their number to the office of Managing Director upon like terms, but any such appointment shall ipso facto determine if any Managing Director ceases from any cause to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.
91. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.

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92. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him.
93. The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the following paragraphs shall be without prejudice to the general powers conferred by this paragraph.
94. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any of the aforesaid.
95. The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
96. Any such delegates as aforesaid may be authorized by the Directors to subdelegate all or any of the powers, authorities, and discretions for the time being vested to them.
97. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

DISQUALIFICATION OF DIRECTORS

98. Subject to Article 80, the office of Director shall be vacated, if the Director:
- (a) becomes bankrupt or makes any arrangement or composition with his creditors;
 - (b) is found to be or becomes of unsound mind;
 - (c) resigns his office by notice in writing to the Company;

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- (d) without special leave of absence from the Board, is absent from meetings of the Board for six consecutive months and the Board resolves that his office be vacated; or
 - (e) if he shall be removed from office pursuant to these Articles or the Statutes.

PROCEEDINGS OF DIRECTORS

- 99. Subject to Article 80, the Directors may meet together (whether within or outside the Cayman Islands) for the dispatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting of the Directors shall be decided by a majority of votes. In case of an equality of votes the chairman shall have a second or casting vote. A Director may at any time summon a meeting of the Directors by at least three Business Days' notice to every other Director and alternate Director.
- 100. A Director or Directors may participate in any meeting of the Board of Directors, or of any committee appointed by the Board of Directors of which such Director or Directors are members, by means of telephone or similar communication equipment by way of which all persons participating in such meeting can hear each other and such participation shall be deemed to constitute presence in person at the meeting.
- 101. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be a majority of the Directors then in office, provided that a Director and his appointed alternate Director shall be considered only one person for this purpose. A meeting of the Directors at which a quorum is present when the meeting proceeds to business shall be competent to exercise all powers and discretions for the time being exercisable by the Directors. A meeting of the Directors may be held by means of telephone or teleconferencing or any other telecommunications facility provided that all participants are thereby able to communicate immediately by voice with all other participants.
- 102. Subject to Article 80, a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is a shareholder, director, officer or employee of any specified company or firm and is to be regarded as interested in any contract or transaction with that company or firm shall be deemed a sufficient declaration of interest for the purposes of voting on a resolution in respect to a contract or transaction in which he has an interest. A Director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or proposed contract or arrangement shall come before the meeting for consideration.
- 103. A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of

profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.

104. Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; *provided* that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.
105. The Directors shall cause minutes to be made in books or loose-leaf folders provided for the purpose of recording:
- (a) all appointments of officers made by the Directors;
 - (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
 - (c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.
106. When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.
107. A resolution signed by all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted. When signed a resolution may consist of several documents each signed by one or more of the Directors.
108. The continuing Directors may act notwithstanding any vacancy in their body but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number, or of summoning a general meeting of the Company, but for no other purpose.
109. The Directors shall elect a chairman of their meetings and determine the period for which he is to hold office but if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.
110. A committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.

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111. A committee appointed by the Directors may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman shall have a second or casting vote.
112. All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

PRESUMPTION OF ASSENT

113. A Director of the Company who is present at a meeting of the Board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the Minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

DIVIDENDS, DISTRIBUTIONS AND RESERVE

114. Subject to any rights and restrictions for the time being attached to any class or classes of shares and these Articles, the Directors may from time to time declare dividends (including interim dividends) and other distributions on shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor.
115. Subject to any rights and restrictions for the time being attached to any class or classes of shares and these Articles, the Company by Ordinary Resolution may declare dividends, but no dividend shall exceed the amount recommended by the Directors.
116. The Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which those funds may be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.
117. Any dividend may be paid by cheque or wire transfer to the registered address of the Member or person entitled thereto, or in the case of joint holders, to any one of such joint holders at his registered address or to such person and such address as the

Member or person entitled, or such joint holders as the case may be, may direct. Every such cheque shall be made payable to the order of the person to whom it is sent or to the order of such other person as the Member or person entitled, or such joint holders as the case may be, may direct.

118. The Directors when paying dividends to the Members in accordance with the foregoing provisions may make such payment either in cash or in specie.
119. No dividend shall be paid otherwise than out of profits or, subject to the restrictions of the Companies Law, the share premium account.
120. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as fully paid on the shares, but if and so long as nothing is paid up on any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares. No amount paid on a share in advance of calls shall, while carrying interest, be treated for the purposes of this Article as paid on the share.
121. If several persons are registered as joint holders of any share, any of them may give effectual receipts for any dividend or other moneys payable on or in respect of the share.
122. No dividend shall bear interest against the Company. Any dividend which cannot be paid to a Member and/or which remains unclaimed after six months from the date of declaration of such dividend may, in the discretion of the Directors, be paid into a separate account in the Company's name, *provided* that the Company shall not be constituted as a trustee in respect of that account and the Dividend shall remain as a debt due to the Member. Any Dividend which remains unclaimed after a period of six years from the date of declaration of such Dividend shall be forfeited and shall revert to the Company.

BOOK OF ACCOUNTS

123. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.
124. The books of account shall be kept at such place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
125. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Directors or by the Company by Ordinary Resolution.
126. The accounts relating to the Company's affairs shall be audited in such manner and with such financial year end as may be determined from time to time by the Company by Ordinary Resolution or failing any such determination by the Directors.

ANNUAL RETURNS AND FILINGS

127. The Board shall make the requisite annual returns and any other requisite filings in accordance with the Companies Law.

AUDIT

128. The Directors may appoint an Auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his or their remuneration.
129. Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.
130. Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an ordinary company, and at the next special meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an exempted company, and at any time during their term of office, upon request of the Directors or any general meeting of the Members.

THE SEAL

131. The Company may, if the Directors so determine, have a Seal. The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some officer or other person appointed by the Directors for the purpose.
132. The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place where it is to be used.
133. A Director or officer, representative or attorney of the Company may without further authority of the Directors affix the Seal over his signature alone to any document of the Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

OFFICERS

134. Subject to Article 90, the Company may have a Chief Executive Officer, President, Chief Operating Officer and Chief Financial Officer, one or more Vice Presidents, Manager or Controller, appointed by the Directors. The Directors may also from time to time appoint such other officers as they consider necessary, all for such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors from time to time subscribe.

CAPITALISATION OF PROFITS

135. Subject to the Statutes and these Articles, the Board may, with the authority of an Ordinary Resolution:
- (a) resolve to capitalise an amount standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution;
 - (b) appropriate the sum resolved to be capitalised to the Members in proportion to the nominal amount of shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:
 - (i) paying up the amounts (if any) for the time being unpaid on shares held by them respectively; or
 - (ii) paying up in full unissued shares or debentures of a nominal amount equal to that sum,and allot the shares or debentures, credited as fully paid, to the Members (or as they may direct) in those proportions, or partly in one way and partly in the other, but the share premium account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted to Members credited as fully paid;
 - (c) make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where shares or debentures become distributable in fractions the Board may deal with the fractions as it thinks fit;
 - (d) authorise a person to enter (on behalf of all the Members concerned) an agreement with the Company providing for either:
 - (i) the allotment to the Members respectively, credited as fully paid, of shares or debentures to which they may be entitled on the capitalization; or
 - (ii) the payment by the Company on behalf of the Members (by the application of their respective operations of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing shares,an agreement made under the authority being effective and binding on all those Members; and
 - (e) generally do all acts and things required to give effect to the resolution.

NOTICES

136. Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the person entitled to give notice to any Member either personally, by facsimile, or by sending it through the post in a prepaid letter or via a

recognised courier service, fees prepaid, addressed to the Member at his address as appearing in the Register of Members or, to the extent permitted by all applicable laws and regulations, by electronic means by transmitting it to any electronic number or address or website supplied by the Member to the Company or by placing it on the Company's Website. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register of Members in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.

137. Notices posted to addresses outside the Cayman Islands shall be forwarded by prepaid airmail.
138. Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.
139. Any notice or other document, if served by (a) post, shall be deemed to have been served five calendar days after the time when the letter containing the same is posted, or (b) facsimile, shall be deemed to have been served upon confirmation of receipt, or (c) recognised delivery service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service and in proving such service it shall be sufficient to provide that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier or (d) electronic means as provided herein shall be deemed to have been served and delivered on the day following that on which it is successfully transmitted or at such later time as may be prescribed by any applicable laws or regulations.
140. Any notice or document delivered or sent to any Member in accordance with the terms of these Articles shall notwithstanding that such Member be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder, unless his name shall at the time of the service of the notice or document, have been removed from the Register of Members as the holder of the share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.
141. Notice of every general meeting shall be given to:
- (a) all Members who have supplied to the Company an address for the giving of notices to them;
 - (b) every person entitled to a share in consequence of the death or bankruptcy of a Member, who but for his death or bankruptcy would be entitled to receive notice of the meeting; and
 - (c) each Director and Alternate Director.

No other person shall be entitled to receive notices of general meetings.

INFORMATION

142. No Member shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the Members to communicate to the public.
143. The Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its Members including, without limitation, information contained in the Register of Members and transfer books of the Company.

INDEMNITY

144. To the fullest extent permissible under the Companies Law, every Director (including for the purposes of this Article any Alternate Director appointed pursuant to the provisions of these Articles) and officer of the Company for the time being and from time to time shall be indemnified and secured harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in connection with the execution or discharge of his duties, powers, authorities or discretions as a Director or officer of the Company, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.
145. No such Director or officer of the Company shall be liable to the Company for any loss or damage unless such liability arises through the willful neglect or default of such Director or officer.

FINANCIAL YEAR

146. Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31st in each year and shall begin on January 1st in each year.

WINDING UP

147. Subject to these Articles, if the Company shall be wound up, the liquidator may, with the sanction of an Ordinary Resolution of the Company, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

AMENDMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION AND NAME OF COMPANY

148. Subject to the Companies Law and these Articles, the Company may at any time and from time to time by Special Resolution alter or amend these Articles or the Memorandum of Association of the Company, in whole or in part, or change the name of the Company.

REGISTRATION BY WAY OF CONTINUATION

149. Subject to these Articles, the Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

Specimen

CNinsure Inc.

Number:

XX

Number

XX

CNINSURE INC.

(Incorporated under the laws of the Cayman Islands)

Ordinary Shares

XX

Ordinary Shares:

XX

US\$10,000,000 Share Capital divided into
10,000,000,000 Ordinary Shares of a par value of US\$0.001 each

Issued to:

XX

THIS IS TO CERTIFY THAT-----XX-----is the registered
holder of-----XX-----Ordinary Shares in the above-named

Dated

XX

Company subject to the memorandum and articles of association thereof.

Transferred from:

XX

XX

EXECUTED for and on behalf of the Company on 2007.

DIRECTOR _____

TRANSFER

I (the Transferor) for the value received
DO HEREBY transfer to (the Transferee) the
shares standing in my name in the

undertaking called **CNINSURE INC.**
To hold the same unto the Transferee

Dated
Signed by the Transferor
in the presence of:

Witness

Transferor

DATE: 19 June 2004

CHINA UNITED FINANCIAL SERVICES HOLDINGS LIMITED

AND

CATHAY AUTO SERVICES LIMITED

CISG HOLDINGS LTD.

SUBSCRIPTION AGREEMENT

THIS AGREEMENT is dated 19 June 2004

BETWEEN:

- (1) **CHINA UNITED FINANCIAL SERVICES HOLDINGS LTD.**, a company incorporated under the laws of the British Virgin Islands under I.B.C. No. 368220 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands (“**CUFS**”); and
- (2) **CATHAY AUTO SERVICES LIMITED**, a company incorporated under the laws of British Virgin Islands under I. B. C. No. 448826 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands (“**Cathay**”)
(For the purpose of this Agreement, CUFS and Cathay are collectively referred to as “**Subscribers**” and each a “**Subscriber**”)
- (3) **CISG HOLDINGS LTD.**, a company incorporated under the laws of the British Virgin Islands under I. B. C. No. 599853 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands (“**Company**”).

WHEREAS:

- (A) CISG Holdings Ltd. is a company incorporated under the laws of the British Virgin Islands which has an authorized share capital of RMB100,000,000 divided into 1,000,000,000 shares of RMB0.10 each. Further details of the Company are set out in Schedule 1.
- (B) The Subscribers have agreed to subscribe for and the Company has agreed to allot and issue the Subscription Shares (as defined below) subject to and upon the terms and conditions set out in this Agreement.

NOW IT IS HEREBY AGREED as follows:

1. INTERPRETATION

- 1.1 In this Agreement (including the Recitals and Schedules), unless the context otherwise requires or permits, the following words and expressions shall have the meanings ascribed to each of them respectively below:

“Business Day”	a day (other than a Saturday) on which licensed banks are open for business in Hong Kong throughout their normal business hours
“Cathay Subscription Shares”	8,008 new shares of RMB0.10 each in the issued share capital of the Company
“Cathay Subscription Consideration”	a sum of RMB25,000,000.00 payable by Cathay to the Company for the subscription of Cathay Subscription Shares
“CUFS Subscription Shares”	20,820 new shares of RMB0.10 each in the issued share capital of the Company
“CUFS Subscription Consideration”	(i) a sum of RMB10,000,000 together with (ii) assignment of all CUFS’s rights and interests in the Nominee Documents to the Company
“Nominee Documents”	(i) loan agreements pursuant to which CUFS has advanced loans to various PRC individuals and entities and (ii) option and pledge deeds pursuant to which CUFS would be granted (a) valid first priority interests in the entire equity in the PRC Intermediary Holding Vehicles and PRC Operating Vehicles and (b) options to purchase entire equity in the PRC Intermediary Holding Vehicles and PRC Operating Vehicles
“Completion”	completion of the subscription for, and allotment and issue of, the Subscription Shares in accordance with the terms and conditions of this Agreement
“Encumbrance”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement or other interest vested in a third party whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same and “Encumber” shall be construed accordingly

“Group”	the Company and the Subsidiaries and the “Group Company” and “member of the Group” shall be construed accordingly
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“PRC Intermediary Holding Vehicles”	the PRC intermediary holding vehicles the particulars of which are set out in Schedule 2
“PRC Operating Vehicles”	5 PRC insurance companies the particulars of which are set out in Schedule 3
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Subscription Consideration”	CUFS Subscription Consideration and Cathay Subscription Consideration
“Subscription Shares”	CUFS Subscription Shares and Cathay Subscription Shares
“Taxation”	all forms of taxation including overseas taxation and all forms of profits tax, interest tax, estate duty and stamp duty and all levies, imposts, duties, charges, fees, deductions and withholdings whatsoever charged or imposed by any statutory, governmental state, provincial, local government or municipal authority whatsoever and including all costs, interest, penalties, charges and expenses incidental or relating to taxation or to any relief, allowance, set-off or deduction in computing profits or right to the repayment of taxation and the expression “Tax” shall be construed accordingly
“this Agreement”	this agreement for the subscription for, and allotment and issue of, the Subscription Shares, as amended from time to time

- 1.2 The headings of this Agreement are inserted for convenience only and shall be ignored in construing this Agreement. Unless the context otherwise requires, references in this Agreement to the singular shall be deemed to include references to the plural and vice versa; references to one gender shall include all genders and references to any person shall include an individual, firm, body corporate or unincorporate.

-
- 1.3 References to any statute or statutory provision shall include any statute or statutory provision which amends or replaces or has amended or replaced it and shall include any subordinate legislation made under the relevant statute.
- 1.4 References in this Agreement to Clauses and Schedules are references to clauses of and schedules to, this Agreement.
- 1.5 The expressions the “**Company**” and the “**Subscriber**” shall where the context permits, include their respective successors, personal representatives and permitted assigns.

2. SUBSCRIPTION

- 2.1 Subject to and upon the terms and conditions of this Agreement, Cathay and CUFS shall respectively subscribe for Cathay Subscription Shares and CUFS Subscription Shares and that the Company shall allot and issue the Subscription Shares free from Encumbrances subject to and upon the terms and conditions of this Agreement.
- 2.2 In consideration of the Company’s issuance and allotment of the Subscription Shares, the Subscribers shall:-
- (i) in the case of Cathay, Cathay shall pay Cathay Subscription Consideration in the sum of RMB25,000,000.00 to the Company; and
 - (ii) in the case of CUFS, CUFS shall [aa] pay a sum of RMB10,000,000.00 to the Company [bb] assign all its rights and interests in the Nominee Documents to the Company.
- 2.3 The Subscription Shares shall be allotted and issued fully paid, free from Encumbrances and shall rank pari passu in all respects among themselves including the right to receive all dividends, distributions and other payments made or to be made the record date for which falls on or after the date of such allotment and issue.

3. COMPLETION

- 3.1 Completion shall take place as soon as practicably upon full payment of the Subscription Consideration by the Subscribers when all the acts and requirements set out in this Clause 3 shall be complied with.
- 3.2 At Completion, the Company shall:
- (1) allot and issue to the Subscribers the Subscription Shares as fully paid and shall procure that the Subscribers are registered in the register of members of the Company as the registered holders of the Subscription Shares;
 - (2) deliver to each of the Subscribers copy, certified by a director of the Company

as true and complete, of the resolutions of its board of directors approving the allotment and issue of the Subscription Shares to the Subscribers as fully paid and the issue of the share certificates to the Subscribers in relation to the Subscription Shares; and

- (3) deliver to CUFS a share certificate in respect of CUFS Subscription Share and to Cathay a share certificate in respect of Cathay Subscription Share.

3.3 At Completion, CUFS shall produce the duly executed documents for the purpose of assigning all its rights and interests in the Nominee Documents to the Company as part of the consideration as referred to in Clause 2.2(ii).

4. FURTHER ASSURANCE

The Company shall execute, do and perform or procure to be executed, done and performed by other necessary parties all such further acts, agreements, assignments, assurances, deeds and documents as the Subscribers may require so as to effectively vest the registered and beneficial ownership of the Subscription Shares in the Subscribers free from all Encumbrances.

5. CONFIDENTIALITY AND ANNOUNCEMENTS

Each of the parties undertakes to the others that it will not, at any time after the date of this Agreement, divulge or communicate to any person other than to its professional advisers or to its respective officers or employees whose province is to know the same any confidential information concerning the business, accounts, finance or contractual arrangements or other dealings, transactions or affairs of any of the others which may be within or may come to its knowledge and it shall use its best endeavours to prevent the publication or disclosure of any such confidential information concerning such matters.

6. TIME AND WAIVER

Time shall in every respect be of the essence of this Agreement but no failure on the part of any party hereto to exercise, and no delay on its part in exercising any right hereunder shall operate as a waiver thereof, nor will any single or partial exercise of any right under this Agreement preclude any other or further exercise of it or the exercise of any other right or prejudice or affect any right against any other parties hereto under the same liability, whether joint, several or otherwise. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

7. INVALIDITY

If at any time any one or more of the provisions of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the laws of any relevant jurisdiction, neither the legality, validity or enforceability of the remaining

provisions of this Agreement in that jurisdiction nor the legality, validity or enforceability of such provision under the laws of any other jurisdictions shall in any way be affected or impaired thereby.

8. AMENDMENTS

This Agreement shall not be amended, supplemented or modified except by instruments in writing signed by all parties hereto.

9. ASSIGNMENT

This Agreement shall be binding upon and enure to the benefit of each party's successors and permitted assigns and, none of the rights or obligations of the parties under this Agreement may be assigned or transferred without the prior written consent of the Company.

10. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties hereto with respect to the matters dealt with herein and supersedes any previous agreements, arrangements, statements, understandings or transactions between the parties hereto in relation to the matters hereof.

11. GOVERNING LAW AND JURISDICTION

11.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.

11.2 The parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong.

IN WITNESS whereof this Agreement has been duly executed by all parties hereto the day and year first above written.

SCHEDULE 1

DETAILS OF THE COMPANY

Place of incorporation : The British Virgin Islands
Date of Incorporation : 8 June 2004
Principal activity : Investment Holding

SCHEDULE 2

DETAILS OF PRC INTERMEDIARY HOLDING VEHICLES

- | | | |
|---------------------------------------|---|--|
| 1. Name of Company | : | 北京泛联投资有限公司 |
| 2. Registration No. | : | 1101051634242 |
| 3. Place of Incorporation | : | PRC |
| 4. Permitted Business Scope including | : | 投资管理 |
| 5. Date of Incorporation | : | 15 December 2003 |
| 1. Name of Company | : | 广东美迪业投资有限公司 |
| 2. Registration No. | : | 4400002091216 |
| 3. Place of Incorporation | : | PRC |
| 4. | : | 实业投资、投资咨询(不含证券和期货); 销售:百货、五金、 建筑、装饰材料, 交通运输设备(不含汽车), 电子产品。 |
| 5. Date of Incorporation | : | 17 May 2002 |

1.	Name of Company	:	四川怡合投资有限公司
2.	Registration No.	:	5100001816828
3.	Place of Incorporation	:	PRC
4.	Permitted Business Scope including	:	企业策划、理财服务; 在法律法规允许的范围内担保
5.	Date of Incorporation	:	3 December 2003

SCHEDULE 3

PRC OPERATING VEHICLES

- | | | |
|---------------------------------------|---|--|
| 1. Name of Company | : | 广东卡富斯保险经纪有限公司 |
| 2. Registration No. | : | 4400001010089 |
| 3. Place of Incorporation | : | PRC |
| 4. Permitted Business Scope including | : | 为投保人拟订投保方案、选择保险人、办理投保手续;协助被保险人或受益人进行索赔;再保险经纪业务;为委托人提供防灾、防损或风险评估、风险管理咨询服务;中国保监会批准的其他业务。 |
| 5. Date of Incorporation | : | 16 September 2003 |

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- | | | |
|---------------------------------------|---|--|
| 1. Name of Company | : | 广东南枫保险代理有限公司 |
| 2. Registration No. | : | 4400001901012 |
| 3. Place of Incorporation | : | PRC |
| 4. Permitted Business Scope including | : | 代理销售保险产品; 代理收取保险费; 根据保险公司的委托, 代理相关业务的损失勘察和理赔 |
| 5. Date of Incorporation | : | 30 May 2002 |

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1. **Name of Company** : 北京泛联保险代理有限公司
 2. **Registration No.** : 1101051379147
 3. **Place of Incorporation** : PRC
 4. **Permitted Business Scope including** : 在北京市行政辖区内代理销售保险产品; 代理收取保险费; 根据保险公司委托, 代理相关业务的损失勘查和理赔。
 5. **Date of Incorporation** : 26 April 2002

1.	Name of Company	:	四川泛华保险代理有限公司
2.	Registration No.	:	5101071803063
3.	Place of Incorporation	:	PRC
4.	Permitted Business Scope including	:	代理销售保险产品; 代理收取保险费; 根据保险公司的委托, 代理相关业务的损失勘察和理赔
5.	Date of Incorporation	:	14 August 2003
1.	Name of Company	:	上海美华保险代理有限公司
2.	Registration No.	:	3101042007523
3.	Place of Incorporation	:	PRC
4.	Permitted Business Scope including	:	代理销售保险产品; 代理收取保险费; 根据保险公司的委托, 代理相关业务的损失勘察和理赔
5.	Date of Incorporation	:	29 August 2003

THE SUBSCRIBERS

SIGNED BY: Leung Ping Chung, Hermann)
A Director for and on behalf of)
CHINA UNITED FINANCIAL) /s/ Leung Ping Chung, Hermann
SERVICES HOLDINGS LIMITED)

SIGNED BY: Leung Ping Chung, Hermann)
A Director for and on behalf of)
CATHAY AUTO) /s/ Leung Ping Chung, Hermann
SERVICES LIMITED)

THE COMPANY

SIGNED BY: Leung Ping Chung, Hermann)
A Director for and on behalf of) /s/ Leung Ping Chung, Hermann
CISG HOLDINGS LTD)

DATED THE 22nd DAY OF DECEMBER, 2005

- (1) **CATHAY AUTO SERVICES LIMITED**
and
- (2) **CHINA UNITED FINANCIAL SERVICES HOLDINGS LTD**
and
- (3) **KINGSFORD RESOURCES LIMITED**
and
- (4) **CISG HOLDINGS LTD.**
and
- (5) **WEB-BASED SECURITIES LIMITED**
and
- (6) **CAA HOLDINGS COMPANY LIMITED**
- (7) **CDH INSERVICE LIMITED**
and
- (8) **BESTCHEER INTERNATIONAL LIMITED**
- (9) **HU YI NAN**
and
- (10) **LAI QIU PING**

SUBSCRIPTION AGREEMENT
relating to CISG Holdings Ltd.

STEVENSON, WONG & CO.
Solicitors & Notaries
Room 2002-9, 20th Floor, Edinburgh Tower, The Landmark,
15 Queen's Road Central,
Hong Kong SAR
Ref: LFC/HLO(P)/63579/05(COMM)

BETWEEN:-

- (1) **CATHAY AUTO SERVICES LIMITED**, a company incorporated under the laws of British Virgin Islands under I. B. C. No. 448826 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands (“**Cathay**”);
- (2) **CHINA UNITED FINANCIAL SERVICES HOLDINGS LTD**, a company incorporated under the laws of the British Virgin Islands under I.B.C. No. 368220 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands (“**CUFS Holdings**”);
- (3) **KINGSFORD RESOURCES LIMITED**, a company incorporated under the laws of the British Virgin Islands under I. B. C No. 504120 whose registered office is situate at Beaufort House, P.O. Box 438, Road Town, Tortola, British Virgin Islands (“**Kingsford**”);
(Cathay, CUFS and Kingsford are collectively referred to as the “**Existing Shareholders**” and each an “**Existing Shareholder**”)
- (4) **CISG HOLDINGS LTD.**, a company incorporated under the laws of the British Virgin Islands under I. B. C. No. 599853 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands (“**Company**”).
- (5) **WEB-BASED SECURITIES LIMITED** a company incorporated under the laws of the British Virgin Islands under I. B. C. No. 399286 whose registered office is situate at the offices of Offshore Incorporation Centre, P. O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (“**Web Based**”)
- (6) **CAA HOLDINGS COMPANY LIMITED** a company incorporated under the laws of the British Virgin Islands under I. B. C. No. 447807 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands (“**CAA**”);
- (7) **CDH INSERVICE LIMITED**, a company incorporated under the laws of the British Virgin Islands under I. B. C. No. 1000928 whose registered office is situate at the offices of Maple Finance BVI Limited, P. O. Box 173, Kingston Chambers, Road Town, Tortola, British Virgin Islands (“**CDH**” or the “**Subscriber**”).
- (8) **BESTCHEER INTERNATIONAL LIMITED**, a company incorporated under the laws of the British Virgin Islands under I. B. C. No. 666492 whose registered office is situate at the offices of Offshore Incorporation Centre, P. O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (“**New Co**” or “**Existing Shareholders Vehicle**”)

(9) HU YI NAN (胡義南), holder of PRC ID card no. 510103196508283411 of 廣州市白云區廣西園西路183号大院195号40房 (“Hu”)

(10) LAI QIU PING (賴秋萍), holder of PRC ID card no. 360102195311073817 of 廣州市越秀區榕樹巷20號603室 (“Lai”)

(Hu and Lai are collectively referred to as “**Founders**” and each a “**Founder**”)

WHEREAS:-

(A) (1) CISG Holdings Ltd. is a company incorporated under the laws of the British Virgin Islands which has an authorized share capital of RMB100,000,000.00 divided into 1,000,000,000 shares of RMB0.10 each, of which 47,840 shares have been issued and are owned by the Existing Shareholders as at the date of this Agreement.

As at the date hereof, Cathay, CUFS Holdings and Kingsford respectively own 16.74%, 43.52% and 39.74% of the entire issued share capital of the Company. Detailed corporate particulars of the Company are set out in Part A of Schedule 1.

As at the date of this Agreement, Kingsford’s entire issued share capital is owned by Hu, Lai and 8 other individuals (whose particulars are set out in Schedule 11) in the shareholding ratio of 58.97% : 17.23% and 23.8%. In consideration of Kingsford’s issuance and allotment of 17.23% of its entire issued share capital to Lai, Lai entered into a promissory note in respect of a sum of US\$497,650.00 (“Lai’s Debt”) in favour of Kingsford.

(2) CNinsure Holdings Ltd. (“CN Holdings”) is a company incorporated under the laws of the British Virgin Islands which has an authorized share capital of US\$50,000.00 divided into 50,000 shares of US\$1.00 each, of which 1 share has been issued and is beneficially owned by the Company. Corporate particulars of CN Holdings are set out in Part B of Schedule 1.

(3) As at the date hereof, CN Holdings is owner holding the entire equity interest in 仪齐满管理咨询(深圳)有限公司(Yi Qi Man Management Consultancy (Shenzhen) Company Limited) (“Yi Qi Man”) and 海迪乐基企业形象策划(深圳)有限公司(Hai Di Le Ji Image Planning (Shenzhen) Company Limited) (“Hai Di Le Ji”) both of which are wholly foreign owned enterprises incorporated under the laws of the People’s Republic of China. Yi Qi Man and Hai Di Le Ji also formed a private limited company called 深圳泛华南枫咨询公司(Shenzhen Fan Hua Nan Fung Consultancy Company) (“Fan Hua”). Fan Hua has two subsidiaries which are 广州市中琪企业管理咨询有限公司(Guangzhou Zhongqi Management Consulting Co. Ltd) (“Zhong Qi”) and 北京瑞斯科管理咨询公司(Beijing Rui Si Ke Management Consulting Co.) (“Rui Si Ke”).

CN Holdings is also owner holding the entire issued share capital of a HK Company ("HK Co") as defined in Sec 2.1 (a) (iii)

Corporate particulars of Yi Qi Man, Hai Di Le Ji , Fan Hua, HK Co, Rui Si Ke and Zhong Qi are set out in Parts C, D, E, H, I and J of Schedule 1.

- (B) (1) CUFS Holdings is a private limited company incorporated and subsisting under the laws of British Virgin Islands and as at the date hereof has an authorized share capital of RMB100,000,000.00 divided into 100,000,000 shares of RMB1.00 each. Corporate information of CUFS Holdings is set out in Part A of Schedule 2 hereof. As at the date of this Agreement, Cathay , CAA and Web Based respectively owns 41%, 56% and 3% of the entire issued share capital of CUFS Holdings.
- (2) As at the date hereof, CUFS Holdings has a wholly owned subsidiary, China Financial Services Group Limited ("CFSG"), a company incorporated in Hong Kong which has an authorized share capital of HK\$10,000.00 divided into 10,000 shares of HK\$1.00 each, 2 of which have been issued and are beneficially owned by CUFS Holdings. Corporate particulars of CFSG are set out in Part B of Schedule 2.
- (C) (1) Prior to the date hereof, CUFS Holdings and its subsidiaries advanced loans to various PRC individuals and entities ("Current Nominees") for the purpose of enabling the Current Nominees to establish and acquire three intermediary holding vehicles ("PRC Intermediary Holding Vehicles") and 12 PRC insurance companies ("PRC Operating Vehicles"). Corporate particulars of the PRC Intermediary Holding Vehicles and PRC Operating Vehicles as at today are set out in Parts F and G of Schedule 1.
- (2) In consideration of the loans advanced by CUFS Holdings to the Current Nominees and as security for such loans, CUFS Holdings entered into the following documents with the Current Nominees:-
- (i) loan agreements setting out the terms and conditions upon which CUFS Holdings advanced loans to the Current Nominees;
 - (ii) option and pledge deeds pursuant to which Current Nominees granted to CUFS Holdings (a) valid first priority interests in their respective entire equity in the PRC Intermediary Holding Vehicles and PRC Operating Vehicles and (b) options to purchase their respective entire equity in the PRC Intermediary Holding Vehicles and PRC Operating Vehicles in accordance with the terms therein.
- the aforesaid loan agreements and option and pledge deeds are collectively referred to as "Current Nominee Documents")

By virtue of the Current Nominee Documents, CUFS Holdings had acquired and was able to exercise effective control over PRC Intermediary Holding Vehicles and PRC Operating Vehicles.

(3) Pursuant to an agreement made between the Company and CUFS Holdings in 2004, CUFS Holdings agreed to subscribe and the Company agreed to issue 20,820 Common Stocks (constituting 72.22% of the then entire issued share capital of the Company) to CUFS Holdings subject to the terms stipulated therein. As part of the consideration of the Company's allotment of 20,820 Common Stocks to CUFS Holdings, CUFS Holdings assigned all its rights and interests in the Current Nominee Documents to the Company. Pursuant to these assignment documents, the Company has acquired effective control over the PRC Intermediary Holding Vehicles and PRC Operating Vehicles.

(D) The Subscriber has agreed to subscribe and the Company has agreed to issue and allot such number of Common Stocks of the Company ("**Subscription**") in accordance with the terms of this Agreement. The parties hereto are desirous of entering into this Agreement to set out the terms and conditions of the Subscription and to regulate certain rights and obligations among themselves with respect thereto.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto agree as follows:-

ARTICLE I DEFINITIONS

Section 1.1 Definitions. (a) As used herein, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):-

"2005 Adjusted Audited adjusted by NI"	shall mean the 2005 Audited NI based on IFRS as factors set out in Section 6.5 hereof
"2006 Adjusted Audited NI"	shall mean the 2006 Audited NI based on IFRS as adjusted by factors set out in Section 6.5 hereof
"2005 Audited NI"	shall mean Audited Net Income of the Group for the financial year end of 2005 based on IFRS as determined by the Initial Auditors
"2006 Audited NI"	shall mean Audited Net Income of the Group for the financial year end of 2006 based on IFRS as determined by the Initial Auditors
"2005 Estimated NI" or "2005 ENI"	shall mean the sum of RMB50 million being the estimated Net Income of the Group for the financial year end of 2005
"2006 Estimated NI" or "2006 ENI"	shall mean the sum of RMB75 million being the estimated Net Income of the Group for the financial year end of 2006

“ENI Targets”	shall mean both 2005 ENI and 2006 ENI
“2005 GNI”	shall mean a sum of RMB 50 million being guaranteed NI for the financial year end of 2005
“2006 GNI”	shall mean a sum of RMB 65 million being guaranteed NI for the financial year end of 2006
“GNI Targets”	shall mean both 2005 GNI and 2006 GNI;
“Audited 2005 Accounts”	shall mean the profit and loss accounts of the Group to be prepared by the Company Auditors based on IFRS for the financial year ended on 31 December 2005 and balance sheets of the Group for the period as at 31 December 2005
“Audited 2006 Accounts”	shall mean the profit and loss accounts of the Group to be prepared by the Company Auditors based on IFRS for the financial year ended on 31 December 2006 and balance sheets of the Group for the period as at 31 December 2006
“Accounts”	shall mean (1) the draft profit and loss accounts of the Group for the financial year ended on 31 December 2005 and balance sheets of the Group for the period as at 31 December 2005 and (2) the draft review of financial statement of the Group as at the Accounts Date all prepared by the Initial Auditors. Copies of the Accounts are attached to this Agreement as Appendix A.
“Account Date”	shall mean 30 June 2005.
“Affiliate”	of any Person shall mean any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control, with such Person. The term “ <u>control</u> ” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.
“Agreement”	shall mean this Agreement, together with the Exhibits and Schedules hereto, as modified, supplemented or amended from time to time.

“Articles of Association”	shall mean the Memorandum of Association and Articles of Association of the Company, as modified, supplemented or amended from time to time in accordance with the terms hereof and thereof.
“Audited Net Income” or “Audited NI”	shall mean the Net Income of the Group as audited by the Initial Auditors in accordance with IFRS
“Board of Directors”	shall mean the board of directors of the Company.
“Business”	shall mean insurance intermediary businesses including insurance brokerage business, insurance agency business, insurance claims assessment business and all related business activities and such other businesses as may from time to time be approved by Supermajority of the Board of Directors.
“Business Day”	shall mean any day except a Saturday, Sunday or other day on which commercial banking institutions in any one of Hong Kong, New York City or Guangzhou is authorized or required to close.
“Capital Event”	shall mean a Qualified IPO (as defined below) or such other means of capital raising as approved by the Board by a Supermajority, or a sale of majority of assets or the business of the Group to an unconnected third party, or a merger of the Company with another operation or company, or allotment of new Stocks in and of the Company thereby resulting in the change of controlling shareholder(s) of the Company and Control of the Board of Directors.
“CDH Investment Base”	shall mean an investment sum of RMB150,000,000.00 with respect to 26.4% of the entire issued share capital of the Company as adjusted from time to time for any stock splits, subdivisions, combinations or similar changes, if any.
“CDH Subscription Stocks”	shall mean 17,160 Common Stocks constituting 26.4% of the then entire issued share capital of the Company upon completion of the Subscription.
“CDH Subscription Price”	shall mean the subscription consideration in the sum of RMB150,000,000.00 (or the agreed equivalent of US\$18,633,540.37 based on an agreed exchange rate at US\$1.00: RMB8.05) payable by CDH to the Company for the subscription of CDH Subscription Stocks
“CFSG”	shall mean China Financial Services Group Limited as referred to in Recital B(1).

“China”	shall mean the People’s Republic of China.
“Closing Date”	shall mean a day on or before 23 December 2005 or such later date(s) as the Parties may agree in writing upon which completion of the Subscription shall take place in accordance with the terms of this Agreement.
“Common Stock”	shall mean the ordinary shares at a par value of RMB0.10 each of the Company as provided in the Articles of Association.
“Company Auditors”	shall mean the Initial Auditors and any subsequent Auditors as the Company may appoint by a Supermajority.
“Company Shareholder(s)”	shall mean New Co, CDH and any shareholders of the Company for so long as it/he/she is a shareholder registered in the Register of Members of the Company.
“Control”	shall have the meaning provided in the definition of “Affiliate” in this Section 1.1.
“CUFS Holdings”	shall mean China United Financial Services Holdings Ltd
“Current Nominees”	shall mean the 3 PRC citizens whose particulars are set out in Part A of Schedule 3 hereof
“Current Nominee Documents”	shall mean the loan agreements, option and pledge documents made between the Company and the Current Nominees. Particulars of the Current Nominee Documents are set out in Schedule 4 hereof
“Current Round Valuation”	shall mean valuation of the Group upon which CDH subscribed the CDH Subscription Stocks. The Current Round Valuation being RMB500 million which is computed on the basis that (i) estimated Net Profit of the Group for the financial year end of 2005 is RMB50 million and (ii) the price earning ratio for the Common Stock being 10 as at the date of this Agreement.
“Directors”	shall mean members of the Board of Directors of the Company.
“Encumbrances”	shall mean any mortgage, charge, pledge, lien, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-purchase, sale-and-leaseback arrangement over or in any property, assets or rights of whatsoever nature or interest or any agreement for any of the same;

“Escrow Agent”	shall mean Stevenson Wong & Co.
“ESOP”	shall mean Employees Stock Option Plan as approved and adopted by Supermajority of the Board.
“Final Structure”	shall mean the structure of the Group which is depicted in Schedule 5 of this Agreement.
“Financial Review Results”	shall mean the results of (i) audit of the financial statements of the Group in respect of the financial year ended 2004 and (ii) review of the Group in respect of the period from 1 January to 30 June 2005 as determined by the Initial Auditors
“Founders Warranties”	shall mean the representations and warranties of the Founders as provided in Section 5.2 and Schedule 8 of this Agreement.
“Founders Security Stocks”	shall mean 6,185 Common Stocks in the Company constituting 12.93% of the entire issued share capital of the Company owned by New Co as at the Closing Date. The Founders Security Stocks represent the Founders effective interest in the Company through their holdings in CAA which owns 56% of the entire issued share capital of CUFS Holdings which in turn owns 43.52% of the entire issued share capital of New Co as at the Closing Date.
“Founders Stocks Notice”	<p>shall mean either:-</p> <p>(1) in the event the Founders shall fail to perform their undertakings under Section 6.1, a notice dispatched by CDH to the Founders, New Co and Escrow Agent attaching: [i] certified true copy of the Audited 2005 Accounts showing the 2005 Adjusted Audited NI and/or Audited 2006 Accounts showing the 2006 Adjusted Audited NI to be prepared by the Company Auditors in accordance with IFRS; or [ii] if there is any dispute by the parties as to the said audited accounts, then the said audited accounts together with the Independent Accountant Certificate jointly appointed by the Founders and CDH</p> <p>Or;</p> <p>(2) in the event the Founders shall commit any breach of the Founders Warranties under Section 5, a notice dispatched by CDH to the Founders, New Co and Escrow Agent attaching : [i] certified true copy of arbitration award granted by the Hong Kong International Arbitration Centre in favor of CDH; and together with [ii] the Independent Accountant Certificate jointly appointed by the Founders and CDH</p>

“Further Acquisition”	shall mean further acquisition of equity interests of or effective control over such other PRC insurance intermediary companies or such other PRC intermediary holding vehicles by the Company after the Closing Date.
“Governmental Authority”	shall mean the government of China or any other country or any provincial, state or political subdivision thereof and any administration, agency, court, commission or other authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including, without limitation to, any stock or commodities exchange or other quasi-governmental entity established to perform such functions.
“Group”	shall mean the Company and its Subsidiaries including but not limited to CN Holdings, HK Co, Yi Qi Man, Hai Di Le Ji, Shenzhen Fan Hua, Guangzhou Zhong Qi, Beijing Rui Si Ke, PRC Intermediary Holding Vehicles and such other subsidiaries to be formed by the Company. For the purpose of this Agreement, the term “Group” shall include the Group Insurance Vehicles notwithstanding that the Company or its Subsidiaries may not have direct equity interest in the Group Insurance Vehicles. Each member of the Group shall be defined as a “Group Company” or “Group Member”.
“Group Insurance Vehicles”	shall mean (1) the PRC Operating Vehicles and (2) such other companies carrying on the Business whose equity interests and/or Effective Control as may be, from time to time, acquired by the PRC Intermediary Holding Vehicles and/or HK Co and/or Yi Qi Man and/or Hai Di Le Ji subject to approval by Supermajority of the Board.
“HK\$”	shall mean the lawful currency of the Hong Kong SAR.
“Hong Kong SAR”	shall mean the Hong Kong Special Administrative Region of China.
“IFRS”	shall mean the International Financial Reporting Standards as may be from time to time adopted by the International Accounting Standards Board.
“Independent Accountant Certificate”	shall mean certificate issued by an independent accountant from an internationally recognized accountants firm appointed by the chairman of the Hong Kong Society of Accountants confirming the actual number of CDH Compensation Stocks and/or stocks which should be transferred to CDH and/or New Co (as the case may be) in accordance with the terms of this Agreement.

“Initial Auditors”	shall mean Deloitte Touche Tohmatsu
“Intellectual Property Rights”	<p>shall mean</p> <ul style="list-style-type: none"> (i) all patents, registered designs, design rights, trade marks, service marks, copyrights, Internet domain names of any level, trade and business names, including the benefit of all registrations of and applications to register and rights to apply for registration of any of such items, and all rights in the nature of any of the aforesaid items, anywhere in the world; (ii) all trade secret, confidentiality and other proprietary rights, including but not limited to all rights to know-how, customer database and other technical information; (iii) rights in the nature of unfair competition rights and rights to sue for passing off; (iv) the benefit of all licenses and permissions granted to or enjoyed in respect of any of the foregoing.
“IPO”	shall mean listing of the Common Stocks or such shares in the capital of the Listing Vehicle on the Stock Exchange of Hong Kong Limited or the National Association of Securities Dealers Automated Quotation System (“NASDAQ”) in the USA or the New York Stock Exchange or other international stock exchange or securities exchange through an initial public offering of the Common Stocks or such shares in the capital of the Listing Vehicle. And that the term “ <i>Qualified IPO</i> ” shall be construed to mean an IPO in which (i) shares of the Listing Vehicle are made available for public offering at a price per share that values the Listing Vehicle at not less than RMB 650 million immediately before IPO and (ii) with a public offering representing at least 25% of the pro forma shares outstanding on a fully diluted basis immediately upon IPO.
“Key Persons”	shall mean such persons whose names and particulars are set out in Schedule 6 of this Agreement.
“Lai’s K Stocks Notice”	shall mean a notice dispatched by New Co and/or CDH to Lai, New Co and Escrow Agent attaching: [i] certified true copy of the Audited 2005 Accounts showing the 2005 Adjusted Audited NI and/or Audited 2006 Accounts showing the 2006 Adjusted Audited NI to be prepared by the Company Auditors in accordance with IFRS; or [ii] if there is any dispute the Independent Accountant Certificate jointly appointed by the Founders and CDH

“Legal Due Diligence Results”	shall mean (1) the legal due diligence report prepared by Stevenson Wong & Co/Maples and Calder as instructed by the Company setting out results of their review regarding legal status of such members of the Group which were incorporated outside China and (2) a formal legal opinion and legal due diligence report issued by Commerce and Finance Law Office to CDH setting out the results of their review regarding legality and validity of corporate structure of the Group and such other PRC related legal issues as contemplated under this Agreement
“Listing Rules”	shall mean the Rules Governing the Listing of securities of The Stock Exchange of Hong Kong Limited.
“Listing Vehicle”	shall mean either the Company or any other company which becomes the holding company of the Company which owns or carries on all or substantially all of the business, assets and undertaking of the Company whose shares shall be listed on the Main Board of the Stock Exchange of Hong Kong Limited or the National Association of Securities Dealers Automated Quotation System (“NASDAQ”) in the USA or the New York Stock Exchange or other international stock exchange or securities exchange through an initial public offering of such shares.
“Management Option Notice”	shall mean the notice in the form as attached in Schedule 7 of this Agreement.
“Management Team”	shall mean such senior managerial staff of the Group as may be from time to time identified by the Founders. For the avoidance of doubt, the Management Team shall include the Founders
“NAV”	shall mean the net asset value which is the aggregate amount of all fixed and current tangible assets less the aggregate amount of all liabilities whether actual, contingent or deferred.
“Net Income” or “NI”	shall mean total earnings after income taxes, depreciation and amortization, interest and other expenses as determined in accordance with IFRS

“Parties”	shall mean the Company, CUFS Holdings, Cathay, Kingsford, CDH, Web Based, CAA, New Co, Hu, Lai and their respective successors and permitted transferees in accordance with the terms of this Agreement.
“Person”	shall mean any individual, corporation, partnership, joint venture, association, trust, limited liability company or any other entity or organization, including a governmental or political subdivision or an agency, unit or instrumentality thereof.
“PRC”	shall mean the People’s Republic of China.
“PRC Intermediary Holding Vehicles”	shall mean the 3 PRC companies namely (i) Guangdong Mei Di Ya Investment Company Limited (广东美迪亚投资有限公司), (ii) Sichuan Yi He Investment Company Limited (四川怡合投资有限公司) and (iii) Beijing Fan Lian Investment Company Limited (北京泛联投资有限公司) whose entire equity interests are registered in the names of the Current Nominees and to be registered in the names of PRC Nominees subject to the Company’s rights and interests under the PRC Nominee Documents.
“PRC Nominees”	shall mean the 3 PRC citizens whose particulars are set out in Part B of Schedule 3 hereof.
“PRC Nominee Documents”	shall mean the Current Nominee Documents together with new sets of loan agreements, option and pledge documents to be made between the Company (or its designated entities), CDH Nominee and Cathay Nominee.
“PRC Operating Vehicles”	shall mean the 12 PRC companies whose entire equity interests are currently registered in the names of the PRC Intermediary Holding Vehicles subject to the Company’s rights and interests under the PRC Nominee Documents.
“Registration”	shall mean a registration effected by preparing and filing a registration statement prepared on Form F-1, F-2 or F-3 under the Securities Act of the United States of America, or on any comparable form in connection with registration in a jurisdiction other than the United States of America and the declaration or ordering of the effectiveness of that Registration Statement;

“Registered Trademarks”	shall mean the registered trademarks owned by 廣東南楓汽車俱樂部有限公司 whose particulars are set out in the trademark certificates attached to this Agreement as Appendix B
“Regulatory Approvals”	shall mean any license, approval, authorization or consent of, or filing, registration or qualification with, or notice to, any Governmental Authority which is required to be made or obtained by the Group in connection with the conduct of the Business as contemplated by this Agreement and the Articles of Association.
“RMB”	shall mean the lawful currency of PRC.
“Subscription”	shall mean the Subscription of 17,160 Common Stocks constituting 26.4% of the then entire issued share of the Company immediately upon allotment and issuance of such 17,160 Common Stocks.
“Subsidiary”	of any Person shall mean any other Person of which the first Person, directly or indirectly: (i) has the power to appoint or remove a majority of the board of directors or, if such other Person does not have a board of directors, other individuals performing similar functions; or (ii) controls 50% or more of the issued shares or securities of such other Person having power to vote.
“Supermajority”	shall mean the affirmative vote of at least 4 Directors, at least one of which is a Director appointed by Cathay, one of which is a Director appointed by CDH and one of which is a Director appointed by CAA.
“Target Vehicles”	shall mean such other PRC intermediary insurance vehicles whose equity interests and/or Effective Control may be acquired by the Company and/or PRC Intermediary Holding Vehicles
“Taxation”	includes (i) all forms of taxation, duty, impost, levy, rate, or other amount payable to the Inland Revenue Department or any revenue, customs or fiscal authorities whenever created or imposed and of any part of the world, including without limitation, profits tax, provisional profits tax, interest tax, salaries tax, property tax, taxes on income, estate duty, capital duty, stamp duty, payroll tax, rates, customs and excise duties and other similar liabilities; and (ii) all interest, penalties, costs, charges and expenses incidental or relating to the liability to Taxation or the deprivation of any relief, allowance, exemption or deduction relating to Taxation.

“Transfer”

shall mean any sale, assignment, conveyance, pledge, mortgage or other disposition.

Section 1.2 Principles of Construction. All references to articles, sections and exhibits are to articles, sections and exhibits in or to this Agreement unless otherwise specified. The words “hereof”, “herein”, and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

Section 1.3 For the purpose of this Agreement and in relation to the Group Insurance Vehicles, the term “Effective Control” means that notwithstanding neither the Company nor any of its Subsidiaries has any direct equity interest, ownership, equity holding in these Group Insurance Vehicles, the Company is able to exercise effective control over Group Insurance Vehicles by virtue of the PRC Nominee Documents whereby the Company is entitled to exercise de facto voting rights over the Group Insurance Vehicles.

ARTICLE II THE COMPANY; COOPERATION

Section 2.1 Cooperation by the Parties.

- (a) Each of the Parties shall use its best efforts to complete the Final Structure as set out in Schedule 5 of this Agreement which will involve the following stages:-
- (i) *Internal Share Swap*. Conditional upon closing of the Subscription, CUFS Holdings, Cathay and Kingsford will subscribe new shares in the Existing Shareholders Vehicle on the Closing Date whereby CUFS Holdings, Cathay and Kingsford will transfer their respective holdings of 43.52%, 16.74% and 39.74% of the entire issued share capital of the Company(as at the date of this Agreement) to the Existing Shareholders Vehicle which will in turn issue and allot such number of its shares representing 43.52%, 16.74% and 39.74% of its enlarged issued share capital to CUFS Holdings, Cathay and Kingsford respectively;
 - (ii) *Further Acquisition*. The Company shall further acquire (“Further Acquisition”), through the PRC Intermediary Holding Vehicles and/or HK Co and/or Yi Qi Man and/or Hai Di Le Ji, equity interests of and/or the Effective Control over additional PRC insurance intermediary companies (“Target Vehicles”) carrying on the Business which may be from time to time identified by the Founders upon such terms and conditions as the Board may decide by a Supermajority.
 - (iii) *HK Company*. (“HK Co”) Prior to execution of this Agreement, CN Holdings has acquired the entire issued capital of a Hong Kong company which shall be used as a vehicle to acquire from time to time (1) the equity interests in the Group Insurance Vehicles from the PRC Intermediary Holding Vehicles and/or (2) the equity interests in the PRC Intermediary Holding Vehicles from PRC Nominees.

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- (iv) *Replacement of Current Nominees.* (1) The current nominee appointed by Cathay holding equity interest in GD Mei Di Ya for and on behalf of the Company will transfer his aforesaid equity interest to another nominee ("Cathay Nominee") appointed by Cathay who will execute a new set of Nominee Documents in favor of the Company or its designated parties. (2) CDH shall be entitled to appoint a nominee ("CDH Nominee") to hold 26.4% equity interest in each of the PRC Intermediary Holding Vehicles for and on behalf of the Company. For this purpose, the Current Nominees will transfer a portion of their equity interests in the PRC Intermediary Holding Vehicles to CDH Nominee to the effect that CDH Nominee will become registered owner of 26.4% of the entire equity interest in each of the PRC Intermediary Holding Vehicles immediately following the transfer. It is a condition to such transfer that CDH Nominee will execute a new set of PRC Nominee Documents granting in favor of the Company or its designated parties (a) a valid first priority interests in his/her entire equity in the PRC Intermediary Holding Vehicles and (b) option to purchase his/her entire equity in the PRC Intermediary Holding Vehicles.
- (v) *Replacement of Current Nominee Documents.* The Parties acknowledge and agree that the Current Nominee Documents will be terminated and replaced by new PRC Nominee Documents which will be governed by PRC laws. The new PRC Nominee Documents will be in such form to be agreed by the Existing Shareholders and CDH. The Parties further confirm the number of nominees which Cathay, CDH and CAA are and will be entitled to appoint to hold equity interests in each of the Group Insurance Vehicles and/or the PRC Intermediary Holding Vehicles shall be in the same ratio as their respective ultimate effective interests in the Company.
- (vi) *Assignment of Lai's Debt from Kingsford to New Co and CDH.* Kingsford will assign for a nominal consideration Lai's Debt to New Co and CDH in the same proportion as their respective shareholdings in the Company as at Closing.

Upon completion of the above stages, shareholdings in various companies will be as follows:-

- (i) The Company. CDH (or its nominees) and Existing Shareholders Vehicle will respectively own 26.4%, 73.6% of the then entire issued share capital of the Company on a fully diluted basis upon Closing.
- (ii) The Existing Shareholders Vehicle. CUFS Holdings, Cathay and Kingsford will respectively own 43.52%, 16.74% and 39.74% of the entire issued share capital of the Existing Shareholders Vehicle.
- (b) Each of the Parties confirms and agrees that the following actions will be taken after Closing:-
- i. transfer of the entire equity interests in Yi Qi Man and Hai Di Le Ji to HK Co;
 - ii. acquisition of relevant equity interests in the Group Insurance Vehicles by HK Co in so far as permitted by PRC Law.

Section 2.2 Business. The Group shall, through operation of the Group Insurance Vehicles, engage in the Business and such other business activities as may from time to time be approved by Supermajority of the Board.

ARTICLE III SUBSCRIPTION

Section 3.1 (a) Subscription. Subject to satisfaction of the conditions set forth in Section 4.1, the Subscriber agrees to subscribe for and the Company agrees to issue to the Subscriber or its nominees CDH Subscription Stocks (ie. 17,160 new Common Stocks) free from all Encumbrances on the Closing Date or such later date by mutual agreement of the Parties as when such conditions are satisfied or waived.

Section 3.2 Consideration for the Subscription. In consideration of the Company's allotment of CDH Subscription Stocks to CDH, CDH shall upon completion of the Subscription pay the sum of US\$18,633,540.37 to the Company in clear fund after deducting the Final Transaction Costs or the Estimated Transaction Costs (as the case may be) in accordance with the provisions set out in Section 4.3 hereof.

Section 3.3 Currency. The Parties hereby agree that CDH shall have the right to pay the subscription price in such other currencies at such exchange rate to be mutually agreed by the Parties and if in US\$ at an agreed exchange rate of US\$1.00 being equivalent to RMB8.05.

ARTICLE IV CONDITIONS TO CLOSING AND CLOSING

Section 4.1 Conditions to Closing of the Subscription. The obligation of CDH to effect the closing of the Subscription under this Agreement is subject to the fulfillment, prior to or at the Closing Date, of each of the following conditions (any or all of which may be waived by written agreement of CDH):-

- (a) Representation and Warranties. The representations and warranties of each of the other Parties contained in Section 5.1 and the Founders Warranties shall be true and correct in all material respects on and as of the Closing Date with the same effect as though made again on and as of such date.
- (b) No Government Injunction. There is not pending or threatened any action, proceeding or investigation that seeks any governmental injunction or restraining order issued by a court of competent jurisdiction against the Company or any members of the Group.
- (c) No Material Adverse Change. There shall not have occurred any material adverse change in the business and/or financial position of any member of the Group.
- (d) Closing Conditions. The conditions precedent set out below shall have been fully complied with:-
 - (i) CDH being satisfied with the Legal Due Diligence Results and Financial Review Results;

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- (ii) the Company's accounting policies having been agreed upon between CDH and the Existing Shareholders and that such agreed accounting policies having been confirmed by the Initial Auditors;
 - (iii) CDH being satisfied with the Company's business plans and detailed budgets for the financial year of 2006;
 - (iv) the Company shall have established an audit committee and a compensation committee both consisting of three members of which one shall be appointed by CDH provided that such appointment shall not become effective unless and until CDH shall have fully paid up CDH Subscription Price (after deducting the Estimated Transaction Costs)
 - (v) the Key Persons having entered into employment contracts with relevant member of the Group pursuant to which the Key Persons will be subject to confidentiality and non competition provisions in such form and substance acceptable to CDH;
 - (vi) CDH being satisfied with legality and validity of the Current Nominee Documents and that all PRC Nominees shall have entered into a new set of PRC Nominee Documents;
 - (vii) CDH having received the Pre-Closing Transaction Costs Notice as set out in Section 4.3 hereof.

Section 4.2 Closing. (a) Subject to satisfaction or waiver of the conditions provided in Section 4.1, Closing shall take place at the offices of Stevenson, Wong & Co. in Hong Kong on the Closing Date or at such other place, time and/or date as may be agreed between the Parties.

(b) Performance by the Existing Shareholders. On Closing, the Existing Shareholders shall cause to be delivered to CDH:

- (i) duly executed sealed share certificates relating to CDH Subscription Stocks in favor of CDH and/or its nominee(s);
- (ii) certified true copies of the minutes of the board meetings or board resolutions of the Company approving issuance and allotment of CDH Subscription Stocks; and
- (iii) certified true copies of the board resolutions and shareholders resolutions of the PRC Intermediary Holding Vehicles approving (1) the inclusion of CDH Nominee as a shareholder with equity stake equivalent to CDH's shareholding in the Company; (2) the appointment of CDH Nominee as a director of the PRC Intermediary Holding Vehicles and (3) amendment of the respective articles of association of PRC Intermediary Holding Vehicles such that they are consistent with the memorandum and articles of association of the Company to the extent as permitted by the applicable PRC laws; and
- (iv) such other documents (including any power of attorney under which any document required to be delivered under this Section has been executed and any waivers or consents) which are necessary to enable CDH and/or its nominee(s) to be registered as holders of the CDH Subscription Stocks; and

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- (v) a Trademark Assignment Agreement having been duly executed by 廣東南楓汽車俱樂部有限公司 in respect of the Registered Trademarks at a nominal consideration.

(c) Performance by CDH. On Closing, the Subscriber shall:

- (i) subscribe for CDH Subscription Stocks by delivering to the Company signed applications for subscription of the CDH Subscription Stocks; and
- (ii) pay the subscription price of US\$18,633,540.37 after deducting the Final Transaction Costs or the Estimated Transaction Costs (as the case may be) referred to in Section 4.3 of this Agreement into a bank account designated by the Company.

(d) Performance by the Parties. On Closing, the Parties shall procure the Company, the Existing Shareholders Vehicle and CDH to enter into a shareholders agreement incorporating terms and conditions set out in Schedule 9 of this Agreement. The Parties shall procure execution of relevant documents for the purpose of terminating the Current Nominee Documents.

Section 4.3 Pre-Closing. Within Three Business Days prior to Closing, Company shall provide a notice ("Final Transaction Costs Notice") to the Subscriber, indicating the final transaction costs ("Final Transaction Costs") to be deducted from CDH Subscription Price and the payment details of the legal professionals, Initial Auditors and Financial Advisor who are entitled to such payments.

If the Company is not able to provide the Final Transaction Costs Notice to the Subscriber 3 Business Days prior to Closing, it shall provide a notice ("Estimated Transaction Costs Notice") indicating estimated transaction costs ("Estimated Transaction Costs") to the Subscriber 3 Business Days prior to Closing and thereafter a Final Transaction Costs Notice as early as possible. Upon receipt of Final Transaction Costs Notice, the Subscriber shall pay the transaction costs to the legal professionals, Initial Auditors and Financial Advisor in accordance with details set out in the Final Transaction Costs Notice. If the Final Transactions Costs shall exceed the Estimated Transaction Costs, the Subscriber shall only be obliged to settle such portion of Final Transaction Costs of up to an amount equivalent to the Estimated Transaction Costs.

(For the purpose of this Agreement, the Final Transaction Costs Notice or the Estimated Transaction Costs Notice provided by the Company to CDH prior to Closing shall be referred to as "Pre Closing Transaction Costs Notice")

Section 4.4 Post Closing. As soon as practicable after Closing, the Founders shall procure completion of the following matters:-

- i. Delivery of Final Transaction Costs Notice to Subscriber if such notice has not been delivered to the Subscriber prior to Closing; and

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- ii. Completion of registration and other formalities necessary for the appointment of CDH Nominee as director of the Company, CN Holdings, HK Co, Yi Qi Man and Hai Di Le Ji; and
 - iii. Completion of registration and other formalities necessary for the transfer of equity interests in PRC Intermediary Holding Vehicles to CDH Nominee; and
 - iv. Assignment of the Registered Trademarks from 廣東南楓汽車俱樂部有限公司 to 北京瑞斯科管理諮詢公司; and
 - v. Assignment of the domain name of www.cninsure.com to from Guangdong Mei Di Ya to Zhong Qi ; and
 - vi. Acquisition of the entire equity interest of Yi Qi Man and Hai Di Le Ji by the HK Co; and
 - vii. Changing constitution of the respective boards of CN Holdings, HK Co, Yi Qi Man, Hai Di Le Ji and amending their respective memorandum and articles of association for the purpose of conforming to the provisions of this Agreement and the Shareholders Agreement; and
 - viii. Variation and modification of bank signatory arrangement(s) of the Company in accordance with decisions as may be approved by Supermajority of the Board; and
 - ix. Delivery to CDH of certified true copies of the board resolutions and shareholders resolutions of Yi Qi Man, Hai Di Le Ji and HK Co approving (1) the addition of a Director designated by CDH in Yi Qi Man, Hai Di Le Ji and HK Co; and (2) amendment of the respective memorandum and articles of association of Yi Qi Man, Hai Di Le Ji and HKCo such that they are consistent with the memorandum and articles of association of the Company to the extent as permitted by law.

The Parties also agree to terminate the Current Nominee Documents and arrange the PRC Nominees to enter into a new set of PRC Nominee Documents to be governed by PRC laws

For the purpose of implementation of the escrow arrangements set out in Section 6 hereof, the relevant Parties will enter into escrow agreement(s) with the Escrow Agent regarding the aforesaid escrow arrangements.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Section 5.1 Each Party. Each Party hereby represents and warrants to the other Parties that on the date hereof and as of the Closing Date:-

- (a) Corporate Status, Power and Authority. Such Party has full power and authority (corporate or otherwise) to enter into and perform its obligations under this Agreement.
- (b) Authorization and Enforceability. The execution and delivery of this Agreement and the performance of the obligations hereunder has been duly authorized (corporate or otherwise) by such Party and this Agreement constitutes valid and binding obligation of such Party, enforceable against such Party in accordance with its terms.
- (c) Regulatory Approvals. No consent, waiver, approval or authorization of any Governmental Authority or any filing, registration or qualification with or notice to, any Governmental Authority is required on the part of such Party in connection with such Party's execution or delivery of this Agreement or the performance of any of its obligations hereunder.
- (d) Litigation. To the best knowledge of such Party after having made due inquiry, there are no judicial or administrative actions, proceedings or investigations pending or threatened against such Party that questions the validity, binding nature and enforceability of this Agreement or the ability of such Party to perform the obligations under this Agreement.

Section 5.1A Existing Shareholders Warranties. The Existing Shareholders hereby represent and warrant to each other and to the Founders and CDH that on the date hereof and as of the Closing Date:-

- (a) Each of the Company, CN Holdings and HK Co are duly organized, validly existing and in good standing in accordance with the relevant jurisdiction in which the relevant company was incorporated.
- (b) Other than as investment holding companies, none of the Company, CN Holdings and HK Co has conducted any business activities or has assumed any debts and liabilities.
- (b) Subject to full payment of CDH Subscription Price, the CDH Subscription Stocks will be validly issued and allotted free from Encumbrances upon Closing.

Section 5.1B Cathay Undertaking. Cathay confirms and undertakes that prior to appointment of an additional bank signatory in respect of operation of the bank accounts of the Company, no money shall be withdrawn from or paid out of such accounts other than for the purpose of making payment or transferring money to Hai Di Le Ji and/or Yi Qi Man.

Section 5.2 Founders Warranties. In consideration of CDH entering into this Agreement, each of the Founders represents and warrants to CDH that on the date hereof and as of the Closing Date:-

- (a) Schedule 8: Each of the statements set out in Schedule 8 is true and accurate.
- (b) Business Activities. The PRC Operating Vehicles have conducted their respective businesses and operation in compliance with all laws and regulations in and of the PRC and have obtained all permits and licenses necessary for the conduct of insurance intermediary business in China which are validly subsisting on the date hereof and as of the Closing Date.

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- (c) Disclosure of Information. All material information and documents provided and/or disclosed to CDH prior to execution of this Agreement are complete and accurate in material respects.

Section 5.2.1 Verification of Warranties. The Parties hereto agree that CDH shall be entitled to conduct investigation, examination or inspection at any time to verify correctness of any of the Founders Warranties. For this purpose, CDH shall be allowed to have free access to any documents, information of the PRC Operating Vehicles and that the Founders further undertake that CDH's exercise of its right hereunder shall not, in any circumstances, be fettered.

Section 5.2.2 Limitation of the Founders' liabilities under the Founders Warranties. (a) The parties hereby agree that the aggregate cumulative liability of the Founders to CDH under this Agreement and/or in respect of any and all matters/transactions contemplated under this Agreement shall not exceed the Founders Security Stocks ("Cap") including but not limited to sums payable in respect of claims (whether contractual, tortious or otherwise but except for any fraudulent act by the Founders) ("Claims") arising out of any one or more of the following:-

- (i) breaches of the Founders Warranties;
- (ii) any indemnity, damages or compensation in respect of the matters set out in this Agreement;
- (iii) all claims made by CDH for breach of any undertakings/covenants/representations committed by the Founders under this Agreement; and
- (iv) all claims for breach committed by the Founders of any of their respective obligations, commitment under this Agreement;
- (v) interest (if any) in respect of any of the above payments.

CDH hereby agrees that the Founders shall not be liable in respect of:-

- (i) any Claim in respect of this Agreement brought against the Founders after 36 months from the Closing Date or closing of a Capital Event (whichever is the earlier);
- (ii) any one Claim in which liability of the Founders does not exceed US\$50,000.00;

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- (iii) all and any Claims unless and until the aggregate cumulative liability of the Founders in respect of all and any such Claims exceeds US\$500,000.00;
 - (iv) any special or indirect losses or damages of any kind (including without limitation lost profits, loss of anticipated savings, loss of good will and the like) in respect of this Agreement;
 - (v) any Claim which is recoverable by CDH or any of Group Company under a policy of insurance;
 - (vi) any Claim arising as a result of the enactment, promulgation of any legislation, law, regulation, rule or governmental action after the Closing Date including, but not limited to, legislation, law, regulation, rule or governmental action which has a retrospective effect;
 - (vii) to the extent that the Claim is attributable (in whole or in part) to:
 - (aa) any voluntary act, omission or transaction carried out after the Closing Date by CDH or its directors, employees or agents; or
 - (bb) anything expressly provided to be done or omitted to be done pursuant to this Agreement and, the agreements and documents contemplated herein.
 - (viii) any Claim unless and to the extent that the any of the Founders is aware at Closing Date of the matter or circumstance which gives rise to such Claim or it is determined that the Founders would have been so aware had they made such enquiries as would have been reasonable in all the circumstances.
 - (ix) any Claim arising from matters which have been disclosed to CDH in writing;
 - (b) Without prejudice to the generality of Section 5.2.2(a) above, the Founders shall have no liability (or such liability shall be reduced) in respect of any Claims relating to liability of the Group to Taxation:
 - (i) if and to the extent that provision or reserve for or in respect of the liability or other matter giving rise to such Claim has been made in the Accounts;
 - (ii) if and to the extent any liability of Group included in the Accounts has been discharged or satisfied below the amount attributed to it or included in respect of it in the Accounts;

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- (iii) if and to the extent that such Claim occurs or is increased as a result of any change in legislation, law, rule or government action after the Closing Date (or any legislation not in force at the Closing Date) which takes effect retrospectively or the withdrawal after Closing Date of any published concession or published general practice previously made by the PRC Tax Bureau or other taxing authority;
 - (iv) if and to the extent that such Claim occurs or is increased as a result of any increase in the rate of taxation in force at the Closing Date;
 - (v) if and to the extent that such Claim relates to a liability for Taxation which would not have arisen but for any winding up or cessation after the Closing Date of any trade or business carried on by any Group Company; and
 - (vi) if and to the extent such Claim would not have arisen but for a change of accounting policy or practice of any Group Company after the Closing Date.

Nothing in this Section shall derogate from CDH's obligation to mitigate any loss which it suffers in consequence of a breach of the Founders Warranties or any of the obligations of the Founders under this Agreement.

- (c) For the avoidance of doubt, CDH shall not be entitled to recover damages in respect of any Claim where to do so would involve recovery more than once in respect of the same loss or damage from the Founders or the Company or any Party hereto.
- (d) If the any of the Founders pays to CDH an amount in discharge of a Claim and that CDH or any Group Company subsequently recovers (whether by payment, discount, credit, relief or otherwise) from a third party (including any taxation authority) a sum which is referable to the matter giving rise to the Claim, CDH shall (or, as appropriate, shall procure that such Group Company shall) forthwith repay to the Founders:
 - (i) an amount equal to the sum recovered from the third party less any reasonable out-of-pocket costs and expenses incurred by the CDH or the Group Company in recovering the same ; or
 - (ii) if the figure resulting under paragraph (i) above is greater than the amount paid by the Founders to CDH in respect of the relevant Claim or the aggregate payments previously made by the Founders in respect of all Claims, such lesser amount as shall have been so paid by the Founders,

so as to leave CDH (taking into account the amounts received from the third party and from the Founders and those payable to the Founders under this section) in no better or worse position than it would have been in had the relevant Claim not arisen in the first place.

- (e) The sole remedy of CDH for any breach of any of the Founders Warranties or any other breach of this Agreement by the Founders shall be an action for damages subject to limitations as provided in this Section . CDH shall not be entitled to rescind or terminate this Agreement in any circumstances whatsoever.
- (f) If CDH is entitled to claim under any policy of insurance in respect of any matter which would otherwise give rise to a Claim, CDH agrees to take all steps and proceedings as the Founders may reasonably request to recover such loss from relevant insurers and the amount of insurance monies recovered by CDH or the relevant member of the Group net of all reasonable expenses shall reduce pro tanto or extinguish the relevant Claim.

ARTICLE VI

MANAGEMENT INCENTIVE SCHEME

Section 6.1 Adjustment. It is agreed between the Founders and CDH that:-

- (i) if the 2005 Adjusted Audited NI shall be less than a sum of RMB50 million ("2005 GNI"), then the Founders shall procure the Existing Shareholders Vehicle to transfer to CDH (or its nominees) at a nominal consideration such number of Common Stocks ("2005 Compensation Stocks") as follows:-

$$\left[\frac{(a+b)}{C} (x) 100 + 3.6 \right] \% = \frac{\text{RMB150 million}}{2005 \text{ Adjusted Audited NI (x) } 10} \times 100\%$$

where :-

a = the number of CDH Subscription Stocks

b = the number of 2005 Compensation Stocks

c = the total number of all issued Common Stocks of the Company immediately following the Company's issuance of 2005 Compensation Stocks

- (ii) if the 2006 Adjusted Audited NI shall be less than a sum of RMB65 million ("2006 GNI"), then the Founders shall procure the Existing Shareholders Vehicle to transfer to CDH (or its nominees) at a nominal consideration such number of Common Stocks ("2006 Compensation Stocks") as follows:-

$$\left[\frac{(a+b)}{c} (x) 100 + 3.6 \right] \% = \frac{\text{RMB150 million}}{2006 \text{ Adjusted Audited NI (x) } 7.7} \times 100\%$$

where :-

a = the number of CDH Subscription Stocks together with 2005 Compensation Stocks (if any)

b = the number of 2006 Compensation Stocks

c = the total number of all issued Common Stocks of the Company immediately following the Company's issuance of 2006 Compensation Stocks

(For the purpose of this Agreement, 2005 Compensation Stocks and 2006 Compensation Stocks shall collectively be referred to and defined as "CDH Compensation Stocks")

Provided always that CDH Compensation Stocks shall constitute no more than 4% ("Maximum CDH Compensation Stocks") of then entire issued share capital of the Company immediately upon completion of transfer of CDH Compensation Stocks. For the avoidance of doubt, it is hereby agreed by the Founders and CDH that if the Company shall not be able to meet with the 2005 GNI and/or 2006 GNI, it shall not be deemed as a breach of undertaking or warranty or commitment or agreement on the part of any of the Founders.

Transfer of CDH Compensation Stocks will be completed at the earlier date of (i) expiration of 30 days after the Company Auditors shall have delivered audited accounts of the Group for the financial year ends of 2005 (in so far as transfer of the 2005 Compensation Stocks is concerned) or 2006 (in so far as transfer of the 2006 Compensation Stocks is concerned) or (ii) a day falling within 3 months prior to completion of a Capital Event (for the avoidance of doubt, CDH's entitlement to the CDH Compensation Stocks under this Section will not be affected if the relevant Capital Event could not be completed within the 3 months period).

Section 6.2 The Parties Respective Obligation Regarding the Performance and Observance of Section 5.2 and 6.1

(A) As security for Founders observance of Founders Warranties under Section 5.2 hereof and their obligation to transfer CDH Compensation Stocks under Section 6.1 of this Agreement, the Founders shall procure New Co to deliver share certificates in respect of the Founders Security Stocks to the Escrow Agent on the Closing Date. Founders Security Stocks shall be held by the Escrow Agent, acting as escrow agent, for a period of 36 months from Closing (both days inclusive) ("**Shares Retention Period**") as security for the Founders obligations under Sections 5.2 and 6.1. In the event it shall

be necessary for Founders to transfer CDH Compensation Stocks to CDH in accordance with Section 6.1 and/or to compensate CDH for any breach of Founders Warranties during the Shares Retention Period, then subject to:-

- (i) Founders Stocks Notice having been served by CDH on New Co and the Founders with copies of any notice having been given to the Escrow Agent; and
- (ii) the Escrow Agent shall release, within 3 Business Days after receipt of the Founders Stocks Notice, such number of Founders Security Stocks as stipulated in the Founders Stocks Notice attaching (aa) the Audited 2005 Accounts showing the 2005 Adjusted Audited NI and/or Audited 2006 Accounts showing the 2006 Adjusted Audited NI to be prepared by the Company Auditors in accordance with IFRS or (bb) the Independent Accountant Certificate (as the case may be in accordance with the terms of this Agreement) to CDH.

For the purpose of transferring Founders Security Stocks or any part thereof to CDH or its nominee(s) in accordance with the Section hereof, New Co shall duly execute in escrow necessary transfer documents in relation to the Founders Security Stocks and shall deliver all such transfer documents to the Escrow Agent upon Closing. The Escrow Agent shall deliver such transfer documents in relation to Founders Security Stocks to CDH within three (3) Business Days after receipt of the Founders Stocks Notice and the Escrow Agent shall fill in the appropriate information for the number of Founders Security Stocks in accordance with the particulars set out in the Founders Stocks Notice.

In the event that the number of Founder Security Stocks shall involve fractional shares, the Escrow Agent shall release such number of shares rounded down to the nearest whole number.

(B) As between each of the Existing Shareholders, CAA, Web Based and the Founders, it is expressly agreed and confirmed that for the purpose of enabling the Founders to fulfill their obligations under Section 5.2 and 6.1 hereof, if it shall become necessary for New Co to transfer the Founder Security Stocks or any part thereof, then [i] CUFS Holdings shall transfer such number of shares ("CUFS Adjustment Stocks") in New Co to Cathay and Kingsford at nominal consideration so that Cathay and Kingsford respective holdings in New Co will be increased proportionally to the extent that Cathay and Kingsford respective effective ultimate shareholdings in the Company shall remain unchanged immediately following transfer of the Founder Security Stocks by the New Co to CDH as if no such share transfer had been made; and [ii] CAA shall transfer such number of shares ("CAA Adjustment Stocks") in CUFS Holdings to Cathay and Web Based at nominal consideration so that Cathay and Web Based respective holdings in CUFS Holdings will be increased proportionally to the extent that Cathay and Web Based effective shareholdings in New Co shall remain unchanged immediately following transfer of the CUFS Adjustment Stocks by CUFS Holdings to Cathay and Kingsford as if no such share transfer had been made.

For the purpose of securing various parties obligations under this Section 6.2(B), the Parties hereby agree that on the Closing Date:- CUFS Holdings shall deliver share certificates in respect of its holdings of 1,204 shares in New Co representing 12.04% of the entire issued share capital of New Co and that CAA shall deliver share certificates in respect of its holdings of 25,479,354 shares in CUFS Holdings representing 29.7% of the entire issued share capital of CUFS Holdings to the Escrow Agent during the Shares Retention Period as security for their respective undertakings under Section 6.2(B). In the event it shall be necessary for New Co to transfer Founders Security Stocks to CDH in accordance with Section 6.1 and/or to compensate CDH for any breach of Founders Warranties during the Shares Retention Period, then subject to:-

- (i) Adjustment Stocks Notice having been served by Existing Shareholders, CAA, Web Based on New Co and the Founders with copies of any notice having been given to the Escrow Agent; and
- (ii) the Escrow Agent shall release CUFS Adjustment Stocks and CAA Adjustment Stocks to the relevant Existing Shareholders, Web Based and Cathay simultaneously upon transfer of Founder Security Stocks or any part thereof to CDH.

For the purpose of transferring CAA Adjustment Stocks and/or CUFS Adjustment Stocks or any part thereof to the relevant Existing Shareholders, Web Based and Cathay in accordance with the Section hereof, CAA and CUFS Holdings shall duly execute in escrow necessary transfer documents in relation to the CAA Adjustment Stocks and/or CUFS Adjustment Stocks and shall deliver all such transfer documents to the Escrow Agent upon Closing. The Escrow Agent shall deliver such transfer documents in relation to CAA Adjustment Stocks and/or CUFS Adjustment Stocks to the relevant Existing Shareholders, Web Based and Cathay simultaneously upon the delivery of such transfer documents in relation to Founders Security Stocks to CDH and the Escrow Agent shall fill in the appropriate information for the number of CAA Adjustment Stocks and/or CUFS Adjustment Stocks in accordance with the particulars set out in the relevant Adjustment Stocks Notice.

Section 6.3 Management Performance Options. (i) Upon Closing, the Existing Shareholders, New Co and CDH hereby agree and confirm that the Company shall grant options ("Management Performance Options") in favor of the Management Team. Subject to Section 6.3 (ii) and (iii) below, the Management Team shall be entitled to require the Company to issue and allot such number of shares representing not more than 5% ("Management Option Stocks") of the then entire issued share capital of the Company on a fully diluted basis upon full exercise of the Management Performance Options.

(ii) The Management Option Stocks will be adjusted to such number of shares representing not more than 3% of the then entire issued share capital of the Company if the Company shall have achieved GNI Targets but have failed to meet the ENI Targets.

(iii) The Management Performance Options shall lapse automatically if the Company shall fail to meet the GNI Targets.

(iv) The Management Performance Options may be exercised by the Management Team by serving the Management Option Notice at any time after the Audited 2006 NI shall have been determined by the Company Auditors. The exercise price ("Management Option Exercise Price") in respect of the Management Performance Options shall be calculated as follows:

$$5\% = c(x) d / 500 \text{ million}$$

where:

c = such number of Management Option Stocks equivalent to 5% of the total issued share capital of the Company on a fully diluted basis

d = Management Option Exercise Price

The Company shall have issued and allotted the Management Option Stocks within 10 Business Days after service of the Management Option Notice upon which the Management Team shall have paid the Management Option Exercise Price to the Company.

Section 6.4 Lai's Undertaking (i) Lai hereby agrees to grant call options ("Lai Call Options") to New Co and CDH pursuant to which New Co and CDH shall be entitled to require Lai to sell all of Lai's shareholdings in Kingsford ("**Lai Call Option Stocks**") as at the date of the Call Option Notice for a nominal consideration.

The Lai Call Option Stocks will be exercisable if it is reviewed from IFRS audited reports that the Group shall have failed to achieve 2005 ENI or 2006 ENI upon expiration of the financial year ended 31 December 2006 and that closing of transfer of Lai Call Option Stocks shall be completed within 15 Business Days after dispatch of the relevant Lai Call Option Notice by New Co and/or CDH

(ii) As between New Co and CDH, New Co and CDH are entitled to exercise Lai Call Options in such proportion and acquire proportional Lai Call Option Stocks as follows:

a. New Co's entitlement = C (x) Lai Call Option Stocks

where 'C' represents 70%

b. CDH's entitlement = D (x) Lai Call Option Stocks

where 'D' represents 30%

(iii) For the purpose of perfecting the provisions set out in this Section 6.4, Lai further undertakes not to sell, mortgage, transfer or dispose of or create any Encumbrances over his shareholdings in Kingsford save and except with the prior written consent of New Co and CDH. In addition to this undertaking and as security for due performance of Lai's obligations under this Section 6.4, Lai shall deliver share certificates in respect of all his shareholdings in Kingsford as at the date of this Agreement ("Lai's K Stocks") to the Escrow Agent on the Closing Date. Lai's K Stocks shall be held by the Escrow Agent, acting as escrow agent, for a period of 18 months from Closing (both days inclusive) ("**Lai's K Stocks Retention Period**") as security for Lai's obligations under Section 6.4. In the event that New Co and CDH shall exercise the Lai's Call Options during the Lai's K Stocks Retention Period, then subject to:-

- (a) Lai's K Stocks Notice having been served by New Co and/or CDH on Lai with copies of any notice having been given to the Escrow Agent; and
- (b) the Escrow Agent shall release, within 3 Business Days after receipt of the relevant Lai's K Stocks Notice, such number of Lai's K Stocks to CDH and New Co as stipulated in the relevant Lai's K Stocks Notice.

For the purpose of transferring Lai Call Option Stocks or any part thereof to CDH and/or New Co or their respective nominee(s) in accordance with the Section hereof, Lai shall duly execute in escrow necessary transfer documents in relation to the Lai's K Stocks and shall deliver all such transfer documents to the Escrow Agent upon Closing. The Escrow Agent shall deliver such transfer documents in relation to Lai Call Option Stocks to New Co and/or CDH within three (3) Business Days after receipt of the relevant Lai's K Stocks Notice and the Escrow Agent shall fill in the appropriate information for the number of Lai Call Option Stocks in accordance with the particulars set out in the relevant Lai's K Stocks Notice.

In the event that the number of Lai Call Option Stocks shall involve fractional shares, the Escrow Agent shall release such number of shares rounded down to the nearest whole number.

To ensure Lai's due performance and observance of this Section 6.4(iii), each of Hu and Kingsford undertakes and warrants to CDH and New Co that save and except with the prior written consents of both CDH and New Co, Kingsford shall not : (aa) issue or allot any shares or equity interests in the share capital of Kingsford to any person or grant to any person any right to require the allotment, issue, transfer, redemption of any shares in the capital of Kingsford ; or (bb) register any change of shareholdings in Kingsford; or (cc) register any persons or companies as shareholder(s) of Kingsford

Section 6.5 Agreed Accounting Treatments. It is hereby expressly acknowledged and agreed by the Parties hereto that for the specific purposes of determining (i) "2005 ENI", "2006 ENI", "ENI Targets" and (ii) the extent to which the Founders/Lai have satisfied their undertaking under this Section 6 , the 2005 Audited NI and 2006 Audited NI as determined by the Initial Auditors or the Company Auditors shall be adjusted as follows:-

- (a) to include and consolidate the accounts of Min Tai An Insurance ("MTA") into the Company after completion of acquisition of the entire equity interests in MTA by the PRC Nominees and/or PRC Intermediary Holding Vehicles as if MTA was a subsidiary of the Company whose accounts would be consolidated into the Company notwithstanding that Company Auditors may not allow consolidation of MTA accounts due to accounting principles and methodology; and

-
- (b) to exclude goodwill amortization incidental to the Further Acquisition from 2005 Audited NI and 2006 Audited NI; and
 - (c) to exclude from 2005 Audited NI and 2006 Audited NI any negative accounting impact or consequences incidental to the Company's issuance and allotment of stocks/shares pursuant to any ESOP at an exercise price lower than a fair market value of such stocks /shares provided always that such ESOP shall have been approved by a Supermajority of the Board; and
 - (d) to exclude all Transaction Costs as referred to in Section 9.5 (if any) incurred by the Company incidental to the Subscription or any transaction, matter contemplated under this Agreement from 2005 Audited NI and 2006 Audited NI ; and
 - (e) to exclude and/or include such other items as may be approved by Supermajority of the Board.

ARTICLE VII

ACKNOWLEDGEMENTS AND UNDERTAKINGS

Section 7.1 CDH's Dividend Rights. (a) CDH hereby expressly agrees and acknowledges that it will not be entitled to any dividends of the Group for the financial year ended 31 December 2005. For the avoidance of doubt, it is confirmed and acknowledged by CDH that it will not be entitled to any dividends and/or distributions of the Group attributable to all periods up to 31 December 2005 (and inclusive of 31 December 2005) notwithstanding such dividends and/or distributions shall be declared and/or paid by the Group after 31 December 2005. In addition to such an agreement, CDH also agrees and confirms the dividends payable by the Company to the Existing Shareholders for the financial year ended 2005 shall be the lowest of:

[i] a sum equivalent to 50% of the 2005 Adjusted Audited NI ;or

[ii] RMB25,000,000.00 ; or

[iii] a sum equivalent to NAV of the Group for the financial year ended 31 December 2005 as audited by the Initial Auditors minus RMB50,000,000.00

Section 7.2 Dividends to Owners of Target Vehicles. The Parties hereto acknowledge, confirm and agree that if the Group shall decide to pay dividends to the Owners of Target Vehicles as per Supermajority approval, these Owners shall be given the discretion to elect for cash dividends or other distributions in kind.

Section 7.3 Conduct of Business Pending Closing. Prior to Closing, the Company shall discuss and the Founders shall procure the Company to discuss with CDH any acquisition which the Group may pursue. CDH hereby acknowledges and agrees to recognize all fees and expenses incidental to such acquisition activities which the Group shall incur.

Section 7.4 CDH's undertaking to settle the transaction costs. Without prejudice to the provisions set out in Section 9.5 hereof, CDH undertakes to the Company that CDH shall fully settle the Final Transaction Costs or the Estimated Transaction Costs (as the case may be) within the later of (i) 5 Business Days after receipt of the Final Transaction Costs Notice or (ii) within 5 Business Days after the Company's receipt of relevant invoices, bills from the legal professionals, Initial Auditors or the Financial Advisor.

ARTICLE VIII

DISPUTE RESOLUTION

Section 8.1 Arbitration. Any dispute, controversy or claim arising out of or relating to this Agreement shall be settled by arbitration administered by the Hong Kong International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules. The arbitration shall be the sole and exclusive forum for resolution of such dispute, controversy or claim, and the award rendered shall be final and binding. Judgment on the award rendered may be entered in any court having jurisdiction thereof.

Section 8.2 Procedures. (a) The number of arbitrators shall be 3, one of whom shall be appointed by the Party asserting a claim against the other Party or Parties, one of whom shall be appointed by the Party or Parties (acting together), as the case may be, against whom a claim has been asserted, and the third of whom shall be selected by mutual agreement, if possible, within thirty days of the selection of the second arbitrator and thereafter by the administering authority. In the event the Party against whom a claim has been asserted fails to appoint the second arbitrator within 20 days after the first arbitrator is appointed by the Party asserting a claim, then the administering authority shall select the second and third arbitrators.

- (b) The language of arbitration shall be the English language and any foreign language documents presented at such arbitration shall be accompanied by an English translation thereof. The arbitration shall be held in Hong Kong SAR.
- (c) Any award of the arbitrators (i) shall be in writing, (ii) shall state the reasons upon which such award is based and (iii) may include an award of costs, including reasonable attorney's fees and disbursements.
- (d) The arbitrators shall have no authority to award punitive damages or any other damages not measured by the prevailing party's actual damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Agreement.
- (e) Any Party may make an application to the arbitrators seeking injunctive relief to maintain the status quo until such time as the arbitration award is rendered or the dispute, controversy or claim is otherwise resolved. Any Party may apply to any court having

jurisdiction hereof and seek injunctive relief in order to maintain the status quo until such time as the arbitration award is rendered or the dispute, controversy or claim is otherwise resolved.

ARTICLE IX
MISCELLANEOUS

Section 9.1 Notices. All notices, requests and other communications to any Party hereunder shall be in writing (including facsimile or similar writing and overnight express mail or courier delivery, but excluding ordinary mail delivery) and shall be given to the address set forth in this Agreement hereto or to such other address or facsimile number as such Party may hereafter specify for the purpose by notice to the other Parties in the manner provided in this Section.

If to Cathay,

Address : c/o 14th Floor, St. John's Building, Hong Kong
Fax no. : 1-203 862 8889/852-2147 5050
Attn. : Mr. Paul Wolansky/Mr. Hermann Leung

If to CUFS Holdings,

Address : c/o 14th Floor, St. John's Building, Hong Kong
Fax no. : 1-203 862 8889/852-2147 5050
Attn. : Mr. Paul Wolansky/Mr. Hermann Leung

With a copy to:-

Address : c/o 中国广州市白云区广园西路183号大院195号40房
Attn. : Hu Yi Nan (胡义南)

If to Kingsford,

Address : c/o 14th Floor, St. John's Building, Hong Kong
Fax no. : 1-203 862 8889/852-2147 5050
Attn. : Mr. Paul Wolansky/Mr. Hermann Leung

With a copy to:-

Address : c/o 中国广州市白云区广园西路183号大院195号40房
Attn. : Hu Yi Nan (胡义南)

If to CAA,

Address : c/o 中国广州市白云区广园西路183号大院195号40房
Attn. : Hu Yi Nan (胡义南)

If to the Company,

Address : c/o 14th Floor, St. John's Building, Hong Kong
Fax no. : 1-203 862 8889/852-2147 5050
Attn. : Mr. Paul Wolansky/Mr. Hermann Leung

With one copy to:-

Address : c/o 中国广州市白云区广园西路183号大院195号40房
Attn. : Hu Yi Nan (胡义南)

And one copy to:

Address : Level 30, Six Battery Road, Singapore 049909
Fax no. : 65-6550 9898
Attn : Mr. Lew Kiang Hua

If to CDH,

Address : Level 30, Six Battery Road, Singapore 049909
Fax no. : 65-6550 9898
Attn : Mr. Lew Kiang Hua

With one copy to:-

Address : c/o B-318, Grand Pacific Trade Centre
8A Guanghua Road, Chaoyang District
Beijing 100026 P.R.C.
Fax no. : 86-10-6581 9969
Attn : Wang Zhenyu / Lew Kiang Hua

If to Web Based,

Address : c/o
Fax no. : 1-203 862 8889/852-2147 5050
Attn. : Mr. Hermann Leung

If to Hu

Address : c/o 中国广州市白云区广园西路183号大院195号40房
Fax : 6122 2329

If to Lai

Address : c/o 中国广州市越秀区榕树巷20号603房
Fax : 6122 2329

If to New Co,

Address : c/o 14th Floor, St. John's Building, Hong Kong
Fax no. : 1-203 862 8889/852-2147 5050
Attn. : Mr. Paul Wolansky/Mr. Hermann Leung

With one copy to:-

Address : c/o 中国广州市白云区广园西路183号大院195号40房
Attn. : Hu Yi Nan (胡义南)

And one copy to:

Address : Level 30, Six Battery Road, Singapore 049909
Fax no. : 65-6550 9898
Attn : Mr. Lew Kiang Hua

And one copy to:

Address : c/o B-318, Grand Pacific Trade Centre
8A Guanghua Road, Chaoyang District
Beijing 100026 P.R.C.
Fax no. : 86-10-6581 9969
Attn : Wang Zhenyu / Lew Kiang Hua

All such notices, requests and other communications shall be deemed received (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, and (ii) if given by overnight express mail or courier delivery or any other means permitted by this Section, when received; provided, that if the date of receipt hereunder is not a Business Day, the notice, request or communication shall be deemed not to have been received until the next succeeding Business Day in the place of receipt.

Section 9.2 Amendments and Waivers. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and is executed by each of the Parties hereto. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 9.3 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the Parties; provided, however, that none of the parties may assign or transfer any of its rights or obligations hereunder except with the prior consent of the other Parties.

Section 9.4 Conflict with Articles of Association. In the event of any conflict between the Articles of Association and this Agreement, the provisions of this Agreement shall prevail.

Section 9.5 Expenses. If Closing shall take place in accordance with the terms of this Agreement, the Company will bear all the cost ("Transaction Costs") of the transactions including legal expenses relating to the preparation, negotiation, execution, delivery and performance of this Agreement, fees payable to the Initial Auditors and Financial Advisor as well as the expenses of effecting and implementing the Final Structure of the Group including the costs of incorporation of all companies of the Group and corporate restructuring expenses. The Transaction Costs shall be deducted from the subscription consideration and be paid directly to the legal professionals, Initial Auditors and Financial Advisor. If Closing shall not take place, each party shall bear its own fees and expenses provided that CDH shall be responsible for the fees charged by Commerce and Finance Law Offices.

Section 9.6 Severability. In case any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and any such term or provision to the extent determined to be invalid, illegal or unenforceable shall be replaced by a valid, legal and enforceable provision that comes as close as possible to carrying out the intent and effect of the defective term or provision.

Section 9.7 Further Assurances. The Parties will execute and deliver such further instruments and do such further acts and things as may be required to carry out the intent and purposes of this Agreement into full effect.

Section 9.8 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the Hong Kong SAR.

Section 9.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The English language text of this Agreement shall prevail over any translation thereof.

Section 9.10 Force Majeure. The failure or delay of any of the Parties to perform any obligation under this Agreement solely by reason of acts of God, acts of government, riots, wars, or other causes beyond its reasonable control ("**Force Majeure**") shall not be deemed to be a breach of this Agreement; provided, however, that the Party so prevented from complying herewith shall not have procured such Force Majeure, shall have used reasonable diligence to avoid such Force Majeure or ameliorate its effects, and shall continue to take all actions reasonably within its power to comply as fully as possible with the terms of this Agreement. Except where the nature of the event shall prevent it from doing so, the Party suffering such Force Majeure shall notify the other Parties in writing promptly after the occurrence of such Force Majeure and shall in every instance, to the extent reasonable and lawful under the circumstances, use its best efforts to remove or remedy such event with all reasonable dispatch.

Section 9.11 Headings Descriptive. The headings of the several articles and sections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 9.12 Integration. This Agreement (including the Exhibits and Schedules hereto, which are incorporated herein and made an integral part hereof) and the other agreements among two or more parties hereof relating to the subject matter hereof constitute the entire and only agreement between the Parties with respect to the subject matter hereof and supersede all prior agreements commitments or understandings, whether written or verbal, that the Parties hereto or thereto may have had with respect to the subject matter thereof.

IN WITNESS whereof this Agreement has been executed on the date and year said above written.

CATHAY

SIGNED BY: Leung Ping Chung Hermann)
A Director for and on behalf of)
CATHAY AUTO SERVICES LIMITED) /s/ Leung Ping Chung Hermann
in the presence of)

/s/ Chan Lai Fun Anita
Solicitor, Hong Kong SAR

CUFS HOLDINGS

SIGNED BY: Leung Ping Chung Hermann)
A Director for and on behalf of)
CHINA UNITED FINANCIAL)
SERVICES HOLDINGS LTD) /s/ Leung Ping Chung Hermann
in the presence of)

/s/ Chan Lai Fun Anita
Solicitor, Hong Kong SAR

KINGSFORD

SIGNED BY: Hu Yi Nan)
A Director for and on behalf of Kingsford)
Resources Limited) /s/ Hu Yi Nan
in the presence of)

/s/ Chan Lai Fun Anita
Solicitor, Hong Kong SAR

CAA

SIGNED BY: Hu Yi Nan)
A Director for and on behalf of CAA)
Holdings Company Limited) /s/ Hu Yi Nan
in the presence of)

/s/ Chan Lai Fun Anita
Solicitor, Hong Kong SAR

COMPANY

SIGNED BY: /s/ Leung Ping Chung Hermann)
A Director for and on behalf of CISG)
Holdings Ltd.) /s/ Leung Ping Chung Hermann
in the presence of)

/s/ Chan Lai Fun Anita
Solicitor, Hong Kong SAR

CDH

SIGNED BY: Dr Wu Shang Zhi)
A Director for and on behalf of CDH)
Inservice Limited) /s/ Wu Shang Zhi
in the presence of)

/s/ Chan Lai Fun Anita
Solicitor, Hong Kong SAR

WEB BASED

SIGNED BY: Leung Ping Chung Hermann)
A Director for and on behalf of Web-Based)
Securities Limited) /s/ Leung Ping Chung Hermann
in the presence of)

/s/ Chan Lai Fun Anita
Solicitor, Hong Kong SAR

HU

SIGNED BY: HU YI NAN)
in the presence of) /s/ Hu Yi Nan

/s/ Chan Lai Fun Anita
Solicitor, Hong Kong SAR

LAI

SIGNED BY: LAI QIU PING)
in the presence of) /s/ Lai Qiu Ping

/s/ Chan Lai Fun Anita
Solicitor, Hong Kong SAR

NEW CO

SIGNED BY: Leung Ping Chung Hermann)
A Director for and on behalf of Bestcheer)
International Limited) /s/ Leung Ping Chung Hermann
in the presence of)

/s/ Chan Lai Fun Anita
Solicitor, Hong Kong SAR

Schedules 1 and 2 – Corporate Information

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Schedule 3 – Current Nominees

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Schedule 4 – Current Nominee Documents

[List of current nominee documents]

Schedule 5 – Final Structure

[structure chart]

Schedule 6 – Key Persons

[List of key persons]

Schedule 7 – Management Option Notice

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Schedule 8
Warranties in relation to the Group

All references of the Group shall have the same meaning as defined in Section 1.1 of this Agreement and shall mean to cover the corporate entities of PRC Intermediary Holding Vehicles and the PRC Operating Vehicles and their respective branches or Subsidiaries.

1. GENERAL

1.1 Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets and to carry on its business as now conducted and as proposed to be conducted, and to perform each of its obligations hereunder and under any agreement contemplated hereunder to which it is a party. Each Group Company is qualified to do business and is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would have a material adverse effect on the condition (financial or otherwise), assets relating to, or results of operation of or business (as presently conducted and proposed to be conducted) of any Group Company. Registered capital fully paid and no withdrawal of capital contribution has occurred

1.2. Capitalization. As of the Closing, the authorized share capital of the Company consists of the following:

(a) Common Stocks. A total of 1,000,000,000 authorized ordinary shares, par value RMB0.10 per share, of the Company (the “**Common Stocks**”), of which 65,000 shares are issued and outstanding. 47,840 shares have been issued to /are designated for NewCo, 17,160 shares are designated for CDH.....

(b) Except for Common Stocks, no other class of shares have been issued as of Closing.

(c) Options, Warrants, Reserved Shares. Save and except for warrants, options or other rights relating to issues, matters or events stipulated in [i] the Shareholders Agreement to be entered into at the Closing (the “**Shareholders Agreement**”), [ii] the Memorandum and Articles of Association of the Company to be amended in accordance with the provisions of this Agreement and [iii] the Shareholders Agreement or as contemplated under this Agreement, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the shares of the Company. Apart from the exceptions noted in this Section, the Shareholders Agreement and the Memorandum and Articles of Association of the Company, no shares of the Company’s outstanding share capital, or shares issuable upon exercise or exchange of any outstanding

options or other shares issuable by the Company, are subject to any preemptive rights, rights of first refusal or other rights to purchase such shares (whether in favor of the Company or any other person).

1.3 Accuracy of recitals and schedules

The particulars relating to the Group as set out in the recitals and Schedules to this Agreement are true and accurate.

1.4 Memorandum and articles of association, statutory books and returns

- (A) A copy of the articles of association of every member of the Group which has been given to CDH is accurate and complete in all respects and has annexed or incorporated copies of all resolutions or agreements required to be so annexed or incorporated by the rules and regulations governing companies in the PRC.
- (B) The statutory books and registers of every member of the Group have been properly kept and no notice or allegation that any of them is incorrect or should be rectified has been received.
- (C) All returns and particulars, resolutions and other documents which each member of the Group is required by law to file with or deliver to the registrar of companies or its equivalent have been correctly made up and duly filed or delivered.

1.5 Ownership of Interest

- (A) Each member of the Group (and its branches) has been duly incorporated and is validly existing under the laws of the relevant jurisdictions where the Group Company was incorporated and has full power, authority and legal right to own its assets and carry on the Business in accordance with its permitted scope as set out in its business license.
- (B) Save and except already disclosed to in writing by CDH, no person is entitled or has claimed to be entitled to require any member of the Group to issue any share or loan capital either now or at any future date whether contingently or not.
- (C) Save and except for the PRC Nominee Documents and such other matters, issues which have been disclosed to CDH by the Founders, there is no option, right of pre-emption, right to acquire, mortgage, charge, pledge, lien or other form of security or encumbrance on, over or affecting any of the equity interest of any member of the Group nor is there any commitment to give or create any of the foregoing, and no person has claimed to be entitled to any of the foregoing.
The change of shareholding of each member of the Group has been approved or filed with the competent authorities as required and all relevant registrations and filings have been completed.

1.6 Subsidiaries, associations and branches and Structure

(A) Save and except already disclosed to CDH by the Founders, each member of the Group has no subsidiaries nor is it a member of any partnership or other unincorporated association, joint venture or consortium.

(b) Prior to Closing, the Company and the Existing Shareholders having completed the restructuring of the Group through the execution and delivery of the Current Nominee Documents. As a result of the aforesaid restructuring, and pursuant to the Current Nominee Documents, the Company is able to exercise management and operational control over the PRC Intermediary Holding Vehicles and the PRC Operating Vehicles until such time when the Current Nominee Documents shall be terminated in accordance with the terms of this Agreement;

1.7 Vulnerable antecedent transactions

The Group has not taken any steps to be a party to a transaction or enter into any disposition of property pursuant to or as a result of which an asset owned, purportedly owned or otherwise held by any member of the Group is liable to be transferred or re-transferred to another person or which gives or may give rise to a right of compensation or other payment in favour of another person.

1.8 Compliance with statutes

- (A) Every member of the Group has conducted its business in accordance with all applicable laws, regulations, rules issued by the relevant PRC government authorities and has not committed any criminal, illegal or unlawful act.
- (B) No member of the Group has done or omitted to do anything which is a contravention of any statute, order, regulation or the like giving rise to any fine, penalty or other liability or sanction on the part of any member of the Group which could have produced adverse effect on the normal operation of any member of the Group.
- (C) No member of the Group has committed any breach of contract or statutory duty or other unlawful act which could lead to a claim for damages being made against it and no event has occurred which would entitle any third party to terminate any contract or any benefit enjoyed by any member of the Group.

1.9 Licences and consents

The PRC Operating Vehicles, the PRC Intermediary Holding Vehicles, Yi Qi Man, Hai Di Le Ji, Shenzhen Fan Hua, Guangzhou Zhong Qi and Beijing Rui Si Ke and their respective branches have duly obtained all licences (including Insurance Affiliate Agent Licences in PRC and other statutory licences), permits and consents necessary for their conduct and operation of the Business as they do at present and all these licences, permits and consents are valid, subsisting and have not been varied by the issuing government

authority or agency. None of the Founders is aware of anything that might result in the revocation, suspension or modification of any of those licences or consents or that might prejudice their renewal.

1.10 Litigation

The Founders do not have actual knowledge and has not received any written notice that:-

- (A) any member of the Group is engaged in any litigation or arbitration proceedings
- (B) any member of the Group has done or omitted to do anything which will give rise to any litigation or arbitration proceedings by or against the Group.
- (C) the Group is the subject of any investigation, inquiry or enforcement proceedings or process by any governmental, administrative or regulatory body.

1.11 Insolvency

1.11.1 None of the Founders has received any written notice or verbal indication from any party in which or had knowledge of:-

- (A) any receiver, liquidator, provisional administrator or other person carrying on similar function has been appointed in respect of the Group or in respect of the whole or any part of the assets or undertaking of the Group;
- (B) any winding up or administrative order has been made and no petition has been presented for such an order in respect of the Group; and
- (C) any unsatisfied judgement, order or award is outstanding against the Group and any distress or execution has been levied on, or other process commenced against, any asset of any member of the Group.

None of the Founders has received any notice in which or had knowledge of:-

- (A) any meeting has been convened at which a resolution shall be proposed, any resolution has been passed, any petition has been presented and any order has been made for the winding up or dissolution of any member of the Group or for an administrative order in respect of the Group; or
- (B) the Group has stopped or suspended payment of its debts, become unable to pay its debts (within the meaning of Section 178 of the Companies Ordinance or any similar provisions under the applicable laws in PRC) or otherwise become insolvent.

1.11.2 None of the Founders has received any written notice in which or had knowledge of any circumstances have arisen which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in 1.11.1 above.

1.12 Valid Issuance of CDH Subscription Stocks.

(a) The CDH Subscription Stocks, when issued, allotted and delivered in accordance with the terms of this Agreement, will be duly and validly issued, fully paid and non-assessable.

1.13 Status of IPR. Each Group Company owns or has a valid right to use the relevant Intellectual Property Rights necessary for its business as now conducted and, to the best knowledge of each Founder, without any conflict with or infringement of the rights of others. There are no outstanding options, licenses or agreements of any kind granted by any member of the Group relating to any of its Intellectual Property Rights nor is any member of the Group bound by or a party to any options, licenses or agreements of any kind with respect to the server software and/or accounting software of any other person or entity, except, in either case, for standard end-user agreements with respect to commercially readily available intellectual property. To the best knowledge of each Founder, the Group has not violated or, by conducting its business as proposed, would not violate any Intellectual Property Rights of any other person or entity with respect to the Group's usage of the server software and/or accounting software. Each Founder is not aware that any of its officers, employees or consultants is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would prevent such officers, employees or consultants from assigning to such Group Company inventions conceived or reduced to practice in connection with services rendered to such Group Company in the course of their employment. The Group has proprietary right over the operation process management software developed by the Group.

1.14 No Other Business. The Company was formed solely to acquire and hold an equity interest in its operating subsidiaries and since its formation has not engaged in any business and has not incurred any liability except in the ordinary course of its business of acquiring and holding its equity interest in its operating subsidiaries.

1.15 Registration Rights. Except as provided in the Shareholders Agreement, the Company has not granted or agreed to grant any person or entity any registration rights (including piggyback registration rights), nor is the Company obliged to list any of its shares on any securities exchange. To the best knowledge of the Founders, except as contemplated in this Agreement, the Shareholders Agreement, no voting or similar agreements exist related to the Company's securities which are presently outstanding or that may hereafter be issued.

1.16 Insurance. Each Group Company has obtained, or will obtain (within 30 days of Closing) and will maintain business interruption and other insurance policies consistent with such industry practice as may be recognized and approved by the Board of the Company.

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- 1.17 Interested Party Transactions. Existing interested party transaction. Existing and potential conflict of interests. Except for transactions in the ordinary course of the business of a Group Company and/or such transactions which have been disclosed by the Founders, no Founder or any “**Affiliate**” of any such Founder has any agreement, understanding, proposed transaction with, or is indebted to, any Group Company, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any of them (other than for accrued salaries, reimbursable expenses or other standard employee benefits). No Founder has any direct or indirect ownership interest in any firm or corporation with which a Group Company is affiliated or with which a Group Company has a substantial business relationship, or any firm or corporation that competes with a Group Company, except that any such Founder may have record ownership interest in the Company or own shares in publicly traded companies that may compete with a Group Company. No Affiliates of any Founder is directly or indirectly interested in any material contract with a Group Company which is not entered into at arm’s length. No Founder or any Affiliate or Associate of any such Founder has had, either directly or indirectly, a material interest in any person or entity which purchases from or sells, licenses or furnishes to a Group Company any goods, property, intellectual or other property rights or services not at arm’s length.
- 1.18 Ownership to Assets. Title to Properties and Assets. Each Group Company has title to its properties and assets as reflected in the Accounts subject to any disclosed mortgage, pledge, lien, encumbrance, security interest or charge of any kind. With respect to the property and assets (if any) it leases, each Group Company is in compliance with such leases and, to the best of its and the Founders’ knowledge, such Group Company holds valid leasehold interests in such assets free of any liens, encumbrances, security interests or claims of any party other than the lessors of such property and assets.
- 1.19 Environmental and Safety Laws. To the best knowledge of the Founders, none of the Group Companies is in violation of any applicable statute, law, or regulation relating to the environment or occupational health and safety and no material expenditures are required in order to comply with any such existing statute, law or regulation.
- 1.20 Exempt Offering. To the best knowledge of the Founders, the registration requirements of the US Securities Act are not applicable to the issuance and allotment of CDH Subscription Stocks pursuant to this Agreement

1.21 Minute Books. The minute books of each Group Company made available to CDH contain a complete summary of all meetings and actions taken by directors and shareholders or owners of such Group Company since its time of formation, and reflect all transactions referred to in such minutes accurately in all material respects.

2. ACCOUNTS AND FINANCIAL

To the best knowledge and belief of the Founders:–

2.1 Accuracy of Accounts

The Accounts:

- (A) have been prepared in accordance with laws and regulations in the PRC;
- (B) are, complete and accurate in all material respects and give, a true and fair view of the state of affairs and financial position of the Group as at the Account Date;
- (C) are true, accurate and complete, in all material respects with regard to capital commitments, assets and liabilities (actual and contingent), profits and loss and the financial position of the Group as at the Account Date;
- (D) are not materially and adversely affected by any unusual or non-recurring items ; and
- (E) fully disclose all the assets of the Group as at the Account Date.

2.2 Book debts

- (A) Other than the loans as shown in the Accounts, if any, no member of the Group has any outstanding book debts as at the Account Date.

2.3 Books and records

All accounts, books, ledgers, and other financial records of the Group:-

- (A) have been properly maintained and contain accurate records of all matters required to be entered in them in accordance with applicable statutes and regulations of PRC; and
- (B) give a true and fair view of the matters which ought to appear in them.

2.4 Bank and other borrowings

- (A) The Group has not made any bank borrowings other than those as shown in the Accounts.

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- (B) The Group has no outstanding mortgages, charges, debentures or other loan capital or bank overdrafts, bank or other borrowings, loans or other indebtedness, financial facilities, finance leases or hire purchase commitments or any guarantees or other contingent liabilities other than those as shown in the Accounts.
 - (C) No material outstanding indebtedness of the PRC Operating Vehicles have become payable by reason of default by the PRC Operating Vehicles and no event of default has occurred or is pending which with the lapse of time or the fulfillment of any condition or the giving of notice may result in any such indebtedness becoming so payable prior to maturity.

2.5 Loan capital and guarantees

Save as disclosed in the Accounts, the Group has no and has not incurred any loan capital or any liability.

2.6 Loans

The Group has not lent any money to any parties which has not been repaid to it or owns the benefit of any debt (whether present or future) other than debts accrued to it in the ordinary course of its business.

2.7 Liabilities

Save as disclosed in the Accounts, there are no liabilities (including contingent liabilities) which are outstanding on the part of each member of the Group other than those incurred in the ordinary and proper course of business since the Account Date.

2.9 Position since the Account Date

Since the Account Date:-

- (A) the each member of the Group has conducted the Business in a normal and proper manner;;
- (B) the Group has not entered into any unusual contract or commitment or otherwise depart from its normal course of trading;
- (C) there has been no material adverse change to the Accounts since Account Date.
- (D) there has not been any material adverse change in the assets, liabilities, financial condition or operating results of such Group Company from that reflected in the Accounts, except changes in the ordinary course of business that have not been, in the aggregate, materially adverse;
- (E) there has not been any material change in the contingent obligations of such Group Company by way of guarantee, endorsement, indemnity, warranty or otherwise;

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- (F) there has not been any damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the assets, properties, financial condition, operating results, prospects or business of such Group Company (as presently conducted and as presently proposed to be conducted);
 - (G) there has not been any waiver by such Group Company of a valuable right or of a material debt;
 - (H) there has not been any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by such Group Company, except such satisfaction, discharge or payment made in the ordinary course of business that is not material to the assets, properties, financial condition, operating results or business of such Group Company;
 - (I) there has not been any material change or amendment to a material contract by which such Group Company or any of its assets or properties is bound or subject and which would materially and adversely affect financial position of the Group, except for changes or amendments which are expressly provided for or disclosed in this Agreement;
 - (J) there has not been any material change in any compensation arrangement or agreement with any present or prospective employee, contractor or director not approved by such Group Company's Board of Directors (or the Compensation Committee in the case of the Company) or comparable governing body;
 - (K) there has not been any sale, assignment or transfer of any Intellectual Property Rights or other material intangible assets of such Group Company (other than in the ordinary course of business);
 - (L) there has not been any mortgage, pledge, transfer of a security interest in, or lien created by such Group Company, with respect to any of its material properties or assets, except liens for taxes not yet due or payable;
 - (M) save as disclosed by the Founders and/or contemplated under this Agreement, there has not been any debt, obligation, or liability incurred, assumed or guaranteed by such Group Company individually in excess of US\$100,000 or in excess of US\$300,000 in the aggregate (excluding those incurred in the ordinary course of business of such Group Company);

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- (N) there has not been any declaration, setting aside or payment or other distribution in respect of any of such Group Company's share capital, or any direct or indirect redemption, purchase or other acquisition of any of such share capital by such Group Company other than the repurchase of share capital from employees, officers, directors or consultants pursuant to agreements approved by the Board of Directors of such Group Company under which such Group Company has the option to repurchase such shares at cost upon the occurrence of certain events, such as termination of employment or consulting relationship;
 - (O) there has not been any agreement or commitment by such Group Company to do any of the things described in this Section.

3. **COMMERCIAL**

3.1 **Effect of Transactions contemplated under this Agreement**

Neither the execution of this Agreement nor the compliance with the terms of this Agreement does and will:-

- (1) conflict with, or result in the breach of, or constitute a default under, any of the terms, conditions or provisions of any agreement or instrument to which any member of the Group is a party, or any provision of the memorandum or articles of association or other corresponding constitutional documents of the Group or any encumbrances, lease, contract, order, judgement, award, injunction, regulation or other restriction or obligation of any kind or character by which or to which any asset of the Group is bound or subject to;
- (2) relieve any person from any obligation to the Group or cause any person to determine any such obligation or any right or benefit enjoyed by the Group, or to exercise any right, whether under an agreement with or otherwise in respect of the Group ;
- (3) result in the creation, imposition, crystallization or enforcement of any encumbrance whatsoever on any of the assets of the Group; and
- (4) result in any present or future indebtedness of the Group becoming due and payable or capable of being declared due and payable prior to its stated maturity.

3.2 **Trading contracts**

- (A) Members of Group have duly observed and performed the terms and conditions on their respective parts to be observed and performed under all relevant trading contracts.

3.3 **Material contracts.**

- (A) There are no agreements concerning the Group which provide that they can be terminated as a result of a change in control of any member of the Group or in the composition of the board of directors of any member of the Group.

Material Contracts and Obligations. All agreements, contracts, leases, licenses, instruments, commitments (oral or written), indebtedness, liabilities and other obligations to which each Group Company is a party or by which it is bound that (i) are material to the conduct and operations of its business and properties, (ii) involve any of the officers, consultants, directors, employees or shareholders of the Group Company; or (iii) obligate such Group Company to share, license or develop any product or technology have been made available for inspection by CDH and its counsel. For purposes of this Section 3.3, “**material**” shall mean (i) having an aggregate value, cost or amount, or imposing liability or contingent liability on any Group Company, in excess of US\$500,000 or that extend for more than one year beyond the date of this Agreement (excluding advertising area lease agreements, advertising sales agreements and employment contracts), (ii) containing exclusivity, non-competition, or similar clauses that impair, restrict or impose conditions on any Group Company’s right to offer or sell products or services in specified areas, during specified period, (iii) not in the ordinary course of business, or (iv) transferring or licensing any Intellectual Property Rights to or from any Group Company (other than licenses granted in the ordinary course of business or licenses from commercially readily available “off the shelf” computer software).

3.4 **Agreements restricting business**

- (A) The Group is not a party to any agency, distributorship, marketing, purchasing, manufacturing or licensing agreement or arrangement, or any restrictive trading or other agreement or arrangement which in any way restricts its freedom to carry on the whole or any part of the Business in any part of the world.
- (B) The Group is not a party to any undertaking or assurances given to any court or governmental agency which is still in force.

3.5 **Defaults under agreements**

- (A) On or prior to the Closing Date, the Group is not:-
- (1) in default under any agreement or covenant to which it is a party or in respect of any other obligations or restrictions binding upon it; and
 - (2) liable in respect of any breach of representation or warranty given under any agreement to which it is a party.
- (B) On or prior to the Closing Date, no threat or claim of default under any agreement, instrument or arrangement to which any member of the Group is a party has been made and there is nothing whereby any such agreement, instrument or arrangement may be prematurely terminated or rescinded by any other party or whereby the terms thereof may be materially worsened as against the Group .

3.6 Other party's defaults

As at the date of this Agreement, none of the Founders is aware of any party to any agreement involving a contract sum of more than US\$100,000.00 with or under an obligation involving a sum of more than US\$100,000.00 to the Group is (1) in default under it, being a default which would be material in the context of its financial or trading position and there are no circumstances likely to give rise to such a default; or (2) incapable of performing its obligations or granting any rights thereunder.

3.7 Intellectual property rights

(A) The Group has not instructed any of the employees, officers or agents to infringe any intellectual property rights of any third party and no claim has been made against the Group.

4. TAXATION

4.1 Tax returns

(A) All necessary information, notices, accounts, statements, reports, computations and returns which ought to be made or given have been properly and duly submitted by each member of the Group to the relevant taxation or excise authorities whether of the PRC or elsewhere as required by the relevant taxation or excise authorities.

(B) Each member of the Group has fully and punctually paid all Taxation which have become due and payable and no member of the Group is, and is likely to be, subject to any tax penalties.

5 Employees

(A) Each member has been in compliance with the Labor Law and relevant regulations;

(B) No labor litigation, arbitration and disputed has occurred or is pending or threatened.

Key Provisions of the Shareholders Agreement

Definitions

“Founders/CAA Ultimate Interests” shall mean interests in any Common Stocks or other equity interests in the Company ultimately owned or controlled by the Founders and CAA through their respective shareholdings/Control in CUFS Holdings and New Co. For the purpose of this Shareholders Agreement, “Founders/CAA Ultimate Interests” shall be deemed to include (i) [] % of CAA’s entire issued share capital legally and beneficially owned by the Founders as at the date hereof together with such other shares or equity interests in CAA which any of the Founders may further acquire and (ii) 56% of CUFS Holdings entire issued share capital legally and beneficially owned by CAA as at the date hereof together with such other shares or equity interests in CUFS Holdings which CAA may further acquire.

“Relevant Stocks” shall mean such number of Common Stocks in the Company effectively owned the Founders or CAA (as the case may be) through their shareholdings in CAA and/or [New Co] (as the case may be).

TRANSFER OF STOCK OR OTHER EQUITY INTERESTS

Section [] Transfer by the Founders and CAA. The Founders and CAA shall not transfer or agree to transfer Founders/CAA Ultimate Interests or create or agree to create any Encumbrances thereon or do anything which enables transfer of the Founders/CAA Ultimate Interests without the prior written approval of Cathay and CDH. The restrictions of sale, transfer or disposal of Founders/CAA Ultimate Interests shall not apply (1) after completion of a Capital Event; or (2) in the case where the Capital Event shall be a Qualified IPO, then after expiration of the lock-up period imposed by the relevant stock exchange or as agreed between the Company or its holding company with the underwriter.

Section [] Transfer by the Management Team. It is agreed by the Parties hereto that any member of the Management Team who shall have exercised the Management Performance Options and become a shareholder of the Company shall be subject to restrictions of transfer of his/her Management Option Stocks whereby each member of the Management Team shall undertake and covenant that save and except with the prior written approval of New Co and CDH, he/she shall not sell, mortgage, transfer or dispose of his/her Management Option Stocks (save and except for share transfer to parties of “Family Interests” and/or “Trustee Interests” as defined in the Listing Rules) and shall not enter into any agreement/arrangement to effect such a sale, mortgage, transfer or disposal. If any member of the Management Team shall use a corporate vehicle (“Management Vehicle”) to acquire and own the Management Option Stocks, such member shall further undertake not to sell, transfer, dispose or create any Encumbrances on his/her shareholdings in such Management Vehicle.

Section [] Right of First Refusal. Subject to the provisions hereof, no transfer (“Transfer”) of any Common Stocks shall be made by any Company Shareholders unless the provisions contained in Schedule [] are complied with in respect of such transfer. For the purpose of this Section [], a Transfer shall be deemed to include any sale, mortgage, charge or any other act whereby any Company Shareholder shall dispose of or encumber the whole or any part of its shareholding and/or its effective shareholding in the Company or assign or otherwise purport to deal with the beneficial interest therein or control (direct or indirect) thereof or any right in relation thereto separate from the legal interest.

Section [] Tag-Along Rights. If a third party is proposing to purchase or acquire from Founders and/or CAA any Founders/CAA Ultimate Interests or enter into any arrangement (whether by way of granting of option, entering into agreement or forms of acquisition) the result of which is to acquire or enable acquisition of all or any portion of its shareholding in the Company, the Founders and/or CAA shall serve the Transfer Notice in accordance with Section [] and Schedule [] to the other Company Shareholders. Such other Company Shareholders who do not exercise their respective rights of first refusal as to the Relevant Stocks (as defined in Schedule []) pursuant to Section [] and Schedule [] hereof shall have the right to notify ("Tag Along Notice") the Founders and/or CAA within fifteen (15) calendar days after the Transfer Notice to participate ("**Tag Along Shareholders**") together with the Founders and/or CAA in such sale of Common Stocks or the Founders/CAA Ultimate Interests on the same terms and conditions as specified in the Transfer Notice. Upon the Tag Along Shareholders' exercise of their tag-along rights by serving the Tag Along Notice on the Founders and/or CAA, the Founders and/or CAA shall procure the Prospective Purchaser to make offer(s) to the Tag Along Shareholders for the acquisition of such number of their respective Common Stocks ("**Tag Along Stocks**") calculated as follows:-

$T = C (x) R/N$

Where:

T = number of Tag Along Stocks

C = total number of Common Stocks held by the relevant Tag Along Shareholder as at the date of the Transfer Notice

R = the number of Relevant Stocks which the Prospective Purchaser intends to acquire from the Founders and/or CAA

N = total number of Common Stocks effectively held by the Founders and/or CAA as at the date of the Transfer Notice

Section [] Deed of Adherence. No transfer of shares by any selling Party to any third party shall be entered into the Company's share register and all parties hereto shall procure that unless such third party has first entered into a deed of adherence with all parties hereto other than the selling Party pursuant to which such third party shall agree, inter alia, to be bounded by all the restrictions of, and discharge all duties and obligations as set out in this Agreement as if it were an original party hereto. Such deed of adherence shall be in such form as such other parties shall reasonably require.

Section [] Notwithstanding anything to the contrary herein contained, each Company Shareholder shall remain entitled to the rights and benefits and remain liable for the due performance of all its obligations hereunder and relating to the ownership of the Common Stocks up to and including the date of the actual registration of the transfer of Common Stocks in favor of a transferee.

Section Validity The provisions set out in Sections [] to [] herein shall only apply prior to completion of a Capital Event.

Section [] Piggyback Registrations.

Registration of the Company's Securities. If the Company or the Listing Vehicle proposes to effect Registration for its own account any of its Stocks or other equity or security interests in connection with the public offering of such securities, the Company shall promptly give each Company Shareholder written notice of such Registration and, upon the written request of any Company Shareholder given within 20 days after delivery of such notice, the Company shall use commercially reasonable efforts to include in such Registration any registrable securities thereby requested by such Company Shareholder.

ARTICLE []
DIRECTORS, OFFICERS; SHAREHOLDER VOTING

Section 7.1 Number and Appointment of Directors. (a) The business and affairs of the Company shall be managed and controlled by its Board of Directors which shall consist of seven members of whom 5 shall be appointed by [New Co.] ("New Co Directors") and 2 by CDH ("CDH Directors"). It is hereby agreed by CUFS Holdings, Cathay and Kingsford that New Co Directors shall be nominees nominated by CUFS Holdings. Each of the Company Shareholders shall vote its share of Common Stocks, for the election of the candidates for Directors nominated by the respective Company Shareholders as provided in this Section 7.1 and in favor of any proposal that is approved by the Board of Directors. (b) Constitution of the board of directors of each member of the Group shall be the same as the Company and that all Directors shall be appointed as directors of each company of the Group. Any Director who ceases to be a director of the Company shall cease to be a director of each company of the Group. In relation to CUFS Holdings' right to appoint 5 members to the Board of Directors, it is agreed by CUFS Holdings, Cathay, CAA and Web-based that Cathay and CAA shall have the right to appoint 2 and 3 Company Directors respectively. It is also agreed by [New Co] and CDH that an independent director shall be approved and appointed jointly by CDH and [New Co] at such time when CDH and [New Co] shall consider appropriate and that immediately following appointment of such independent director, the number of CDH Directors shall be reduced from 2 to 1. (c) Each Director shall be entitled to appoint any person or any other Director to be his alternate and each alternate shall have one vote for every Director whom he represents in addition to any vote of his own.

Section 7.2 Vacancy; Removal. In the event that the position of a Director becomes vacant for any reason (including the death, disability or resignation of any such Director), the Company Shareholders shall vote their shares of Common Stocks to elect as replacement Director a person nominated by the Company Shareholder(s) that originally nominated or is now entitled to nominate the Director whose office is vacant. A Director shall be removed with or without cause upon and only upon the affirmative votes of the Company Shareholders in accordance with this Section 7.2 and the provisions of applicable law. Each Company Shareholder shall vote its shares for the removal of a Director only upon the request of the Company Shareholder(s) that originally nominated or is now entitled to nominate such Director.

Otherwise than in accordance with the provisions stipulated herein, no Company Shareholder shall vote for the removal of a Director. Any Company Shareholder removing a Director shall be responsible for and shall indemnify the other Company Shareholders and the Group against any claim of whatever nature arising out of such removal.

Section 7.3 Quorum. The quorum for a Directors meeting shall be at least four Directors of whom one shall be the Director nominated by CAA, one by Cathay and the other one by CDH.

ARTICLE []
MANAGEMENT

Section [.1] Matters requiring approval by Supermajority. Any member of the Group shall not carry out, and the Company Shareholders shall procure not to carry out, any of the following actions except as expressly required or permitted by this Agreement or unless prior approval of a Supermajority of the Board has been received:-

- (a) borrowing any money or obtaining any credit advance in any form from any parties for a sum exceeding RMB800,000.00 or accruing up to a sum of RMB5,000,000.00 in total in a particular financial year;
- (b) lending any money to any person or granting any credit to any person (otherwise than in the normal course of business);
- (c) direct or indirect provision of any loans and/or guarantees to any parties;
- (d) entering into any related party transaction(s) as defined in the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited unless such transaction(s) are entered into:-

Either

- (i) for the economic benefit of the Group; and
- (ii) at arm's length; and
- (iii) shall not prejudice the rights or interests of any Parties hereto.

Or

when the Independent Director(s) jointly approved and appointed by the Existing Shareholders and CDH shall have been appointed or an Audit Committee of the Company shall have been incorporated to monitor and oversee such related party transaction(s)

- (e) commencing or acquiring any new line of business which does not fall within the Business or engaging in any other business activities, or changing the normal scope of the Business;
- (f) engaging in any material investments or disposals of assets (including intangible assets) or equity interests of the Company outside the ordinary course of business. For this purpose, a "material investment" or a "material disposal" means an investment or a disposal which has a book value in excess of RMB5,000,000.00;

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- (g) creating or allowing to subsist any security interest, liens and/or encumbrances over any of the Group's assets;
- (h) issuing or agreeing to issue any shares, Stocks of any class in any member of the Group or any loan capital, securities or other rights, having attached thereto a right of conversion into or exchange for shares, Stocks in any member of the Group at a valuation effectively lower than the Current Round Valuation;
- (i) disposing any interest or shares in any member of the Group by the Company or creating any security interest, liens and/or encumbrances over any member of the Group by the Company;
- (j) varying, modifying or abrogating any of the rights attaching to any class of Stocks of the Company;
- (k) increasing its nominal share capital, reducing its share capital or share premium account or capital redemption reserve fund, or sub-dividing or consolidating any of the Stocks of the Company for the time being;
- (l) merging or consolidating with or into any other company, or reconstructing or amalgamating its business or promoting or taking any steps to effect its winding up or passing of any resolution to liquidate it or applying to any court of competent jurisdiction for an order to convene a meeting of creditors or any class of creditors or members or any class of members or to sanction any such compromise or arrangement;
- (m) altering its accounting year end from 31st December or change its secretary, auditors or accounting policies and practices;
- (n) entering into any contract or arrangement involving :-
- i. a sum exceeding RMB5,000,000.00 with either PICC Property and Casualty Company Limited or China Ping An Insurance Company or China Pacific Insurance Company or their respective Affiliates which carry on insurance business; or
 - ii. a sum exceeding RMB3,000,000.00 with any licensed insurance company in China other than those set out in Section .1(n) i above; or
 - iii. a sum exceeding RMB2,000,000.00 with any companies other than those set out in Section .1(n) i and ii above; or
 - iv. a sum exceeding RMB1,000,000.00 with any party which requires performance on the part of the relevant Group Company for a period of more than 3 months.
- and entering into any of the aforesaid contracts when the accrued aggregate contract sums of RMB25,000,000.00 in respect of the above contracts having been reached at any material time.
- (o) doing or failing to do anything which has the effect of breaching, varying or modifying the terms of this Agreement;

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- (p) alter any provisions of the Memorandum and Articles of Association of the Company other than those amendments which are necessary to accord with the provisions of this Agreement;
 - (q) create, allot or issue or agree to create, allot or issue any stocks/shares in the capital of any member of the Group or grant or agree to grant any option over or right to acquire any additional stocks/shares or purchase or redeem any stocks/shares;
 - (r) consolidate, subdivide or convert any of its share capital of any company in the Group;
 - (s) pass any resolution the result of which would be its winding up, liquidation or receivership save as otherwise expressly provided in this Agreement, or make any composition or arrangement with creditors;
 - (t) unless otherwise contemplated under this Agreement, incorporate any subsidiary or permit the disposal or dilution of its interest, directly or indirectly, in any subsidiary or acquire shares or interests in any company or dispose of any shares or interests in any company or acquire or dispose of any loans or loan capital;
 - (u) enter into any partnership as defined in the Partnership Ordinance (Cap. 38 of the Laws of Hong Kong) or joint venture arrangement with a view to establish a new company or entity or to develop a new line of business;
 - (v) issue any debentures or other securities convertible into stocks and shares or debentures or interests;
 - (w) declare or pay or distribute any dividends or dividends in kind and the formulation of any dividend policy;
 - (x) offer the stocks/shares/securities of the Company or any member of the Group or their respective holding company for subscription by the general public by initial public offering either on the Stock Exchange of Hong Kong or of other parts of the world, determination of the appropriate time and the appropriate stock or securities exchange upon which the IPO shall take place, and determination of valuation of the Listing Vehicle;
 - (y) change the size of the Board of Directors;
 - (z) commit to any capital expenditure in excess of RMB[5,000,000.00];
 - (aa) enter into or modify, vary any employment contract/benefit plans in respect of those employees receiving an annual remuneration of more than RMB600,000.00 or such revised sum as may be approved by Supermajority of the Board;
 - (bb) approval of annual budget and business plan of the Group;
 - (cc) repurchase or redeem of stocks/shares/securities or debt instruments (except to the extent such debt is due in accordance with its terms and conditions);

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- (dd) appointment of Company Auditors and the formulation, adoption or modification of any accounting policies and procedures of the Group;
 - (ee) approval of Management ESOP and the determination of terms and conditions in respect of the Management ESOP;
 - (ff) approval and the formulation of any compensation schemes, welfare and incentive schemes for the Management Team of the Group;
 - (gg) purchase or rental or license of any automobiles, apartments for any member of the Management Team of the Group;
 - (hh) incur any expenses not authorized by the approved annual budget and not in relation to operation of the Group for a single sum of RMB500,000.00 or accruing up to a sum of RMB 5,000,000.00 in total in a particular financial year;
 - (ii) conduct of any transaction outside the normal course of business of the Company
 - (jj) the appointment of top management members including the Chief Executive Office, Chief Financial Officer, Chief Operation Officer and such other key members who shall be receiving an annual remuneration of more than RMB500,000.00.

For the purpose of this Section [.1], any reference to a sum of monies shall include monies incurred/involved in a single transaction as well as the aggregate of all sums of monies incurred/involved in a series of transactions of the same nature.

Section [.2] For any matters other than those set out in Section [.1] hereof, they will be decided by a simple majority of the Board.

Section [.3] Financial Information. Cathay and CDH shall have the rights to obtain such information of the Group as Cathay and CDH may deem necessary to have and the rights to participate in the management of the affairs of the Group and shall have full access to all information with respect to the Business as well as operational, legal and financial aspects of the Group. The Company shall deliver to all members of the Board and each Company Shareholder the following financial and management information at the following intervals:-

- (a) Monthly Management Reports. On the 15th day of each calendar month, the Company shall prepare and submit to Cathay and CDH management reports setting out operational, management and financial conditions of the Group in order to enable Cathay and CDH to ascertain latest position of business operation undertaken by the Group and the Group's financial position.
- (kk) Quarterly Financial Statements. Within 35 days after the close of each fiscal quarterly accounting period ending after the date hereof, the consolidated balance sheet of the Group as at the end of such quarterly period and the related statements of income, shareholders' equity and cash flow for such quarterly period and (if different) for that portion of the fiscal year that has elapsed with the last day of such quarterly period, and in each such case setting forth comparative figures for the corresponding periods in the prior fiscal year, all of which shall be prepared in accordance with IAS. The first Quarterly Financial Statement to be produced to CDH shall be made available within 6 months after Closing.

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- (ll) Annual Financial Statements. Within 4 months after the close of each fiscal year of the Company, the consolidated balance sheet of the Group as of the end of such fiscal year and the related statements of income, shareholders' equity and cash flow for such fiscal year, in each case setting forth comparative figures for the preceding fiscal year, all of which shall be prepared in accordance with IAS applied on a consistent basis and audited by a Certified Public Accountant firm as approved by Supermajority of the Board.
- (mm) Annual Budget. An annual budget shall be prepared and submitted to the Board for consideration and approval within 30 days prior to commencement of each financial year.

Section [] Anti Dilution. If the Company wishes to issue ("Further Issuance") any further Common Stocks or any other shares in the capital of the Company or any loan capital, securities or other rights which having attached thereto a right of conversion into or exchange for any Common Stocks or any equity interest in the Company, the Company shall give and the Founders shall procure the Company to give notice to Cathay and CDH stating the total number of additional Common Stocks or any shares to be issued or which could be issued upon exercise of a right of conversion or exchange pursuant to the Further Issuance and the price for such Further Issuance to be subscribed for (the "**Company's Notice**"). Cathay and CDH shall have the option but not the obligation to subscribe at the price set forth in the Company's Notice for that proportion of Further Issuance equivalent to the percentage (%) which the number of Common Stocks held by Cathay or CDH bears to the total number of issued Common Stocks of the Company at the time when the Company's Notice is issued. Such option may be exercised by notice to the Company given at any time within 20 Business Days following the Company's Notice accompanied by payment in full for that proportion of the Further Issuance to be subscribed for.

Section [] Liquidation Rights. (a) It is agreed by the Existing Shareholders, [New Co] and CDH that as between all the Company Shareholders, before any distribution or payment shall be made to any Company Shareholders upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, an amount equivalent to US\$ 24.89 million and RMB150 million together all dividends declared and unpaid with respect thereto (adjusted for any share dividends, combinations, splits, recapitalizations and the like) shall be paid back to Cathay and CDH respectively prior to any other Company Shareholders. If, upon any such liquidation, distribution, or winding up, the assets of the Company shall be insufficient to make payment in full to Cathay and CDH according to this provision, then such assets shall be distributed among Cathay and CDH, ratably in proportion to the full amounts to which they would otherwise be respectively entitled thereon. For the avoidance of doubt, it is expressly agreed by the Existing Shareholders as shareholders of New Co that in the event the Company shall pay back US\$24.89 million to New Co, Cathay shall be solely entitled to the entire sum of US\$24.89

After distribution or payment of any liquidation preference distributable or payable to Cathay and CDH, the other Company Shareholders shall be entitled to receive from the Company respective sums representing their cash investment costs in the Company and if the Company shall have insufficient assets to fully pay back the cash investment costs to these other

Company Shareholders, they will share such assets among themselves ratably in proportion of their shareholdings in the Company. In the event there shall be any remaining assets after full payment of the cash investment costs to Cathay, CDH and the other Company Shareholders, Cathay and CDH together with other Company Shareholders shall also be entitled to, a ratable portion of the assets of the Company remaining for distribution.

(b) For the purpose of this Section [], the following events shall be treated as liquidation of the Company: -

any consolidation or merger of the Company with or into any other Person, or any other corporate reorganization, in which the shareholders of the Company immediately prior to such consolidation, merger or reorganization, own less than 50% of the Company's voting power immediately after such consolidation, merger or reorganization, or any transaction or series of related transactions to which the Company is a party in which in excess of 50% of the Company's voting power is transferred, excluding any consolidation or merger effected exclusively to change the domicile of the Company; or

a sale, lease or other disposition or all or substantially all of the assets of the Company;

and upon any such event, any proceeds resulting to the Company Shareholders shall be distributed in accordance with Section []

Section [] Co-Investment Rights. Each of the Founders hereby agrees and undertakes that if the Key Persons or the Group Insurance Vehicles shall have the opportunity to negotiate or participate in the acquisition of any business entities (whether in the form of shares or assets acquisition) which operates the same or similar business activities as the Company ("New Investment"), the Founders shall use their best endeavors to procure CDH and Cathay being given the same opportunity to participate in the New Investment on terms and conditions no less favorable than those offered to the Key Persons or the Group Insurance Vehicles.

Section [] Use of Alternate Listing Vehicles. In the event the Existing Shareholders and/or the Founders shall list the shares or other security or equity interests in any other company ("Alternate Listing Vehicle") on any relevant stock exchange and that the Alternate Listing Vehicle is merely a holding vehicle of Common Stocks of the Company and has no other assets or business, then CDH shall be entitled to participate in the listing of the Alternate Listing Vehicle to the effect that CDH shall be able to exchange or convert its Common Stocks in the Company with shares of the Alternate Listing Vehicle at such conversion rate equivalent to the exchange ratio or conversion rate upon which the Existing Shareholders and/or the Founders exchange or convert their effective holdings of Common Stocks in the Company into shares or other security interests in the Alternate Listing Vehicle.

Section [] Dividend Policy. The Parties hereto further agree that if no Capital Event shall have been completed within 3 years after Closing, the Board shall declare and pay dividends equivalent to not less than [%] of the Company's distributable profits to the Company Shareholders proportional to their shareholdings in the Company.

Section [] Validity. The provisions set out in this Article [] herein shall only apply and be binding on the Company Shareholders prior to completion of a Capital Event.

Schedule 10

Rights of First Refusal

1. A Company Shareholder (the “**Transferor**”) which shall receive an offer, proposal from any third party (“**Prospective Purchaser**”) intending to acquire any stocks of the capital of the Company shall first give a notice in writing within 15 days after receipt of the offer (the “**Transfer Notice**”) to the other Company Shareholders that it has received such an offer. The Transfer Notice shall specify:-
 - (a) the number of stocks which the Prospective Purchaser wishes to acquire (the “**Relevant Stocks**”);
 - (b) the name, address, business nature and background of the Prospective Purchaser;
 - (c) the price which the Prospective Purchaser has offered for the Relevant Stocks (if any);
 - (d) details of any other material terms of the offer made by the Prospective Purchaser (if any) and any other material terms or circumstances known to the Transferor which affect or may affect the offer; and
 - (e) any other relevant information which the other Company Shareholders may reasonably require to make an informed decision.
2. The Transfer Notice shall constitute an offer (“**Offer**”) from the Transferor to sell the Relevant Stocks to the other Company Shareholders. The other Company Shareholders (the “**Purchasing Shareholders**”) shall be entitled within a period of fifteen (15) calendar days after the Transfer Notice is given, to serve a purchase notice (the “**Purchase Notice**”) on the Transferor accepting the Offer to purchase the Relevant Stocks at the purchase price (the “**Purchase Price**”) and, if there shall be more than one Purchasing Shareholders, in such proportion as their respective shareholdings bears to the aggregate shareholdings of all the Purchasing Shareholders in the Company as at the date of the last Purchase Notice (the “**Relevant Ratio**”). For the purpose of this paragraph 2, “**Purchase Price**” shall, in relation to any Relevant Stocks, mean:-
 - (a) the price which the Prospective Purchaser has offered for the Relevant Stocks; or
 - (b) in the event that the Prospective Purchaser has not offered any price for the Relevant Stocks, the Purchase Price will be the average of:-
 - (i) the audited consolidated net tangible asset value per Relevant Stock, being the amount obtained by dividing by the number of Common Stocks in issue at the date of the Purchase Notice the surplus (if any) of the value of the total consolidated tangible assets of the Group over their liabilities (excluding goodwill and any liability in respect of loan stock or shareholders’ loan but including both actual and contingent liabilities, and provisions made by the Group as at the date of the

Purchase Notice) as shown in the audited consolidated balance sheet of the Group as at the date of the Purchase Notice as prepared by the Company Auditors; and

- (ii) such other amount as representing the consolidated net book value of the Group per Relevant Stock as determined by the Company Auditors. If there is any dispute between the Transferor and the Purchasing Shareholder(s) about the accounting methodology adopted by the Company Auditors, an independent certified public accountant shall be appointed to determine such amount as representing the consolidated net book value of the Group per Relevant Stock. The appointment of such independent certified public accountant shall be agreed among the Transferor and the Purchasing Shareholder(s), and the cost of such accountant shall be borne by the party disputing the accounting methodology of the Company Auditors. Failing such agreement, an accountant shall be appointed by the chairman of the Hong Kong Society of Accountants. Such accountant shall act as expert and not as arbitrator and his determination shall, in the absence of fraud or manifest error, be final and binding upon the relevant parties and the costs of such accountant shall be borne by the Transferor and the Purchasing Shareholder(s) equally.

For the purpose of this paragraph 2, it is expressly acknowledged and agreed that if due to accounting methodology that the Company Auditors or the independent certified public accountant shall not accept or allow consolidation of accounts ("Non Consolidated Accounts") of any member ("Non Consolidated Member") of the Group into the Company's consolidated accounts, then for the purpose of determining the net tangible asset value and/or net book value of the Group, the audited consolidated accounts of the Group shall be deemed to include and consolidate the Non Consolidated Accounts as if the Non Consolidated Member were an entity whose accounts could be consolidated into the Company for accounting purpose.

3. Upon the service of the Purchase Notice, the Transferor shall be bound to transfer the Relevant Stocks to the Purchasing Shareholders. The sale and purchase shall be completed at a place and time to be agreed between the Transferor and the Purchasing Shareholders but shall be within thirty (30) calendar days from the date of the last Purchase Notice and the Directors shall be bound to register the transfer.
4. The Transferor shall upon the completion of the transfer of the Relevant Stocks and as part of the consideration for the Purchase Price also assign its entire rights and benefits or a portion equivalent thereto (as the case may be) in any shareholder loan ("**Shareholder Loan**") to the Purchasing Shareholders in the Relevant Ratio.
5. The Transferor and the Purchasing Shareholder or the Prospective Purchaser shall be responsible for the stamp duty and other governmental expenses (if any) payable in respect of the transfer in equal shares.

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6. If the Transferor, having been bound as aforesaid, makes default in transferring the Relevant Stocks or assigning the Shareholder Loan, the Purchasing Shareholders may as agent of the Transferor execute any contract notes, instruments of transfer, assignments and other instruments to effect the transfer of the Relevant Stocks and the assignment of the due portion of the Shareholder Loan to the Purchasing Shareholders and receive the Purchase Price and deposit it with the Company. Thereupon, the Directors shall cause the name of the Purchasing Shareholders to be entered into the register of members of the Company as the holders of the Relevant Stocks and the Company shall hold the Purchase Price in trust for the Transferor. The receipt of the Purchasing Shareholders acting as the agent of the Transferor in the aforesaid manner shall be a sufficient discharge to the Purchasing Shareholders, and after their name(s) have been entered into the register of members, the validity of the transfer shall not be questioned by any person. The Transferor shall be bound to deliver up its certificate(s) for the Relevant Stocks, and on such delivery be entitled to receive the Purchase Price without interest.
 7. If the other Company Shareholders have not served a Purchase Notice within fifteen (15) calendar days from the date of the Transfer Notice, the Transferor shall be entitled to sell all (but not part only) of the Relevant Stocks to the Prospective Purchaser at the price and on the terms set out in the Transfer Notice. The Directors shall be bound to register such a transfer pursuant to this paragraph.

Schedule 11 – The other 8 Individual Shareholders in Kingsford

[List of 8 individual shareholders in Kingsford]

DATED THE 22nd DAY OF DECEMBER, 2005

(1) CATHAY AUTO SERVICES LIMITED

and

(2) CHINA UNITED FINANCIAL SERVICES HOLDINGS LTD

and

(3) KINGSFORD RESOURCES LIMITED

and

(4) CISG HOLDINGS LTD.

And

(5) WEB-BASED SECURITIES LIMITED

and

(6) CAA HOLDINGS COMPANY LIMITED

(7) CDH INSERVICE LIMITED

and

(8) BESTCHEER INTERNATIONAL LIMITED

(9) HU YI NAN

and

(10) LAI QIU PING

SHAREHOLDERS AGREEMENT
relating to
CISG HOLDINGS LTD.

STEVENSON, WONG & CO.
Solicitors & Notaries
Room 2002-9, 20th Floor,
Edinburgh Tower, The Landmark,
15 Queen's Road Central,
Hong Kong SAR
Ref.: LFC/HLO(P)/63579/05 (COMM)

BETWEEN:-

- (1) **CATHAY AUTO SERVICES LIMITED**, a company incorporated under the laws of British Virgin Islands under I. B. C. No. 448826 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands (“**Cathay**”);
- (2) **CHINA UNITED FINANCIAL SERVICES HOLDINGS LTD**, a company incorporated under the laws of the British Virgin Islands under I.B.C. No. 368220 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands (“**CUFS Holdings**”);
- (3) **KINGSFORD RESOURCES LIMITED**, a company incorporated under the laws of the British Virgin Islands under I. B. C No. 504120 whose registered office is situate at Beaufort House, P.O. Box 438, Road Town, Tortola, British Virgin Islands (“**Kingsford**”);
(Cathay, CUFS and Kingsford are collectively referred to as the “**Bestcheer Shareholders**” and each an “**Bestcheer Shareholder**”)
- (4) **CISG HOLDINGS LTD.**, a company incorporated under the laws of the British Virgin Islands under I. B. C. No. 599853 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands (“**Company**”).
- (5) **WEB-BASED SECURITIES LIMITED** a company incorporated under the laws of the British Virgin Islands under I. B. C. No. 399286 whose registered office is situate at the offices of Offshore Incorporation Centre, P. O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (“**Web Based**”)
- (6) **CAA HOLDINGS COMPANY LIMITED** a company incorporated under the laws of the British Virgin Islands under I. B. C. No. 447807 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands (“**CAA**”);
- (7) **CDH INSERVICE LIMITED**, a company incorporated under the laws of the British Virgin Islands under I. B. C. No. 1000928 whose registered office is situate at the offices of Maple Finance BVI Limited, P. O. Box 173, Kingston Chambers, Road Town, Tortola, British Virgin Islands (“**CDH**”).
- (8) **BESTCHEER INTERNATIONAL LIMITED**, a company incorporated under the laws of the British Virgin Islands under I. B. C. No. 666492 whose registered office is situate at the offices of Offshore Incorporation Centre, P. O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (“**New Co**” or **Bestcheer**)

(Bestcheer and CDH are collectively referred to as “Company Shareholders” and each a “Company Shareholder”)

- (9) HU YI NAN (胡義南), holder of PRC ID card no. 510103196508283411 of 廣州市白云区广园西路183号大院195号40房 (“Hu”)
- (10) LAI QIU PING (賴秋萍), holder of PRC ID card no. 360102195311073817 of 廣州市越秀区榕樹巷20號105房 (“Lai”)
- (Hu and Lai are collectively referred to as “Founders” and each a “Founder”)

WHEREAS:-

- (A) CISG Holdings Ltd. is a company incorporated under the laws of the British Virgin Islands which has an authorized share capital of RMB100,000,000.00 divided into 1,000,000,000 shares of RMB0.10 each, of which 65,000 shares have been issued of which 47,840 shares are owned by the New Co and 17,160 shares are owned by CDH as at the date of this Agreement.
- As at the date hereof, Cathay, CUFS Holdings and Kingsford respectively own 16.74%, 43.52% and 39.74% of the entire issued share capital of the Bestcheer.
- (B) As at the date of this Agreement, Kingsford’s entire issued share capital is owned by the following shareholders as follows:

Name	Shareholdings in Kingsford
Lai	2,577 shares
Hu	8,821 shares
張平	865 shares
王維緒	402 shares
沈麗君	372 shares
毛旭陽	235 shares
楊文明	277 shares
劉杰	541 shares
張玉明	533 shares
錢	335 shares

- (C) The parties hereto are desirous of entering into this Agreement to establish certain matters pertaining to the operation and management of the Company and to regulate certain rights and obligations among themselves with respect thereto.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto agree as follows:-

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. (a) As used herein, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):-

“Articles of Association”	shall mean the Memorandum of Association and Articles of Association of the Company, as modified, supplemented or amended from time to time in accordance with the terms hereof and thereof.
“Board of Directors”	shall mean the board of directors of the Company.
“Business”	shall mean insurance intermediary businesses including insurance brokerage business, insurance agency business, insurance claims assessment business and the related business activities and such other businesses as may from time to time be approved by Supermajority of the Board of Directors.
“Business Day”	means any day except a Saturday, Sunday or other day on which commercial banking institutions in any one of Hong Kong, New York City or Guangzhou is authorised or required to close.
“CDH Subscription Price”	shall mean the subscription consideration in the sum of RMB150,000,000.00 (or the agreed equivalent of US\$18,633,540.37 based on an agreed exchange rate at US\$1.00 : RMB8.05) payable by CDH to the Company for the subscription of CDH Subscription Stocks (as defined in the Subscription Agreement).
“Capital Event”	shall mean a Qualified IPO (as defined below) or such other means of capital raising as approved by the Board by a Supermajority, or a sale of majority of assets or the business of the Group to an unconnected third party, or a merger of the Company with another operation or company, or allotment of new Stocks in and of the Company thereby resulting in the change of controlling shareholder(s) of the Company and Control of the Board of Directors.
“China”	shall mean the People’s Republic of China.
“Common Stock”	shall mean the ordinary shares at a par value of RMB0.10 each of the Company as provided in the Articles of Association.

“Company Auditors”	shall mean the Initial Auditors and any subsequent Auditors as the Company may appoint by a Supermajority.
“Company Shareholder(s)”	shall mean CDH and Bestcheer and any shareholders of the Company for so long as it/he/she is a shareholder registered in the Register of Members of the Company.
“Control”	shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.
“CUFS Holdings”	shall mean China United Financial Services Holdings Ltd.
“Current Round Valuation”	shall mean valuation of the Group upon which CDH subscribed the CDH Subscription Stocks (as defined in the Subscription Agreement). The Current Round Valuation being RMB500 million which is computed on the basis that (i) estimated Net Profit of the Group for the financial year end of 2005 is RMB50 million and (ii) the price earning ratio for the Common Stock being 10 as at the date of the Subscription Agreement.
“Directors”	shall mean members of the Board of Directors of the Company.
“Encumbrances”	shall mean any mortgage, charge, pledge, lien, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-purchase, sale-and-leaseback arrangement over or in any property, assets or rights of whatsoever nature or interest or any agreement for any of the same;
“ESOP”	shall mean Employees Stock Option Plan as approved and adopted by Supermajority of the Board.
“Founders Ultimate or Controlled Interests”	shall mean interests in any Common Stocks or other equity interests in the Company ultimately owned or controlled by the Founders through their respective shareholdings/Control in CAA and/or CUFS Holdings and/or Bestcheer and/or Kingsford. For the purpose of this Shareholders Agreement, “Founders Ultimate or Controlled Interests” shall be deemed to include (i) 72.11 % of CAA’s entire issued share capital legally and beneficially owned by the Founders as at the date hereof together with such other shares or equity interests in CAA which any of the Founders may further acquire and (ii)

	an effective holdings of 40.38% of CUFS Holdings entire issued share capital (through CAA's holdings of 56% of the entire issued share capital of CUFS Holdings) as at the date
	hereof together with such other shares or equity interests in CUFS Holdings which CAA may further acquire (iii) Hu and Lai aggregate holdings of 76.2% of Kingsford's entire issued share capital owned by Hu and Lai as at the date hereof together with such other shares or equity interest in Kingsford which Hu and Lai may further acquire in future.
"Group"	shall mean the Company and its Subsidiaries including but not limited to CN Holdings, HK Co, Yi Qi Man, Hai Di Le Ji, Shenzhen Fan Hua, Guangzhou Zhong Qi, Beijing Rui Si Ke, PRC Intermediary Holding Vehicles (as defined in the Subscription Agreement) and such other subsidiaries to be formed by the Company. For the purpose of this Agreement, the term "Group" shall include the Group Insurance Vehicles (as defined in the Subscription Agreement) notwithstanding that the Company or its Subsidiaries may not have direct equity interest in the Group Insurance Vehicles. Each member of the Group shall be defined as a "Group Company" or "Group Member".
"HK\$"	shall mean the lawful currency of the Hong Kong SAR.
"Hong Kong SAR"	shall mean the Hong Kong Special Administrative Region of China.
"IFRS"	shall mean the International Financial Reporting Standards as may be from time to time adopted by the International Accounting Standards Board.
"Initial Auditors"	shall mean Deloitte Touche Tohmatsu
"IPO"	shall mean listing of the Common Stocks or such shares in the capital of the Listing Vehicle on The Stock Exchange of Hong Kong Limited or the National Association of Securities Dealers Automated Quotation System ("NASDAQ") in the USA or the New York Stock Exchange or other international stock exchange or securities exchange through an initial public offering of the Common Stocks or such shares in the capital of the Listing Vehicle. And that the term " <i>Qualified IPO</i> " shall be construed to mean an IPO in which (i) shares of the Listing Vehicle are made available for public offering at a price per share that values the Listing Vehicle at not less than RMB 650 million immediately before IPO and (ii) with a public offering representing at least 25% of the pro forma shares outstanding on a fully diluted basis immediately upon IPO.

“Key Persons”	shall mean such persons whose names and particulars are set out in Schedule 6 of the Subscription Agreement.
“Listing Vehicle”	shall mean either the Company or any other company which becomes the holding company of the Company which owns or carries on all or substantially all of the business, assets and undertaking of the Company whose shares shall be listed on the Main Board of The Stock Exchange of Hong Kong Limited or the National Association of Securities Dealers Automated Quotation System ("NASDAQ") in the USA or the New York Stock Exchange or other international stock exchange or securities exchange through an initial public offering of such shares.
“Management Team”	shall mean such senior managerial staff of the Group as may be from time to time identified by the Founders. For the avoidance of doubt, the Management Team shall include the Founders
“Management Performance Options”	shall mean the management performance options scheme as stipulated in the Subscription Agreement
“Management Option Stocks”	shall have the same meaning as defined in the Subscription Agreement
“Parties”	shall mean the Company, CUFS Holdings, Cathay, Kingsford, CDH, Web Based, CAA, New Co, Hu, Lai and their respective successors and permitted transferees in accordance with the terms of the Subscription Agreement.
“Person”	shall mean any individual, corporation, partnership, joint venture, association, trust, limited liability company or any other entity or organization, including a governmental or political subdivision or an agency, unit or instrumentality thereof.
“PRC”	shall mean the People’s Republic of China.
“Registration”	shall mean a registration effected by preparing and filing a registration statement prepared on Form F-1, F-2 or F-3 under the Securities Act of the United States of America, or on any comparable form in connection with registration in a jurisdiction other than the United States of America and the declaration or ordering of the effectiveness of that Registration Statement.

“Relevant Stocks”	shall mean such number of Common Stocks in the Company effectively owned the Founders (as the case may be) through their shareholdings /Control in CAA and/or CUFS Holdings and/or Bestcheer (as the case may be). For the avoidance of doubt, the term “Relevant Stocks” shall specifically include the Founders Ultimate or Controlled Interests.
“RMB”	shall mean the lawful currency of PRC.
“Subscription Agreement”	shall mean the agreement made between the Parties in relation to the subscription of 17,160 Common Stocks (constituting 26.4% of the entire issued share of the Company as at the date hereof) by CDH
“Subsidiary”	of any Person shall mean any other Person of which the first Person, directly or indirectly: (i) has the power to appoint or remove a majority of the board of directors or, if such other Person does not have a board of directors, other individuals performing similar functions; or (ii) controls 50% or more of the issued shares or securities of such other Person having power to vote.
“Supermajority”	shall mean the affirmative vote of at least 4 Directors, at least one of which is a Director appointed by Cathay, one of which is a Director appointed by CDH and the other one of which is a Director appointed by CAA.
“Taxation”	includes (i) all forms of taxation, duty, impost, levy, rate, or other amount payable to the Inland Revenue Department or any revenue, customs or fiscal authorities whenever created or imposed and of any part of the world, including without limitation, profits tax, provisional profits tax, interest tax, salaries tax, property tax, taxes on income, estate duty, capital duty, stamp duty, payroll tax, rates, customs and excise duties and other similar liabilities; and (ii) all interest, penalties, costs, charges and expenses incidental or relating to the liability to Taxation or the deprivation of any relief, allowance, exemption or deduction relating to Taxation.
“Transfer”	shall mean any sale, assignment, conveyance, pledge, mortgage or other disposition.

Section 1.2 Principles of Construction. All references to articles, sections and exhibits are to articles, sections and exhibits in or to this Agreement unless otherwise specified. The words “hereof”, “herein”, and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

ARTICLE II

REGISTRATION RIGHTS.

Section 2.1 Applicability of Rights. If it shall be decided by a Supermajority of the Board to list the Common Stocks in the United States, the holders of Common Stocks shall be entitled to the following rights with respect to any potential public offering of the Common Stocks in the United States and shall be entitled to reasonably analogous or equivalent rights with respect to any other offering of shares in any other jurisdiction pursuant to which the Company undertakes to publicly offer or list such securities for trading on a recognized securities exchange.

Section 2.2 Definitions. For purposes of this Section 2:

(a) Registration. The terms “**register**,” “**registered**,” and “**registration**” refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement.

(b) Registrable Securities. The term “**Registrable Securities**” means any Common Stocks of the Company owned or hereafter acquired by a Holder. Notwithstanding the foregoing, “**Registrable Securities**” shall exclude any Registrable Securities sold by a person in a transaction in which rights under this Section 2 are not assigned in accordance with this Agreement or any Registrable Securities sold in a public offering, whether sold pursuant to Rule 144 promulgated under the Securities Act, or in a registered offering, or otherwise.

(c) Registrable Securities Then Outstanding. The number of shares of “**Registrable Securities then outstanding**” shall mean the number of Common Stocks of the Company that are Registrable Securities and are then issued and outstanding or issuable upon conversion or exercise of any warrant, right or other security then outstanding.

(d) Holder. For purposes of this Section 2, the term “**Holder**” means any person owning or having the rights to acquire Registrable Securities or any permitted assignee of record of such Registrable Securities to whom rights under this Section 2 have been duly assigned in accordance with this Agreement.

(e) Form S-3 and Form F-3. The terms “**Form S-3**” and “**Form F-3**” means such respective form under the Securities Act as is in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(f) SEC. The term “**SEC**” or “**Commission**” means the U.S. Securities and Exchange Commission.

Section 2.3. Demand Registration.

(a) Request by Holders. If the Company shall at any time after the earlier of (i) 3 years after the date of this Agreement or (ii) six (6) months following a Qualified IPO receive a written request from the Holders of a majority of the Registrable Securities then outstanding that the Company file a registration statement under the Securities Act covering the registration of Registrable Securities pursuant to this Section 2.3, then the Company shall, within ten (10) business days of the receipt of such written request, give written notice of such request ("**Request Notice**") to all Holders, and use its best efforts to effect, as soon as practicable, the registration under the Securities Act of all Registrable Securities that the Holders request to be registered and included in such registration by written notice given by such Holders to the Company within twenty (20) days after receipt of the Request Notice, subject only to the limitations of this Section 2.3; provided that the Company shall not be obligated to effect any such registration if the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act pursuant to this Section 2.3 or Section 2.5 or in which the Holders had an opportunity to participate pursuant to the provisions of Section 2.4, other than a registration from which the Registrable Securities of the Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Section 2.4(a).

(b) Underwriting. If the Holders initiating the registration request under this Section 2.3 (the "**Initiating Holders**") intend to distribute the Registrable Securities covered by their request by means of an underwriting, then they shall so advise the Company as a part of their request made pursuant to this Section 2.3 and the Company shall include such information in the Request Notice. In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting by the Holders of a majority of the Registrable Securities being registered and reasonably acceptable to the Company. Notwithstanding any other provision of this Section 2.3, if the underwriter(s) advise(s) the Company in writing that marketing factors require a limitation of the number of securities to be underwritten then the Company shall so advise all Holders of Registrable Securities which would otherwise be registered and underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be reduced as required by the underwriter(s) and allocated among the Holders of Registrable Securities on a pro rata basis according to the number of Registrable Securities then outstanding held by each Holder requesting registration (including the Initiating Holders); provided, however, that the number of shares of Registrable Securities to be included in such underwriting and registration shall not be reduced unless all other securities are first entirely excluded from the underwriting and registration including, without limitation, all shares that are not Registrable Securities and are held by any other person, including, without limitation, any person who is an employee, officer or director of the Company or any subsidiary of the Company; provided further, that at least thirty percent (30%) of shares of Registrable Securities requested by the Holders to be included in such underwriting and registration shall be so included. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s),

delivered at least ten (10) business days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(c) Maximum Number of Demand Registrations. The Company shall not be obligated to effect more than two (2) such registrations pursuant to this Section 2.3.

(d) Deferral. Notwithstanding the foregoing, if the Company shall furnish to Holders requesting registration pursuant to this Section 2.3, a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its shareholders for such registration statement to be filed, then the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the initiating Holders; provided, however, that the Company may not utilize this right more than once in any twelve (12) month period.

(e) Expenses. All expenses incurred in connection with any registration pursuant to this Section 2.3, including without limitation all U.S. federal, "blue sky" and all foreign registration, filing and qualification fees, printer's and accounting fees, and fees and disbursements of counsel for the Company and of counsel for the Holders (but excluding underwriters' discounts and commissions relating to shares sold by the Holders), shall be borne by the Company. Each Holder participating in a registration pursuant to this Section 2.3 shall bear such Holder's proportionate share (based on the total number of shares sold in such registration other than for the account of the Company) of all discounts, and commissions or other amounts payable to underwriter(s) or brokers, in connection with such offering by the Holders. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to this Section 2.3 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered, unless the Holders of a majority of the Registrable Securities then outstanding agree that such registration constitutes the use by the Holders of one (1) demand registration pursuant to this Section 2.3 (in which case such registration shall also constitute the use by all Holders of Registrable Securities of one (1) such demand registration); provided further, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Company not known to the Holders at the time of their request for such registration and have withdrawn their request for registration with reasonable promptness after learning of such material adverse change, then the Holders shall not be required to pay any of such expenses and such registration shall not constitute the use of a demand registration pursuant to this Section 2.3.

Section 2.4 Piggyback Registrations. The Company shall notify all Holders of Registrable Securities in writing at least thirty (30) days prior to filing any registration statement under the Securities Act for purposes of effecting a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding registration statements relating to any registration under Section 2.3 or Section 2.5 of this Agreement or to any employee benefit plan or a corporate reorganization) and shall afford each such Holder an opportunity to include in such registration statement all or any part of the Registrable Securities then held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the

Registrable Securities held by it shall within twenty (20) days after receipt of the above-described notice from the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Securities such Holder wishes to include in such registration statement. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

(a) Underwriting. If a registration statement under which the Company gives notice under this Section 2.4 is for an underwritten offering, then the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder's Registrable Securities to be included in a registration pursuant to this Section 2.4 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Agreement, if the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of shares to be underwritten, then the managing underwriter(s) may exclude shares from the registration and the underwriting, and the number of shares that may be included in the registration and the underwriting shall be allocated, first, to the Company, second, to each of the Holders requesting inclusion of their Registrable Securities in such registration statement on a pro rata basis based on the total number of shares of Registrable Securities then held by each such Holder, and third, to holders of other securities of the Company; provided, however, that the right of the underwriter(s) to exclude shares (including Registrable Securities) from the registration and underwriting as described above shall be restricted so that (i) the number of Registrable Securities included in any such registration is not reduced below thirty percent (30%) of the aggregate number of shares of Registrable Securities for which inclusion has been requested; and (ii) all shares that are not Registrable Securities and are held by any other person, including, without limitation, any person who is an employee, officer or director of the Company (or any subsidiary of the Company) shall first be excluded from such registration and underwriting before any Registrable Securities are so excluded. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) business days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(b) Expenses. All expenses incurred in connection with a registration pursuant to this Section 2.4 (excluding underwriters' and brokers' discounts and commissions relating to shares sold by the Holders), including, without limitation all U.S. federal, "blue sky" and all foreign registration, filing and qualification fees, printers' and accounting fees, and fees and disbursements of counsel for the Company and of counsel for the Holders, shall be borne by the Company.

(c) Not Demand Registration. Registration pursuant to this Section 2.4 shall not be deemed to be a demand registration as described in Section 2.3 above. Except as otherwise provided herein, there shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 2.4.

Section 2.5 Form S-3 or Form F-3 Registration. In case the Company shall at any time after the first anniversary of the date hereof receive from any Holder or Holders of a majority of all Registrable Securities then outstanding a written request or requests that the Company effect a registration on Form S-3 or Form F-3 (or an equivalent registration in a jurisdiction outside of the United States) and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, then the Company will:

(a) Notice. Promptly give written notice of the proposed registration and the Holder's or Holders' request therefor, and any related qualification or compliance, to all other Holders of Registrable Securities; and

(b) Registration. As soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within twenty (20) days after the Company provides the notice contemplated by Section 2.5(a); provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 2.5:

(1) if Form S-3 or Form F-3 is not available for such offering by the Holders;

(2) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than US\$1,000,000;

(3) if the Company shall furnish to the Holders a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be materially detrimental to the Company and its shareholders for such Form S-3 or Form F-3 Registration (or equivalent registration in a jurisdiction outside of the United States) to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 or Form F-3 registration statement (or equivalent registration statement in a jurisdiction outside of the United States) no more than once during any twelve (12) month period for a period of not more than ninety (90) days after receipt of the request of the Holder or Holders under this Section 2.5;

(4) if the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act other than a registration from which the Registrable Securities of Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Section 2.4(a); or

(5) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Expenses. The Company shall pay all expenses incurred in connection with each registration requested pursuant to this Section 2.5, (excluding underwriters' or brokers' discounts and commissions relating to shares sold by the Holders), including without limitation all U.S. federal, "blue sky" and all foreign registration, filing and qualification fees, printers' and accounting fees, and fees and disbursements of counsel for the Company and of counsel for the Holders.

(e) Not Demand Registration. Form S-3 or Form F-3 registrations (or equivalent registrations outside of the United States) shall not be deemed to be demand registrations as described in Section 2.3 above. Except as otherwise provided herein, there shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 2.5.

Section 2.6 Obligations of the Company. Whenever required to effect the registration of any Registrable Securities under this Agreement the Company shall, as expeditiously as reasonably possible:

(a) Registration Statement. Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, provided, however, that the Company shall not be required to keep any such registration statement effective for more than ninety (90) days.

(b) Amendments and Supplements. Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(c) Prospectuses. Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of the Registrable Securities owned by them that are included in such registration.

(d) Blue Sky. Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(e) Underwriting. In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notification. Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Opinion and Comfort Letter. Furnish, at the request of any Holder requesting registration of Registrable Securities, on the date that such Registrable Securities are delivered to the underwriter(s) for sale, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities and (ii) a “comfort” letter dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities.

Section 2.7 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to Sections 2.3, 2.4 or 2.5 that the selling Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to timely effect the Registration of their Registrable Securities.

Section 2.8 Indemnification. In the event any Registrable Securities are included in a registration statement under Sections 2.3, 2.4 or 2.5:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, its partners, officers, directors, legal counsel, any underwriter (as determined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Securities Exchange Act of 1934, as amended, (the “**1934 Act**”), against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the 1934 Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a “**Violation**”):

(i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto;

(ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or

(iii) any violation or alleged violation by the Company of the Securities Act, the 1934 Act, any federal or state securities law or any rule or regulation promulgated under the Securities Act, the 1934 Act or any federal or state securities law in connection with the offering covered by such registration statement;

and the Company will reimburse each such Holder, its partner, officer, director, legal counsel, underwriter or controlling person for any legal or other expenses reasonably incurred by them, as incurred, in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this subsection 2.8(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by such Holder, underwriter or controlling person of such Holder.

(b) Notice. Promptly after receipt by an indemnified party under this Section 2.8 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.8, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential conflict of interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of liability to the indemnified party under this Section 2.8 to the extent the indemnifying party is prejudiced as a result thereof, but the omission to so deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 2.8.

(c) Contribution. In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any indemnified party makes a claim for indemnification pursuant to this Section 2.8 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 2.8 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any indemnified party in circumstances for which indemnification is provided under this Section 2.8; then, and in each such case, the indemnified party and the indemnifying party will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) in such proportion so that a Holder (together with its related persons) is responsible for the portion represented by the percentage that the public

offering price of its Registrable Securities offered by and sold under the registration statement bears to the public offering price of all securities offered by and sold under such registration statement, and the Company and other selling Holders are responsible for the remaining portion; provided, however, that, in any such case: (A) no Holder will be required to contribute any amount in excess of the net proceeds to such Holder from the sale of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement; and (B) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

(e) Survival. The obligations of the Company and Holders under this Section 2.8 shall survive the completion of any offering of Registrable Securities in a registration statement, regardless of the expiration of any statutes of limitation or extensions of such statutes.

Section 2.9 Termination of the Company's Obligations. The Company shall have no obligations pursuant to Sections 2.3, 2.4 and 2.5 with respect to any Registrable Securities proposed to be sold by a Holder in a registration pursuant to Section 2.3, 2.4 or 2.5 more than seven (7) years after the Closing, or, if, in the opinion of counsel to the Company, all such Registrable Securities proposed to be sold by a Holder may then be sold without registration in any ninety (90) day period pursuant to Rule 144 promulgated under the Securities Act.

Section 2.10 No Registration Rights to Third Parties. Without the prior written consent of the Holders of a majority in interest of the Registrable Securities then outstanding, the Company covenants and agrees that it shall not grant, or cause or permit to be created, for the benefit of any person or entity any registration rights of any kind (whether similar to the demand, "piggyback" or Form S-3 or Form F-3 registration rights described in this Section 2, or otherwise) relating to any securities of the Company which are senior to, or on a parity with, those granted to the Holders of Registrable Securities.

Section 2.11 Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the SEC which may at any time permit the sale of the Registrable Securities to the public without registration or pursuant to a registration on Form S-3 or F-3, after such time as a public market exists for the Ordinary Shares, the Company agrees to:

(a) Make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times after the effective date of the first registration under the Securities Act filed by the Company for an offering of its securities to the general public;

(b) Use reasonable, diligent efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the 1934 Act (at any time after it has become subject to such reporting requirements); and

(c) So long as a Holder owns any Registrable Securities, to furnish to such Holder forthwith upon request (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the Company's initial public offering), the Securities Act and the 1934 Act (at any time

after it has become subject to such reporting requirements), or its qualification as a registrant whose securities may be resold pursuant to Form S-3 or F-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents of the Company as a Holder may reasonably request in availing itself of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to Form S-3 or F-3.

ARTICLE III TRANSFER OF STOCK OR OTHER EQUITY INTERESTS

Section 3.1 Transfer by the Founders. The Founders shall not transfer or agree to transfer the Founders Ultimate or Controlled Interests or create or agree to create any Encumbrances thereon or do anything which enables transfer of the Founders Ultimate or Controlled Interests without the prior written approval of Cathay and CDH. The restrictions of sale, transfer or disposal of Founders Ultimate or Controlled Interests shall not apply (1) after completion of a Capital Event; or (2) in the case where the Capital Event shall be a Qualified IPO, then after expiration of the lock-up period imposed by the relevant stock exchange or as agreed between the Company or its holding company with the underwriter.

Section 3.2 Transfer by the Management Team. It is agreed by the Parties hereto that any member of the Management Team who shall have exercised the Management Performance Options and become a shareholder of the Company shall be subject to restrictions of transfer of his/her Management Option Stocks whereby each member of the Management Team shall undertake and covenant that save and except with the prior written approval of Bestcheer and CDH, he/she shall not sell, mortgage, transfer or dispose of his/her Management Option Stocks (save and except for share transfer to parties of "Family Interests" and/or "Trustee Interests" as defined in the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited) and shall not enter into any agreement/arrangement to effect such a sale, mortgage, transfer or disposal. If any member of the Management Team shall use a corporate vehicle ("Management Vehicle") to acquire and own the Management Option Stocks, such member shall further undertake not to sell, transfer, dispose or create any Encumbrances on his/her shareholdings in such Management Vehicle.

Section 3.3 Right of First Refusal. Subject to the provisions hereof, no transfer ("Transfer") of any Common Stocks shall be made by any Company Shareholders unless the provisions contained in Schedule 1 are complied with in respect of such transfer. For the purpose of this Section 3.3, a Transfer shall be deemed to include any sale, mortgage, charge or any other act whereby any Company Shareholder shall dispose of or encumber the whole or any part of its shareholding and/or its effective shareholding in the Company or assign or otherwise purport to deal with the beneficial interest therein or control (direct or indirect) thereof or any right in relation thereto separate from the legal interest.

Section 3.4 Tag-Along Rights. If a third party is proposing to purchase or acquire any Common Stocks or other equity interest of the Company and/or any of the Founders Ultimate or Controlled Interests from the Founders or enter into any arrangement (whether by way of granting of option, entering into agreement or forms of acquisition) the result of which is to acquire or enable acquisition of all or any portion of its shareholding in the Company and/or the Founders Ultimate or Controlled Interests, the Founders shall serve the Transfer Notice in

accordance with Section 3.3 and Schedule 1 to the Company Shareholders as if the Founders were Company Shareholders holding Common Stocks of the Company direct as well as the Existing Shareholders. Such Company Shareholders and/or Existing Shareholders who do not exercise their respective rights of first refusal as to the Transfer Stocks (as defined in Schedule 1) pursuant to Section 3.3 and Schedule 1 hereof shall have the right to notify ("Tag Along Notice") the Founders within fifteen (15) calendar days after the Transfer Notice to participate ("**Tag Along Shareholders**") together with the Founders in such sale of Common Stocks or the Founders Ultimate or Controlled Interests on the same terms and conditions as specified in the Transfer Notice. Upon the Tag Along Shareholders' exercise of their tag-along rights by serving the Tag Along Notice on the Founders, the Founders shall procure the Prospective Purchaser to make offer(s) to the Tag Along Shareholders for the acquisition of such number of their respective Common Stocks ("**Tag Along Stocks**") calculated as follows:-

$$T = C (\times) R/N$$

Where:

T = number of Tag Along Stocks

C = total number of Common Stocks effectively held by the relevant Tag Along Shareholder as at the date of the Transfer Notice

R = the number of Relevant Stocks which the Prospective Purchaser intends to acquire from the Founders. For the avoidance of doubt, the term "Relevant Stocks" means such number of Commons Stocks in the Company effectively owned by the Founders (as the case may be) through their shareholdings in CAA and/or Bestcheer and shall specifically include the Founders Ultimate or Controlled Interests

N = total number of Common Stocks effectively held by the Founders as at the date of the Transfer Notice

Section 3.4 Deed of Adherence. No transfer of shares by any selling Party to any third party shall be entered into the Company's share register and all parties hereto shall procure that unless such third party has first entered into a deed of adherence with all parties hereto other than the selling Party pursuant to which such third party shall agree, inter alia, to be bounded by all the restrictions of, and discharge all duties and obligations as set out in this Agreement as if it were an original party hereto. Such deed of adherence shall be in such form as such other parties shall reasonably require.

Section 3.5 Notwithstanding anything to the contrary herein contained, each Company Shareholder shall remain entitled to the rights and benefits and remain liable for the due performance of all its obligations hereunder and relating to the ownership of the Common Stocks up to and including the date of the actual registration of the transfer of Common Stocks in favor of a transferee.

Section 3.6 Validity The provisions set out in Sections 3.2 to 3.5 herein shall only apply prior to completion of a Capital Event.

ARTICLE IV
DIRECTORS, OFFICERS; SHAREHOLDER VOTING

Section 4.1 Number and Appointment of Directors. (a) The business and affairs of the Company shall be managed and controlled by its Board of Directors which shall consist of seven members of whom 5 shall be appointed by Bestcheer ("Bestcheer Nominated Directors") and 2 by CDH ("CDH Directors"). Each of the Company Shareholders shall vote its share of Common Stocks, for the election of the candidates for Directors nominated by the respective Company Shareholders as provided in this Section 4.1 and in favor of any proposal that is approved by the Board of Directors. (b) Constitution of the board of directors of each member of the Group shall be the same as the Company and that all Directors shall be appointed as directors of each company of the Group. Any Director who ceases to be a director of the Company shall cease to be a director of each company of the Group. In relation to Bestcheer's right to appoint 5 members to the Board of Directors (ie. the Bestcheer Nominated Directors"), it is agreed by CUFS Holdings, Cathay, Kingsford, CAA and Web-based that Cathay and CAA shall have the right to appoint 2 and 3 Company Directors respectively. It is also agreed by Bestcheer Shareholders and CDH that an independent director shall be approved and appointed jointly by CDH and Bestcheer Shareholders at such time when CDH and Bestcheer Shareholders shall consider appropriate and that immediately following appointment of such independent director, the number of CDH Directors shall be reduced from 2 to 1. (c) Each Director shall be entitled to appoint any person or any other Director to be his alternate and each alternate shall have one vote for every Director whom he represents in addition to any vote of his own.

Section 4.2 Vacancy: Removal. In the event that the position of a Director becomes vacant for any reason (including the death, disability or resignation of any such Director), the Company Shareholders shall vote their shares of Common Stocks to elect as replacement Director a person nominated by the Company Shareholder(s) and/or relevant Parties that originally nominated or is now entitled to nominate the Director whose office is vacant. A Director shall be removed with or without cause upon and only upon the affirmative votes of the Company Shareholders in accordance with this Section 4.2 and the provisions of applicable law. Each Company Shareholder shall vote its shares for the removal of a Director only upon the request of the Company Shareholder(s) and/or the relevant Parties that originally nominated or is now entitled to nominate such Director. Otherwise than in accordance with the provisions stipulated herein, no Company Shareholder shall vote for the removal of a Director. Any Company Shareholder removing a Director shall be responsible for and shall indemnify the other Company Shareholders and the Group against any claim of whatever nature arising out of such removal.

Section 4.3 Quorum. As between the Company Shareholders and the Bestcheer Shareholders, it is hereby agreed the quorum for a Directors meeting of the Company shall be at least four Directors of whom one shall be the Director nominated by CAA, one by Cathay and the other one by CDH.

ARTICLE V
MANAGEMENT

Section 5.1 Matters requiring approval by Supermajority. Any member of the Group shall not carry out, and the Company Shareholders shall procure not to carry out, any of the following actions except as expressly required or permitted by this Agreement or unless prior approval of a Supermajority of the Board has been received:-

- (a) borrowing any money or obtaining any credit advance in any form from any parties for a sum exceeding RMB800,000.00 or accruing up to a sum of RMB5,000,000.00 in total in a particular financial year;

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- (b) lending any money to any person or granting any credit to any person (otherwise than in the normal course of business);
 - (c) direct or indirect provision of any loans and/or guarantees to any parties;
 - (d) entering into any related party transaction(s) as defined in the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited unless such transaction(s) are entered into:-

Either

- (i) for the economic benefit of the Group; and
- (ii) at arm's length; and
- (iii) shall not prejudice the rights or interests of any Parties hereto.

Or

when the Independent Director(s) jointly approved and appointed by the Bestcheer Shareholders and CDH shall have been appointed or an Audit Committee of the Company shall have been incorporated to monitor and oversee such related party transaction(s)

- (e) commencing or acquiring any new line of business which does not fall within the Business or engaging in any other business activities, or changing the normal scope of the Business;
- (f) engaging in any material investments or disposals of assets (including intangible assets) or equity interests of the Company outside the ordinary course of business. For this purpose, a "material investment" or a "material disposal" means an investment or a disposal which has a book value in excess of RMB5,000,000.00;
- (g) creating or allowing to subsist any security interest, liens and/or encumbrances over any of the Group's assets;
- (h) issuing or agreeing to issue any shares, Stocks of any class in any member of the Group or any loan capital, securities or other rights, having attached thereto a right of conversion into or exchange for shares, Stocks in any member of the Group at a valuation effectively lower than the Current Round Valuation;

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- (i) disposing any interest or shares in any member of the Group by the Company or creating any security interest, liens and/or encumbrances over any member of the Group by the Company;
 - (j) varying, modifying or abrogating any of the rights attaching to any class of Stocks of the Company;
 - (k) increasing its nominal share capital, reducing its share capital or share premium account or capital redemption reserve fund, or sub-dividing or consolidating any of the Stocks of the Company for the time being;
 - (l) merging or consolidating with or into any other company, or reconstructing or amalgamating its business or promoting or taking any steps to effect its winding up or passing of any resolution to liquidate it or applying to any court of competent jurisdiction for an order to convene a meeting of creditors or any class of creditors or members or any class of members or to sanction any such compromise or arrangement;
 - (m) altering its accounting year end from 31st December or change its secretary, auditors or accounting policies and practices;
 - (n) entering into any contract or arrangement involving ;-
 - i. a sum exceeding RMB5,000,000.00 with 中國人民財產保險股份有限公司 and 中國 平安財產保險股份有限公司 and/or 中國 太平洋財產保險股份有限公司; or
 - ii. a sum exceeding RMB3,000,000.00 with any licensed insurance company in China other than those set out in Section 5.1(n) i above; or
 - iii. a sum exceeding RMB2,000,000.00 with any companies other than those set out in Section 5.1(n) i and ii above; or
 - iv. a sum exceeding RMB1,000,000.00 with any party which requires performance on the part of the relevant Group Company for a period of more than 3 monthsand entering into any of the aforesaid contracts when the accrued aggregate contract sums of RMB25,000,000.00 in respect of the above contracts having been reached at any material time.
 - (o) doing or failing to do anything which has the effect of breaching, varying or modifying the terms of this Agreement;
 - (p) alter any provisions of the Memorandum and Articles of Association of the Company other than those amendments which are necessary to accord with the provisions of this Agreement;
 - (q) create, allot or issue or agree to create, allot or issue any stocks/shares in the capital of any member of the Group or grant or agree to grant any option over or right to acquire any additional stocks/shares or purchase or redeem any stocks/shares;
 - (r) consolidate, subdivide or convert any of its share capital of any company in the Group;

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- (s) pass any resolution the result of which would be its winding up, liquidation or receivership save as otherwise expressly provided in this Agreement, or make any composition or arrangement with creditors;
 - (t) unless otherwise contemplated under this Agreement, incorporate any subsidiary or permit the disposal or dilution of its interest, directly or indirectly, in any subsidiary or acquire shares or interests in any company or dispose of any shares or interests in any company or acquire or dispose of any loans or loan capital;
 - (u) enter into any partnership as defined in the Partnership Ordinance (Cap. 38 of the Laws of Hong Kong) or joint venture arrangement with a view to establish a new company or entity or to develop a new line of business;
 - (v) issue any debentures or other securities convertible into stocks and shares or debentures or interests;
 - (w) declare or pay or distribute any dividends or dividends in kind and the formulation of any dividend policy (and that CDH's request for distribution of dividends in accordance with Section 5.8 hereof shall not be unreasonably withheld by Directors other than CDH Directors);
 - (x) offer the stocks/shares/securities of the Company or any member of the Group or their respective holding company for subscription by the general public by initial public offering either on the Stock Exchange of Hong Kong or of other parts of the world, determination of the appropriate time and the appropriate stock or securities exchange upon which the IPO shall take place, and determination of valuation of the Listing Vehicle;
 - (y) change the size of the Board of Directors;
 - (z) commit to any capital expenditure in excess of RMB5,000,000.00;
 - (aa) enter into or modify, vary any employment contract/benefit plans in respect of those employees receiving an annual remuneration of more than RMB600,000.00 or such revised sum as may be approved by Supermajority of the Board;
 - (bb) approval of annual budget and business plan of the Group;
 - (cc) repurchase or redeem of stocks/shares/securities or debt instruments (except to the extent such debt is due in accordance with its terms and conditions);
 - (dd) appointment of Company Auditors and the formulation, adoption or modification of any accounting policies and procedures of the Group;
 - (ee) approval of Management ESOP and the determination of terms and conditions in respect of the Management ESOP;

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- (ff) approval and the formulation of any compensation schemes, welfare and incentive schemes for the management team of the Group;
 - (gg) purchase or rental or license of any automobiles, apartments for any member of the management team of the Group;
 - (hh) incur any expenses not authorized by the approved annual budget and not in relation to operation of the Group for a single sum of RMB500,000.00 or accruing up to a sum of RMB 5,000,000.00 in total in a particular financial year;
 - (ii) conduct of any transaction outside the normal course of business of the Company
 - (jj) the appointment of top management members including the Chief Executive Office, Chief Financial Officer, Chief Operation Officer and such other key members who shall be receiving an annual remuneration of more than RMB500,000.00.

For the purpose of this Section 5.1, any reference to a sum of monies shall include monies incurred/involved in a single transaction as well as the aggregate of all sums of monies incurred/involved in a series of transactions of the same nature.

Section 5.2 For any matters other than those set out in Section 5.1 hereof, they will be decided by a simple majority of the Board.

Section 5.3 Financial Information. Cathay and CDH shall have the rights to obtain such information of the Group as Cathay and CDH may deem necessary to have and the rights to participate in the management of the affairs of the Group and shall have full access to all information with respect to the Business as well as operational, legal and financial aspects of the Group. The Company shall deliver to all members of the Board and each Company Shareholder the following financial and management information at the following intervals:-

- (a) Monthly Management Reports. On the 15th day of each calendar month, the Company shall prepare and submit to Cathay and CDH management reports setting out operational, management and financial conditions of the Group in order to enable Cathay and CDH to ascertain latest position of business operation undertaken by the Group and the Group's financial position.
- (b) Quarterly Financial Statements. Within 35 days after the close of each fiscal quarterly accounting period ending after the date hereof, the consolidated balance sheet of the Group as at the end of such quarterly period and the related statements of income, shareholders' equity and cash flow for such quarterly period and (if different) for that portion of the fiscal year that has elapsed with the last day of such quarterly period, and in each such case setting forth comparative figures for the corresponding periods in the prior fiscal year, all of which shall be prepared in accordance with IFRS. The first Quarterly Financial Statement to be produced to CDH shall be made available within 6 months after Closing.
- (c) Annual Financial Statements. Within 4 months after the close of each fiscal year of the Company, the consolidated balance sheet of the Group as of the end of such fiscal

year and the related statements of income, shareholders' equity and cash flow for such fiscal year, in each case setting forth comparative figures for the preceding fiscal year, all of which shall be prepared in accordance with IFRS applied on a consistent basis and audited by a Certified Public Accountant firm as approved by Supermajority of the Board.

- (d) Annual Budget. An annual budget shall be prepared and submitted to the Board for consideration and approval within 30 days prior to commencement of each financial year.

Section 5.4 Anti Dilution Save and except for ESOP approved by Supermajority of the Board, if the Company wishes to issue ("Further Issuance") any further Common Stocks or any other shares in the capital of the Company or any loan capital, securities or other rights which having attached thereto a right of conversion into or exchange for any Common Stocks or any equity interest in the Company, the Company shall give and the Founders shall procure the Company to give notice to Cathay and CDH stating the total number of additional Common Stocks or any shares to be issued or which could be issued upon exercise of a right of conversion or exchange pursuant to the Further Issuance and the price for such Further Issuance to be subscribed for (the "**Company's Notice**"). Cathay and CDH shall have the option but not the obligation to subscribe at the price set forth in the Company's Notice for that proportion of Further Issuance equivalent to the percentage (%) which the number of Common Stocks effectively held by Cathay or CDH bears to the total number of issued Common Stocks of the Company at the time when the Company's Notice is issued. Such option may be exercised by notice to the Company given at any time within 20 Business Days following the Company's Notice accompanied by payment in full for that proportion of the Further Issuance to be subscribed for.

Section 5.5 Liquidation Rights. (a) It is agreed by the Bestcheer Shareholders, Bestcheer and CDH that as between all the Company Shareholders, before any distribution or payment shall be made to any Company Shareholders upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, an amount equivalent to RMB24.89 million and RMB150 million together all dividends declared and unpaid with respect thereto (adjusted for any share dividends, combinations, splits, recapitalizations and the like) shall be paid back to Cathay and CDH respectively prior to any other Company Shareholders. If, upon any such liquidation, distribution, or winding up, the assets of the Company shall be insufficient to make payment in full to Cathay and CDH according to this provision, then such assets shall be distributed among Cathay and CDH, ratably in proportion to the full amounts to which they would otherwise be respectively entitled thereon. For the avoidance of doubt, it is expressly agreed by Bestcheer Shareholders as shareholders of Bestcheer, that in the event the Company shall pay back RMB24.89 million to Bestcheer, Cathay shall be solely entitled to the entire sum of RMB24.89 million.

After distribution or payment of any liquidation preference distributable or payable to Cathay and CDH, the other Company Shareholders shall be entitled to receive from the Company respective sums representing their cash investment costs in the Company and if the Company shall have insufficient assets to fully pay back the cash investment costs to these other Company Shareholders, they will share such assets among themselves ratably in proportion of their shareholdings in the Company. In the event there shall be any remaining assets after full payment of the cash investment costs to Cathay, CDH and the other Company Shareholders, Cathay and CDH together with other Company Shareholders shall also be entitled to, a ratable portion of the assets of the Company remaining for distribution.

(b) For the purpose of this Section 5.5, the following events shall be treated as liquidation of the Company: -

- (i) any consolidation or merger of the Company with or into any other Person, or any other corporate reorganization, in which the shareholders of the Company immediately prior to such consolidation, merger or reorganization, own less than 50% of the Company's voting power immediately after such consolidation, merger or reorganization, or any transaction or series of related transactions to which the Company is a party in which in excess of 50% of the Company's voting power is transferred, excluding any consolidation or merger effected exclusively to change the domicile of the Company; or
- (ii) a sale, lease or other disposition of all or substantially all of the assets of the Company;

and upon any such event, any proceeds resulting to the Company Shareholders shall be distributed in accordance with this Section 5.5

Section 5.6 Co-Investment Rights. Each of the Founders hereby agrees and undertakes that if the Key Persons (directly or through companies which they have equity interests) or the Group Member shall have the opportunity to negotiate or participate in the acquisition of any business entities (whether in the form of shares or assets acquisition) which operates the same or similar business activities as the Company ("New Investment"), the Founders shall use their best endeavors to procure CDH and Cathay being given the same opportunity to participate in the New Investment in the same ratio corresponding to their respective effective holdings in the Company on terms and conditions no less favorable than those offered to the Key Persons or the Group Members. CDH and Cathay shall also be given the first right of negotiation to participate in fund raising exercise relating to CUFS Holdings and any of its subsidiaries.

Section 5.7 Use of Alternate Listing Vehicles. In the event the Bestcheer Shareholders and/or the Founders shall list the shares or other security or equity interests in a company other than the Company or its 100% parent company or 100% subsidiary on any relevant stock exchange and this listing vehicle holds not less than 10% equity interests in CISG ("Alternate Listing Vehicle"), then CDH shall be entitled to participate in the listing of the Alternate Listing Vehicle to the effect that CDH shall be able to exchange or convert its Common Stocks in the Company with shares of the Alternate Listing Vehicle at such conversion rate equivalent to the exchange ratio or conversion rate upon which the Bestcheer Shareholders and/or the Founders exchange or convert their effective holdings of Common Stocks in the Company into shares or other security interests in the Alternate Listing Vehicle.

Section 5.8 Request for Dividend Distribution: The Parties hereto further agree that if no Capital Event shall have been completed within 3 years after Closing, CDH is entitled to require the Company to pay an annual dividend ("Agreed Dividends") to all shareholders. The amount of the annual dividend paid to CDH shall be equivalent to 10% of CDH Subscription Price provided always the Company is in a position to lawfully pay the Agreed Dividends and that the normal operation of the Group will not be adversely affected after payment of the Agreed Dividends.

Section 5.9 Validity. The provisions set out in this Article 5 herein shall only apply and be binding on the Company Shareholders prior to completion of a Capital Event.

Section 5.10 Audit Committee and Compensation Committee. The Company shall have established an audit committee and a compensation committee both consisting of 3 members, one member to be appointed by CAA, one member by Cathay and the other member to be appointed by CDH provided that such appointment shall not become effective unless and until CDH shall have fully paid up CDH Subscription Price (as defined in the Subscription Agreement).

ARTICLE VI DISPUTE RESOLUTION

Section 6.1 Arbitration. Any dispute, controversy or claim arising out of or relating to this Agreement shall be settled by arbitration administered by the Hong Kong International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules. The arbitration shall be the sole and exclusive forum for resolution of such dispute, controversy or claim, and the award rendered shall be final and binding. Judgment on the award rendered may be entered in any court having jurisdiction thereof.

Section 6.2 Procedures. (a) The number of arbitrators shall be 3, one of whom shall be appointed by the Party asserting a claim against the other Party or Parties, one of whom shall be appointed by the Party or Parties (acting together), as the case may be, against whom a claim has been asserted, and the third of whom shall be selected by mutual agreement, if possible, within thirty days of the selection of the second arbitrator and thereafter by the administering authority. In the event the Party against whom a claim has been asserted fails to appoint the second arbitrator within 20 days after the first arbitrator is appointed by the Party asserting a claim, then the administering authority shall select the second and third arbitrators.

- (b) The language of arbitration shall be the English language and any foreign language documents presented at such arbitration shall be accompanied by an English translation thereof. The arbitration shall be held in Hong Kong SAR.
- (c) Any award of the arbitrators (i) shall be in writing, (ii) shall state the reasons upon which such award is based and (iii) may include an award of costs, including reasonable attorney's fees and disbursements.
- (d) The arbitrators shall have no authority to award punitive damages or any other damages not measured by the prevailing party's actual damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Agreement.
- (e) Any Party may make an application to the arbitrators seeking injunctive relief to maintain the status quo until such time as the arbitration award is rendered or the dispute,

controversy or claim is otherwise resolved. Any Party may apply to any court having jurisdiction hereof and seek injunctive relief in order to maintain the status quo until such time as the arbitration award is rendered or the dispute, controversy or claim is otherwise resolved.

ARTICLE VII
MISCELLANEOUS

Section 7.1 Notices. All notices, requests and other communications to any Party hereunder shall be in writing (including facsimile or similar writing and overnight express mail or courier delivery, but excluding ordinary mail delivery) and shall be given to the address set forth in this Agreement hereto or to such other address or facsimile number as such Party may hereafter specify for the purpose by notice to the other Parties in the manner provided in this Section.

If to Cathay,

Address : c/o 14th Floor, St. John's Building, Hong Kong
Fax no. : 1-203 862 8889/852-2147 5050
Attn. : Mr. Paul Wolansky/Mr. Hermann Leung

If to CUFS Holdings,

Address : c/o 14th Floor, St. John's Building, Hong Kong
Fax no. : 1-203 862 8889/852-2147 5050
Attn. : Mr. Paul Wolansky/Mr. Hermann Leung

With a copy to:-

Address : c/o 中国广州市白云区广园西路183号大院195号40房
Attn. : Hu Yi Nan (胡义南)

If to Kingsford,

Address : c/o 14th Floor, St. John's Building, Hong Kong
Fax no. : 1-203 862 8889/852-2147 5050
Attn. : Mr. Paul Wolansky/Mr. Hermann Leung

With a copy to:-

Address : c/o 中国广州市白云区广园西路183号大院195号40房
Attn. : Hu Yi Nan (胡义南)

If to CAA,

Address : c/o 中国广州市白云区广园西路183号大院195号40房
Attn. : Hu Yi Nan (胡义南)

If to the Company,

Address : c/o 14th Floor, St. John's Building, Hong Kong
Fax no. : 1-203 862 8889/852-2147 5050
Attn. : Mr. Paul Wolansky/Mr. Hermann Leung

With one copy to:-

Address : c/o 中国广州市白云区广园西路183号大院195号40房
Attn. : Hu Yi Nan (胡义南)

And one copy to:

Address : Level 30, Six Battery Road, Singapore 049909
Fax no. : 65-6550 9898
Attn : Mr. Lew Kiang Hua

If to CDH,

Address : Level 30, Six Battery Road, Singapore 049909
Fax no. : 65-6550 9898
Attn : Mr. Lew Kiang Hua

With one copy to:-

Address : c/o B-318, Grand Pacific Trade Centre
8A Guanghua Road, Chaoyang District
Beijing 100026 P.R.C.
Fax no. : 86) 10 6581 9969
Attn : Wang Zhenyu / Lew Kiang Hua

If to Web Based,

Address : c/o 14th Floor, St. John's Building, Hong Kong
Fax no. : 1-203 862 8889/852-2147 5050
Attn. : Mr. Hermann Leung

If to Hu

Address : c/o 中国广州市白云区广园西路183号大院195号40房
Fax : 6122 2329

If to Lai

Address : c/o 广州市越秀区榕树巷20号603房
Fax : 6122 2329

If to New Co,

Address : c/o 14th Floor, St. John's Building, Hong Kong
Fax no. : 1-203 862 8889/852-2147 5050
Attn. : Mr. Paul Wolansky/Mr. Hermann Leung

With one copy to:-

Address : c/o 中国广州市白云区广园西路183号大院195号40房
Attn. : Hu Yi Nan (胡义南)

And one copy to:

Address : Level 30, Six Battery Road, Singapore 049909
Fax no. : 65-6550 9898
Attn : Mr. Lew Kiang Hua

And one copy to:

Address : c/o B-318, Grand Pacific Trade Centre
8A Guanghua Road, Chaoyang District
Beijing 100026 P.R.C.
Fax no. : 86-10-6581 9969
Attn : Wang Zhenyu / Lew Kiang Hua

All such notices, requests and other communications shall be deemed received (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, and (ii) if given by overnight express mail or courier delivery or any other means permitted by this Section, when received; provided, that if the date of receipt hereunder is not a Business Day, the notice, request or communication shall be deemed not to have been received until the next succeeding Business Day in the place of receipt.

Section 7.2 Amendments and Waivers. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and is executed by each of the Company Shareholders. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 7.3 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the Parties; provided, however, that none of the parties may assign or transfer any of its rights or obligations hereunder except in accordance with the provisions of Article III.

Section 7.4 Conflict with Articles of Association. In the event of any conflict between the Articles of Association and this Agreement, the provisions of this Agreement shall prevail.

Section 7.5 Expenses. The Company will bear all the cost of the transactions including the preparation, negotiation, execution, delivery and performance of this Agreement, stamp duty to be payable, if any, and the expenses of effecting and implementing the Final Structure (as defined in the Subscription Agreement) of the Group including the costs of incorporation of all companies of the Group and corporate restructuring expenses.

Section 7.6 Severability. In case any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and any such term or provision to the extent determined to be invalid, illegal or unenforceable shall be replaced by a valid, legal and enforceable provision that comes as close as possible to carrying out the intent and effect of the defective term or provision.

Section 7.7 Further Assurances. The Parties will execute and deliver such further instruments and do such further acts and things as may be required to carry out the intent and purposes of this Agreement into full effect.

Section 7.8 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the Hong Kong SAR.

Section 7.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall and pursuant to constitute one and the same instrument. The English language text of this Agreement shall prevail over any translation thereof.

Section 7.10 Force Majeure. The failure or delay of any of the Parties to perform any obligation under this Agreement solely by reason of acts of God, acts of government, riots, wars, or other causes beyond its reasonable control ("**Force Majeure**") shall not be deemed to be a breach of this Agreement; provided, however, that the Party so prevented from complying herewith shall not have procured such Force Majeure, shall have used reasonable diligence to avoid such Force Majeure or ameliorate its effects, and shall continue to take all actions reasonably within its power to comply as fully as possible with the terms of this Agreement. Except where the nature of the event shall prevent it from doing so, the Party suffering such Force Majeure shall notify the other Parties in writing promptly after the occurrence such Force Majeure and shall in every insurance, to extent reasonable and lawful under the circumstances, use its best efforts to remove or remedy such event with all reasonable dispatch.

Section 7.11 Headings Descriptive. The headings of the several articles and sections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 7.12 Integration. This Agreement (including the Exhibits and Schedules hereto, which are incorporated herein and made an integral part hereof) and the other agreements among two or more parties hereof relating to the subject matter hereof constitute the entire and only agreement between the Parties with respect to the subject matter hereof and supersede all prior agreements commitments or understandings, whether written or verbal, that the Parties hereto or thereto may have had with respect to the subject matter thereof.

IN WITNESS whereof this Agreement has been executed on the date and year said above written.

CATHAY

SIGNED BY: Leung Ping Chung Hermann) /s/ Leung Ping Chung Hermann
A Director for and on behalf of)
CATHAY AUTO SERVICES LIMITED)
in the presence of Chan Lai Fun Anita)
Solicitor, Hong Kong SAR)
/s/ Chan Lai Fun Anita

CUFS HOLDINGS

SIGNED BY: Leung Ping Chung Hermann) /s/ Leung Ping Chung Hermann
A Director for and on behalf of)
CHINA UNITED FINANCIAL)
SERVICES HOLDINGS LTD)
in the presence of Chan Lai Fun Anita)
Solicitor, Hong Kong SAR)
/s/ Chan Lai Fun Anita

KINGSFORD

SIGNED BY: Leung Ping Chung Hermann) /s/ Leung Ping Chung Hermann
A Director for and on behalf of Kingsford)
Resources Limited)
in the presence of Chan Lai Fun Anita)
Solicitor, Hong Kong SAR)
/s/ Chan Lai Fun Anita

CAA

SIGNED BY: Hu Yi Nan) /s/ Hu Yi Nan
A Director for and on behalf of CAA)
Holdings Company Limited)
in the presence of Chan Lai Fun Anita)
Solicitor, Hong Kong SAR)
/s/ Chan Lai Fun Anita

COMPANY

SIGNED BY: Leung Ping Chung Hermann) /s/ Leung Ping Chung Hermann
A Director for and on behalf of CISG)
Holdings Ltd.)
in the presence of Chan Lai Fun Anita)
Solicitor, Hong Kong SAR)
/s/ Chan Lai Fun Anita

CDH

SIGNED BY: Dr Wu Shang Zhi) /s/ Dr Wu Shang Zhi
A Director for and on behalf of CDH)
Inservice Limited)
in the presence of Chan Lai Fun Anita)
Solicitor, Hong Kong SAR)
/s/ Chan Lai Fun Anita

WEB BASED

SIGNED BY: Leung Ping Chung Hermann) /s/ Leung Ping Chung Hermann
A Director for and on behalf of Web-Based)
Securities Limited)
in the presence of Chan Lai Fun Anita)
Solicitor, Hong Kong SAR)
/s/ Chan Lai Fun Anita

HU

SIGNED BY: HU YI NAN) /s/ Hu Yi Nan
in the presence of Chan Lai Fun Anita)
Solicitor, Hong Kong SAR)
/s/ Chan Lai Fun Anita

LAI

SIGNED BY: LAI QIU PING) /s/ Lai Qiu Ping
in the presence of Chan Lai Fun Anita)
Solicitor, Hong Kong SAR)
/s/ Chan Lai Fun Anita

NEW CO

SIGNED BY: Leung Ping Chung Hermann) /s/ Leung Ping Chung Hermann
A Director for and on behalf of BESTCHEER)
INTERNATIONAL LIMITED)
in the presence of Chan Lai Fun Anita)
Solicitor, Hong Kong SAR)
/s/ Chan Lai Fun Anita

Schedule 1

Rights of First Refusal

1. A Company Shareholder (the “**Transferor**”) which shall receive an offer, proposal from any third party (“**Prospective Purchaser**”) intending to acquire any stocks of the capital of the Company shall first give a notice in writing within 15 calendar days after receipt of the offer (the “**Transfer Notice**”) to the other Company Shareholders that it has received such an offer. The Transfer Notice shall specify:-
 - (a) the number of stocks which the Prospective Purchaser wishes to acquire (the “**Transfer Stocks**”);
 - (b) the name, address, business nature and background of the Prospective Purchaser;
 - (c) the price which the Prospective Purchaser has offered for the Transfer Stocks (if any);
 - (d) details of any other material terms of the offer made by the Prospective Purchaser (if any) and any other material terms or circumstances known to the Transferor which affect or may affect the offer; and
 - (e) any other relevant information which the other Company Shareholders may reasonably require to make an informed decision.
2. The Transfer Notice shall constitute an offer (“**Offer**”) from the Transferor to sell the Transfer Stocks to the other Company Shareholders. The other Company Shareholders (the “**Purchasing Shareholders**”) shall be entitled within a period of fifteen (15) calendar days after the Transfer Notice is given, to serve a purchase notice (the “**Purchase Notice**”) on the Transferor accepting the Offer to purchase the Transfer Stocks at the purchase price (the “**Purchase Price**”) and, if there shall be more than one Purchasing Shareholders, in such proportion as their respective shareholdings bears to the aggregate shareholdings of all the Purchasing Shareholders in the Company as at the date of the last Purchase Notice (the “**Relevant Ratio**”). For the purpose of this paragraph 2, “**Purchase Price**” shall, in relation to any Transfer Stocks, mean:-
 - (a) the price which the Prospective Purchaser has offered for the Transfer Stocks; or
 - (b) in the event that the Prospective Purchaser has not offered any price for the Transfer Stocks, the Purchase Price will be the average of:-
 - (i) the audited consolidated net tangible asset value per Transfer Stock, being the amount obtained by dividing by the number of Common Stocks in issue at the date of the Purchase Notice the surplus (if any) of the value of the total consolidated tangible assets of the Group over their liabilities (excluding goodwill and any liability in respect of loan

stock or shareholders' loan but including both actual and contingent liabilities, and provisions made by the Group as at the date of the Purchase Notice) as shown in the audited consolidated balance sheet of the Group as at the date of the Purchase Notice as prepared by the Company Auditors; and

- (ii) such other amount as representing the consolidated net book value of the Group per Transfer Stock as determined by the Company Auditors. If there is any dispute between the Transferor and the Purchasing Shareholder(s) about the accounting methodology adopted by the Company Auditors, an independent certified public accountant shall be appointed to determine such amount as representing the consolidated net book value of the Group per Transfer Stock. The appointment of such independent certified public accountant shall be agreed among the Transferor and the Purchasing Shareholder(s), and the cost of such accountant shall be borne by the party disputing the accounting methodology of the Company Auditors. Failing such agreement, an accountant shall be appointed by the chairman of the Hong Kong Society of Accountants. Such accountant shall act as expert and not as arbitrator and his determination shall, in the absence of fraud or manifest error, be final and binding upon the relevant parties and the costs of such accountant shall be borne by the Transferor and the Purchasing Shareholder(s) equally.

For the purpose of this paragraph 2, it is expressly acknowledged and agreed that if due to accounting methodology that the Company Auditors or the independent certified public accountant shall not accept or allow consolidation of accounts ("Non Consolidated Accounts") of any member ("Non Consolidated Member") of the Group into the Company's consolidated accounts, then for the purpose of determining the net tangible asset value and/or net book value of the Group, the audited consolidated accounts of the Group shall be deemed to include and consolidate the Non Consolidated Accounts as if the Non Consolidated Member were an entity whose accounts could be consolidated into the Company for accounting purpose if so approved by Supermajority of the Board.

3. Upon the service of the Purchase Notice, the Transferor shall be bound to transfer the Transfer Stocks to the Purchasing Shareholders. The sale and purchase shall be completed at a place and time to be agreed between the Transferor and the Purchasing Shareholders but shall be within thirty (30) calendar days from the date of the last Purchase Notice and the Directors shall be bound to register the transfer.
4. The Transferor shall upon the completion of the transfer of the Transfer Stocks and as part of the consideration for the Purchase Price also assign its entire rights and benefits or a portion equivalent thereto (as the case may be) in any shareholder loan ("**Shareholder Loan**") to the Purchasing Shareholders in the Relevant Ratio.

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5. The Transferor and the Purchasing Shareholder or the Prospective Purchaser shall be responsible for the stamp duty and other governmental expenses (if any) payable in respect of the transfer in equal shares.
 6. If the Transferor, having been bound as aforesaid, makes default in transferring the Transfer Stocks or assigning the Shareholder Loan, the Purchasing Shareholders may as agent of the Transferor execute any contract notes, instruments of transfer, assignments and other instruments to effect the transfer of the Transfer Stocks and the assignment of the due portion of the Shareholder Loan to the Purchasing Shareholders and receive the Purchase Price and deposit it with the Company. Thereupon, the Directors shall cause the name of the Purchasing Shareholders to be entered into the register of members of the Company as the holders of the Transfer Stocks and the Company shall hold the Purchase Price in trust for the Transferor. The receipt of the Purchasing Shareholders acting as the agent of the Transferor in the aforesaid manner shall be a sufficient discharge to the Purchasing Shareholders, and after their name(s) have been entered into the register of members, the validity of the transfer shall not be questioned by any person. The Transferor shall be bound to deliver up its certificate(s) for the Transfer Stocks, and on such delivery be entitled to receive the Purchase Price without interest.
 7. If the other Company Shareholders have not served a Purchase Notice within fifteen (15) calendar days from the date of the Transfer Notice, the Transferor shall be entitled to sell all (but not part only) of the Transfer Stocks to the Prospective Purchaser at the price and on the terms set out in the Transfer Notice. The Directors shall be bound to register such a transfer pursuant to this paragraph.

Dated the 31st day of July 2007

BESTCHEER INTERNATIONAL LIMITED

and

CDH INSERVICE LIMITED

and

KINGSFORD RESOURCES LIMITED

(as Transferors)

and

CNinsure INC.
(as Transferee)

**AGREEMENT AND PLAN OF REORGANIZATION FOR TRANSFER OF
THE ENTIRE ISSUED SHARE CAPITAL IN
CISG HOLDINGS LTD. IN EXCHANGE FOR SHARES OF CNINSURE INC.**

STEVENSON, WONG & CO.

Solicitors and Notaries

4/F & 5/F, Central Tower

No. 28 Queen's Road Central

Central

Hong Kong

Ref: LFC/HLO(P)/65606/07 (COMM)

THIS AGREEMENT AND PLAN OF REORGANIZATION (the “Agreement”) is dated the 31st day of July 2007

BETWEEN:

- (1) (i) **BESTCHEER INTERNATIONAL LIMITED**, a company incorporated in British Virgin Islands (I.B.C. No. 666492) whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (“**Bestcheer**”).
- (ii) **CDH INSERVICE LIMITED**, a company incorporated in British Virgin Islands (I. B. C. No. 1000928) whose registered office is situate at the offices of Maple Finance BVI Limited, P. O. Box 173, Kingston Chambers, Road Town, Tortola, British Virgin Islands (“**CDH**”); and
- (iii) **KINGSFORD RESOURCES LIMITED**, a company incorporated in British Virgin Islands (I.B.C. No. 504120) whose registered office is situate at Beaufort House, P.O. Box 438, Road Town, Tortola, British Virgin Islands (“**Kingsford**”);
- (each a “**Transferor**” and collectively, the “**Transferors**”);
- (2) **CNINSURE INC.**, a company incorporated in Cayman Islands whose registered office is situate at P. O. Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands (the “**Transferee**”).

WHEREAS:

- (A) CISG Holdings Ltd. (the “**Company**”) is a company incorporated in British Virgin Islands under IBC No. 599853 and having an authorised share capital of RMB100,000,000.00 divided into 1,000,000,000 shares of RMB0.10 each, 68,421.0526 shares of which have been issued and are fully paid or credited as fully paid.
- (B) CNinsure Holdings Ltd. (“**BVI CNinsure**”) is a company incorporated under the laws of the British Virgin Islands which has an authorized share capital of US\$50,000.00 divided into 50,000 shares of US\$1.00 each, of which 1 share has been issued and is beneficially owned by the Company.
- (C) As at the date hereof, BVI CNinsure is owner holding the entire equity interest in 仪齐满企业管理咨询(深圳)有限公司(Yiqiman Enterprise Management Consulting (Shenzhen) Co., Ltd.) (“**Yi Qi Man**”) and 海迪乐基企业形象策划(深圳)有限公司(Haidileji Image Planning (Shenzhen) Co., Ltd) (“**Hai Di Le Ji**”) both of which are wholly foreign owned enterprises incorporated under the laws of the People’s Republic of China.

Yi Qi Man and Hai Di Le Ji have also formed a private limited liability company called 深圳市泛华南枫企业管理咨询有限公司 (Shenzhen Fanhua Nanfeng Enterprise Management Consulting Co., Ltd.) (“**Fan Hua**”). Fan Hua has three subsidiaries which are 广州市中琪企业管理咨询有限公司 (Guangzhou Zhongqi Enterprise Management Consulting Co. Ltd) (“**Zhong Qi**”); 北京瑞斯科管理咨询企业管理公司 (Beijing Rui Si Ke Management Consulting Co. Ltd.) (“**Rui Si Ke**”) and Beijing Fan Lian Investment Company Limited (“**Fan Lian**”).

BVI CNinsure is also owner holding the entire issued share capital of a company called Intense Rise Limited.

- (D) By virtue of a set of contracts made between Yi Qi Man of the one part and shareholders of 广东美迪亚投资有限公司 (Guangdong Meidiya Investment Co., Ltd.) and 四川怡合投资有限公司 (Sichuan Yihe Investment Co., Ltd.) (广东美迪亚投资有限公司 and 四川怡合投资有限公司 are collectively referred to as “**PRC Holding Vehicles**”) of the other part, Yi Qi Man has acquired effective control over PRC Holding Vehicles. At present, PRC Holding Vehicles are registered legal owners of various companies (“**PRC Operating Vehicles**”) incorporated in accordance with PRC laws.
- Corporate particulars of the Company, BVI CNinsure, Yi Qi Man, Hai Di Le Ji, Fan Hua, Zhong Qi, Rui Si Ke, Fan Lian, PRC Holding Vehicles and PRC Operating Vehicles are set out in Schedule 1 of this Agreement.
- (E) As at the date hereof, Bestcheer is legal and beneficial owner of 47,840 shares constituting 69.92% of the entire issued share capital of the Company, CDH is legal and beneficial owner of 17,160 shares constituting 25.08% of the entire issued share capital of the Company, and Kingsford is the legal and beneficial owner of 3,421.0526 shares constituting 5% of the entire issued share capital of the Company.
- (F) Pursuant to an integrated plan, the Transferors have agreed to transfer and the Transferee has agreed to acquire, the Transfer Shares in exchange for the issuance of the Consideration Shares in the names of the Transferors, subject to and upon the terms of this Agreement in a transaction intended to qualify as a reorganization within the meaning of Section 368 of the United States Internal Revenue Code of 1986, as amended (“**Reorganization**”).

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. INTERPRETATION

- 1.1 In this Agreement (including the Recitals), unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to each of them respectively below:-

“2005 Shareholders Agreement”	the Shareholders Agreement dated 22 December 2005 made between, inter alia, shareholders of the Company;
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“Affiliate”	an “affiliate” of a specified person is a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified;
“Bestcheer Transfer Shares”	47,840 issued shares in the Company beneficially owned by Bestcheer representing 69.92% of the entire issued share capital of the Company as at the date of this Agreement;
“Cathay”	Cathay Auto Services Limited, a shareholder owing 16.74% of the entire issued share capital of Bestcheer as at the date of this Agreement;
“CDH Transfer Shares”	17,160 issued shares in the Company beneficially owned by CDH representing 25.08% of the entire issued share capital of the Company as at the date of this Agreement;
“Closing”	closing of the transfer of the Transfer Shares in exchange for the Consideration Shares in accordance with the terms and conditions of this Agreement;
“Closing Date”	the date when Closing is to take place in accordance with clause 4;
“Company”	has the meaning ascribed thereto in Recital (A);
“Consideration Shares”	the 684,210,525 Shares to be allotted and issued to the Transferors as provided by Clause 3.1 in consideration for the transfer of the Transfer Shares by the Transferors to the Transferee;
“Control”	shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise;
“Encumbrance”	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and purchase or sale and leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same and “Encumber” shall be construed accordingly;
“Incorporation Share”	the one paid up share of US\$0.001 issued by the Transferee and currently registered in the name of the subscriber of Mapcal Limited;

“Kingsford Transfer Shares”	3,421.0526 issued shares in the Company beneficially owned by Kingsford representing 5% of the entire issued share capital of the Company as at the date of this Agreement;
“New Shareholders Agreement”	the new Shareholders Agreement to be entered into by shareholders of the Transferee as soon as practicable after signing of this Agreement;
“RMB”	Renminbi; the lawful currency of the People’s Republic of China;
“Transfer Shares”	Bestcheer Transfer Shares, CDH Transfer Shares and Kingsford Transfer Shares;
“Shares”	ordinary voting shares of US\$0.001 each in the capital of the Transferee;
“Subsidiary”	has the meaning ascribed thereto in Section 2(1) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“this Agreement”	this agreement for the transfer of the Transfer Shares in exchange for the Consideration Shares, as amended from time to time;
“US\$”	the lawful currency of the United States of America;
“Warranties”	the representations, warranties and undertakings given by the Transferors and the Transferee as set out in Clauses 5 and 6.

- 1.2 The headings of this Agreement are inserted for convenience only and shall be ignored in construing this Agreement. Unless the context otherwise requires, references in this Agreement to the singular shall be deemed to include references to the plural and vice versa; references to one gender shall include all genders and references to any person shall include an individual, firm, body corporate or unincorporate.
- 1.3 References in this Agreement to clauses, schedules and exhibits are references to clauses, schedules and exhibits of this Agreement and references to sub-clauses and paragraphs are, unless otherwise stated, references to sub-clauses and paragraphs of the clause, sub-clause or, as appropriate, the schedules and exhibits of this Agreement.
- 1.4 References to any statute or statutory provision shall include any statute or statutory provision which amends or replaces or has amended or replaced it and shall include any subordinate legislation made under the relevant statute.

2. TRANSFER AND ACQUISITION OF THE SHARES; SEVERAL OBLIGATIONS

- 2.1 Subject to and upon the terms and conditions of this Agreement, each of the Transferors shall, as legal and beneficial owners transfer and the Transferee shall acquire, their respective Transfer Shares with effect from Closing Date free from all Encumbrances together with all rights now or hereafter attaching thereto including but not limited to all dividends paid, declared or made in respect thereof.
- 2.2. Notwithstanding any other provision in this Agreement, the obligations of the Transferors under this Agreement shall be several and not on joint basis.
- 2.3 Notwithstanding any other provision in this Agreement, the Transferee shall simultaneously complete the transfer and acquisition of all of the Transfer Shares from all Transferors under this Agreement.

3. CONSIDERATION

- 3.1 The consideration for the transfer of Bestcheer Transfer Shares, CDH Transfer Shares and Kingsford Transfer Shares shall be satisfied in full by (i) the allotment and issuance by the Transferee to Bestcheer of 478,399,999 Consideration Shares and the transfer of the Incorporation Share to Bestcheer, (ii) the allotment and issuance by the Transferee to CDH of 171,600,000 Consideration Shares and (iii) the allotment and issuance by the Transferee to Kingsford of 34,210,526 Consideration Shares

4. CLOSING

- 4.1 Closing shall take place on the Closing Date when all the acts and requirements set out in this Clause 4 shall be complied with.
- 4.2 On Closing,
- (a) each Transferor shall deliver or procure the delivery to the Transferee of all the following:-
 - (i) duly executed instruments of transfer in favour of the Transferee in respect of such Transferor's Transfer Shares together with the relevant share certificate(s); and
 - (ii) any other documents which may be required to give good title to such Transfer Shares or which may be necessary to enable the Transferee to procure the registration of the same in the name of the Transferee as required by the Transferee.
 - (b) the Transferors shall procure that board meeting of the Company be held at which the following board resolutions shall be passed (where appropriate):
 - (i) to approve the transfer of the Transfer Shares to the Transferee and the entry of the name of the Transferee for registration as the holder of the Transfer Shares with the relevant share certificate(s);

- (ii) to deal with and resolve upon such other matters as the Transferee shall so reasonably require for the purpose of giving effect to the provisions of this Agreement;

and all the above with effect from the close of business of the relevant meeting.

4.3 Subject to the completion of the matters referred to in Clause 4.2 above, the Transferee shall on the Closing Date:

- (i) issue and allot the Consideration Shares (and share certificates evidencing such Consideration Shares), credited as fully paid to each of the Transferors as set out in Clause 3 above, and free from all Encumbrances;
- (ii) procure transfer of the Incorporation Share from the subscriber to Bestcheer;
- (iii) deliver to the Transferors a copy of the register of members of the Transferee evidencing the issue and allotment of the relevant number of the Consideration Shares to the Transferors respectively and the transfer of the Incorporation Share to Bestcheer.

4.3 No party shall be obliged to perform any obligations under this Clause 4 unless the other party fully complies with the requirements imposed on it under this Clause 4.

5. WARRANTIES OF THE TRANSFERORS

5.1 Each of the Transferors hereby represents, warrants and undertakes to the Transferee with respect to itself that:

- (a) it is the legal and beneficial owner of its Transfer Shares free and clear of any Encumbrance whatsoever and is entitled to sell and transfer the full legal and beneficial ownership of the same unencumbered to the Transferee;
- (b) there is no Encumbrance on, over or affecting all or any of the Transfer Shares other than under the 2005 Shareholders Agreement;
- (c) each of the Transferor has the right, power and authority to enter into this Agreement;
- (d) none of the Transferors has any claim against the Company or any director of the Company for any fees, costs, expenses, damages, liabilities, compensation, losses and there is no outstanding obligation owing by the Company or any director of the Company to any of the Transferors.

5.2 Each of the Transferors hereby covenants with the Transferee to indemnify and keep indemnified the Transferee against any loss or liability suffered by the Transferee as a result of or in connection with any of the Warranties of such Transferor being untrue or misleading or breached.

6. **WARRANTIES OF THE TRANSFeree**

6.1 The Transferee hereby represents and warrants to the Transferors that:-

- (a) the Transferee is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets.
- (b) the Transferee has all requisite power, authority and capacity to enter into this Agreement, and to perform its obligations under this Agreement. This Agreement has been duly authorized, executed and delivered by the Transferee. This Agreement, when executed and delivered by the Transferee, will constitute valid and legally binding obligations of the Transferee, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.
- (c) the execution and delivery of this Agreement by the Transferee and the performance of its obligations hereunder will not result in (i) any conflict with the memorandum and articles of association of the Transferee or (ii) any breach or violation of, conflict with or default under any law, statute, regulation, judgment, order, decree, license, permit or other governmental authorization or any mortgage, lease, agreement, deed of trust, indenture or any other instrument to which the Transferee is a party or by which it or its properties or assets are bound.
- (d) immediately prior to the Closing of this Agreement, the authorized share capital of the Transferee is 1,000,000,000 ordinary shares, of which 1 share (being the Incorporation Share) is issued and outstanding. Immediately after the Closing of this Agreement, the authorized share capital of the Transferee will be 1,000,000,000 ordinary shares, of which 684,210,526 are issued and outstanding.
- (e) the Consideration Shares, when issued and delivered in accordance with the terms of this Agreement, will be duly and validly issued, fully paid and nonassessable.
- (f) prior to the Closing of this Agreement, the Transferee has not conducted any business. The Transferee has no indebtedness for borrowed money that it has directly or indirectly created, incurred, assumed, or guaranteed, or with respect to which it has otherwise become directly or indirectly liable.

6.2 The Transferee hereby covenants with the Transferors to indemnify and keep indemnified the Transferors against any loss or liability suffered by the Transferors as a result of or in connection with any of the Warranties of the Transferee being untrue or misleading or breached.

6.3 The rights and remedies of the Transferee and Transferors in respect of a breach of the Warranties shall not be affected by Closing.

7. FURTHER ASSURANCE AND COVENANT

7.1 The Transferors shall execute, do and perform or procure to be executed, done and performed by other necessary parties all such further acts, agreements, assignments, assurances, deeds and documents as the Transferee may require effectively to vest the registered and beneficial ownership of the Transfer Shares in the Transferee free from all Encumbrances.

7.2 The parties hereto covenant and agree (i) that CDH may prepare and file a Form 8832 ("**Check-the-box election**") with the United States Internal Revenue Service with respect to the Company for the purpose of treating the contribution of the Transfer Shares hereunder as a Reorganization for United States tax purposes, and (ii) to fully cooperate with CDH in preparing the Check-the-box election, including without limitation, to cause the Company to execute Form 8832 effective on the date immediately following the Closing Date. Neither the Transferee, nor the Company, nor any of its Affiliates or officers shall be responsible for any consequences or damages resulting from the making of (or the failure to make unless such failure has been caused by the Company's failure to execute the Check-the-Box election as contemplated in this Section 7.2) the Check-the-box election.

8. TIME; WAIVER; EFFECT OF CLOSING

8.1 Time shall in every respect be of the essence of this Agreement but no failure on the part of any party hereto to exercise, and no delay on its part in exercising any right hereunder shall operate as a waiver thereof, nor will any single or partial exercise of any right under this Agreement preclude any other or further exercise of it or the exercise of any other right or prejudice or affect any right against any other parties hereto. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

9. AMENDMENTS

9.1 This Agreement shall not be amended, supplemented or modified except by instruments in writing signed by all parties hereto.

10. NOTICES

10.1 All notices or communications required to be served or given pursuant to this Agreement shall be:-

(a) in writing and may be sent by telex, prepaid postage (by airmail if to another country), facsimile transmission or personal delivery;

- (b) sent to the parties at the telex number, facsimile number and/or address from time to time designated in writing by that party to the other, the initial address so designated by each party being set out at the beginning of this Agreement; and
- (c) deemed to have been given and received by the relevant parties (i) within two (2) days after the date of posting, if sent by local mail; four (4) days after the date of posting, if sent by airmail; (ii) when delivered, if delivered by hand; and (iii) on dispatch, if sent by telex or facsimile transmission.

11. ASSIGNMENT

- 11.1 The Transferee may assign the benefit of any of its rights under this Agreement. This Agreement shall not be assignable by the Transferors (save as expressly permitted herein) but shall be binding upon and inure for the benefit of each Party's successors in title, except that CDH and Cathay may assign this Agreement (and any right hereunder) to any of their respective Affiliates. The Affiliates of CDH shall include CDH China Growth Fund II, L.P., CDH China Growth Capital Fund III, L.P., CDH Venture Partners and Cephei Absolute Return Fund Ltd.
- 11.2 This Agreement shall be binding upon each party's successors and assigns and personal representatives and except as expressly provided in Clause 10.1, none of the rights of the parties under this Agreement may be assigned or transferred.

12. COSTS AND STAMP DUTY

- 12.1 Each party shall bear its own costs and expenses (including legal fees) incurred in connection with the preparation, negotiation, execution and performance of this Agreement and all documents incidental or relating to Closing.
- 12.2 All stamp duty (if any) payable in connection with the transfer and acquisition of the Transfer Shares and the issuance of the Consideration Shares shall be wholly borne by the Transferee.

13. GOVERNING LAW AND JURISDICTION

- 13.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.
- 13.2 The parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong.

IN WITNESS whereof this Agreement has been duly executed by all parties hereto the day and year first above written.

THE TRANSFERORS

SIGNED by Mr. Hu Yi Nan as director)
for and on behalf of **BESTCHEER**) /s/ Hu Yi Nan
INTERNATIONAL LIMITED)
in the presence of:-)

SIGNED by)
for and on behalf of **CDH INSERVICE LIMITED**) /s/ Wu Shang Zhi
in the presence of:-)

SIGNED by Mr. Hu Yi Nan)
for and on behalf of **KINGSFORD RESOURCES**) /s/ Hu Yi Nan
LIMITED)
in the presence of:-)

THE TRANSFEREE

SIGNED by Mr. Hu Yi Nan)
as director) /s/ Hu Yi Nan
for and on behalf of **CNINSURE INC.**)
in the presence of:-)

Schedule 1 – PART A**Corporate information of the Company**

Co. No.: 599853

1. NAME OF COMPANY : CISG Holdings Ltd.
- 1.1 Date of Incorporation : 8th June, 2004
- 1.2 Registered Address : P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
- 1.3 Directors : (1) WOLANSKY Paul Steven
(2) LEUNG Ping Chun, Hermann
(3) HU Yi Nan
(4) LAI Qiu Ping
(5) LIU Zhao Hui
(6) WU Shangzhi
(7) WANG Zhenyu
- 1.4 Company Secretary : Name: Stevenses Ltd.
Address: Rooms 2002-2009, 20/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong
- 1.5 Shareholdings : Authorised Share Capital: RMB100,000,000 divided into 1,000,000,000 shares of RMB0.10 each. Issued Share Capital: RMB 6,842.10526 divided into 68,421.0526 shares of RMB 0.1 each

<u>Name of Shareholders</u>	<u>Shareholdings</u>	<u>Percentage of shareholding</u>
Bestcheer International Limited	47,840 shares	69.92%
CDH Inservice Limited	17,160 shares	25.08%
Kingsford Resources Ltd	3,421.0526 shares	5%

Schedule 1– PART B**Corporate Information of BVI CNinsure**

Co. No.: 607820

1. Name of Company : CNinsure Holdings Limited
2. Date of Incorporation : 26 July 2004
4. Registered Address : P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
5. Directors : Paul Steven Wolansky
Leung Ping Chung Hermann
Hu Yi Nan
Lai Qiu Ping
Liu Zhao Hui
Wu Shangzhi
Wang Zhenyu
6. Company Secretary : Stevensec Limited
7. Shareholder : CISG Holdings Ltd.

<u>Name of Shareholders</u>	<u>Shareholdings</u>	<u>Percentage of shareholding</u>
CISG Holdings Ltd.	1	100%

Schedule 1 – PART C

1. **Name of Company** : 仪齐满企业管理咨询(深圳)有限公司
(Yiqiman Enterprise Management Consulting (Shenzhen) Co. Ltd.)
2. **Registration No.** : 企独粤深总字第306736号
3. **Permitted Period for Operation** : From 21 January 2000 to 21 January 2020
4. **Place of Incorporation** : PRC
5. **Registered Address** : 深圳市福田区泰然大道上沙大厦3楼317号
(Room 317, 3rd Floor Shangsha building, Tairan Road, Futian District, Shenzhen)
6. **Date of Incorporation** : 21 January 2000
7. **Shareholders** : CNinsure Holdings Limited

<u>Name of Shareholder</u>	<u>No. of Shares Percentage holdings</u>
CNinsure Holdings Limited	100%
Total	100%

1. **Name of Company** : 海迪乐基企业形象策划(深圳)有限公司
(Haidileji Image Planning (Shenzhen) Co., Ltd.)
2. **Registration No.** : 企独粤深总字第306716号
3. **Permitted Period for Operation** : From 7 January 2000 to 7 January 2020
4. **Place of Incorporation** : PRC
5. **Registered Address** : 深圳市福田区泰然大道上沙大厦6楼615号
(Room 615, 6th Floor Shangsha building, Tairan Road, Futian District, Shenzhen)
6. **Shareholders** : CNinsure Holdings Limited

Name of Shareholders	No. of Shares	Percentage holdings
CNinsure Holdings Limited		100%
Total		100%

1. **Name of Company** : 深圳市泛华南枫企业管理咨询有限公司
(Shenzhen Fanhua Nanfeng Enterprise Consulting Co., Ltd.)
2. **Registration No.** : 4403011165178
3. **Permitted Period for Operation** : From 20 January 2005 to 20 January 2025
4. **Place of Incorporation** : PRC
5. **Registered Address** : 深圳市福田区泰然大道上沙大厦6楼607号
(Room 607, 6th Floor Shangsha building, Tairan Road, Futian District, Shenzhen)
6. **Shareholders** : 海迪乐基企业形象策划(深圳)有限公司
(Yiqiman Enterprise Management Consulting (Shenzhen) Co. Ltd.)
海迪乐基企业形象策划(深圳)有限公司
(Haidileji Image Planning (Shenzhen) Co., Ltd)

Name of Shareholders	No. of Shares Percentage holdings
仪齐满企业管理咨询(深圳)有限公司 (Yiqiman Enterprise Management Consulting (Shenzhen) Co. Ltd.)	60%
海迪乐基企业形象策划(深圳)有限公司 (Haidileji Image Planning (Shenzhen) Co., Ltd)	40%
Total	100%

1. **Name of Company** : 北京泛联投资有限公司
(Beijing Fanlian Investment Co., Ltd.)
2. **Registration No.** : 1101051634242
3. **Permitted Period for Operation** : From 15 December 2003 to 14 December 2023
4. **Place of Incorporation** : PRC
5. **Registered Address** : 北京市朝阳区向军南里2巷甲5号雨霖大厦7层
(7/F Yulin Building, No.5 Xiangjunnanli 2nd Alley, Chaoyang District, Beijing)
6. **Date of Incorporation** : 15 December 2003
7. **Shareholders** : 仪齐满企业管理咨询(深圳)有限公司
(Yiqiman Enterprise Management Consulting (Shenzhen) Co. Ltd.)
北京瑞斯科管理咨询有限公司
(Beijing Ruisike Management Consulting Co., Ltd.)

Name of Shareholder	No. of Shares Percentage holdings
仪齐满企业管理咨询(深圳)有限公司 (Yiqiman Enterprise Management Consulting (Shenzhen) Co. Ltd.)	95%
北京瑞斯科管理咨询有限公司 (Beijing Ruisike Management Consulting Co., Ltd.)	5%
Total	100%

1. **Name of Company** : 广东美迪亚投资有限公司
(Guangdong Meidiya Investment Co., Ltd.)
2. **Registration No.** : 4400002091216
3. **Permitted Period for Operation** : From 17 May 2002 to 17 May 2022
4. **Place of Incorporation** : PRC
5. **Registered Address** : 广州市白云区三元里大道11号祥康商贸大厦603室
(Room 603, Xiangkang Trade Mansion, 11# Sanyuanli Road, Baiyun District, Guangzhou)
6. **Date of Incorporation** : 17 May 2002
7. **Shareholders** 赖秋萍 (LAI Qiuping)
崔建国 (CUI Jianguo)
王振宇 (WANG Zhenyu)

Name of Shareholder	No. of Shares	Percentage holdings
崔建国 (CUI Jianguo)		24.67%
王振宇 (WANG Zhenyu)		26.40%
赖秋萍 (LAI Qiuping)		48.93%
Total		100%

1. **Name of Company** : 四川怡合投资有限公司
(Sichuan Yihe Investment Co., Ltd.)
2. **Registration No.** : 5100001816828
3. **Permitted Period for Operation** : From 3 December 2003 to 永久 (indefinite period)
4. **Place of Incorporation** : PRC
5. **Registered Address** : 成都市锦江区新开街1号金竹大厦4、5楼502房
(Room 502, 4th and 5th Floor Golden Bamboo Building, 1# Xinkai Street, Jinjiang District, Chengdu)
6. **Date of Incorporation** : 3 December 2003
7. **Shareholders** : 赖秋萍 (LAI Qiuping)
崔建国 (CUI Jianguo)
王振宇 (WANG Zhenyu)

Name of Shareholder	No. of Shares	Percentage holdings
崔建国 (CUI Jianguo)		24.67%
王振宇 (WANG Zhenyu)		26.40%
赖秋萍 (LAI Qiuping)		48.93%
Total		100%

1. **Name of Company** : 福建泛华投资有限公司
(Fujian Fanhua Investment Co., Ltd.)
2. **Registration No.** : 3501002029063
4. **Place of Incorporation** : PRC
5. **Registered Address** : 福州市鼓楼区湖东路168号宏利大厦27层B2
(Room B2, 27st Floor Hongli Building, No.168 Hudong Road, Gulou District, Fuzhou)
6. **Date of Incorporation** : 28 November 2006
7. **Shareholders** : 广东统和投资有限公司
(Guangdong Tonghe Investments Co., Ltd.)
广东美迪亚投资有限公司
(Guangdong Meidiya Investment Co., Ltd.)

<u>Name of Shareholder</u>	<u>No. of Shares</u>	<u>Percentage holdings</u>
广东统和投资有限公司 (Guangdong Tonghe Investments Co., Ltd.)		44.96%
广东美迪亚投资有限公司 (Guangdong Meidiya Investment Co., Ltd.)		55.04%
Total		100%

1. **Name of Company** : 北京瑞斯科管理咨询有限公司
(Beijing Ruisike Management Consulting CO., Ltd.)
2. **Registration No.** : 1101051808551
3. **Permitted Period for Operation** : 28/3/2005 to 27/3/2025
4. **Place of Incorporation** : PRC
5. **Registered Address** : 北京市朝阳区石佛营东里99号楼3层302室
(Room 302, 3rd Floor, No.99 Building, Shifoyingdongli, Chaoyang District, Beijing)
6. **Date of Incorporation** : 28/3/2005
7. **Shareholders** : 广州中琪企业管理咨询公司
(Guangzhou Zhongqi Enterprise Management Consulting Co., Ltd)
深圳泛华南枫企业管理咨询有限公司
(Shenzhen Fanhua Nanfeng Enterprise Management Consulting Co., Ltd.)

Name of Shareholder	No. of Shares	Percentage holdings
广州市中琪企业管理咨询有限公司 (Guangzhou Zhongqi Enterprise Management Consulting Co., Ltd)		10%
深圳市泛华南枫企业管理咨询有限公司 (Shenzhen Fanhua Nanfeng Enterprise Manamgent Consulting Co., Ltd.)		90%
Total		100%

1. **Name of Company** : 广州市中琪企业管理咨询有限公司
(Guangzhou Zhongqi Enterprise Management Consulting Co., Ltd.)
2. **Registration No.** : 4401111101594
3. **Permitted Period for Operation** : From 14 March 2005 to 1 December 2009
4. **Place of Incorporation** : PRC
5. **Registered Address** : 广州市白云区三元里大道11号祥康商贸大厦603单元A室
(Room 603, Xiangkang Trade Mansion, 11# Sanyuanli Road, Baiyun District, Guangzhou)
6. **Date of Incorporation** : 14 March 2005
7. **Shareholders** : 赖秋萍(LAI Qiuping)
深圳市泛华南枫企业管理咨询有限公司
(Shenzhen Fanhua Nanfeng Enterprise Management Consulting Co., Ltd.)

Name of Shareholder	No. of Shares	Percentage holdings
赖秋萍(LAI Qiuping)		10%
深圳市泛华南枫企业管理咨询有限公司 (Shenzhen Fanhua Nanfeng Enterprise Manamgent Consulting Co., Ltd.)		90%
Total		100%

1. **Name of Company** : 广东卡富斯保险经纪有限公司
(Guangdong Kafusi Insurance Brokerage Co., Ltd.)
2. **Registration No.** : 4400001010089
1. **Name of Company** : 广东南枫保险代理有限公司
(Guangdong Nanfeng Insurance Agency Co., Ltd.)
2. **Registration No.** : 4400001901012
1. **Name of Company** : 北京泛联保险代理有限公司
(Beijing Fanlian Insurance Agency Co., Ltd.)
2. **Registration No.** : 1101051379147
1. **Name of Company** : 四川泛华保险代理有限公司
(Sichuan Fanhua Insurance Agency Co., Ltd.)
2. **Registration No.** : 5101051810229
1. **Name of Company** : 四川博成保险经纪有限公司
(Sichuan Bocheng Insurance Brokerage Co., Ltd.)
2. **Registration No.** : 5101072015946
1. **Name of Company** : 广州市祥兴保险代理有限公司
(Guangzhou Xiangxing Insurance Agency Co., Ltd.)
2. **Registration No.** : 4401012043060
1. **Name of Company** : 广州市益安保险代理有限公司
(Guangzhou Yian Insurance Agency Co., Ltd.)
2. **Registration No.** : 4401012043065
1. **Name of Company** : 东莞市南枫佳誉保险代理有限公司
(Dongguan Nanfeng Jiayu Insurance Agency Co. Ltd.)
2. **Registration No.** : 4419001905569

1. **Name of Company** : 佛山市拓华保险代理有限公司
(Foshan Tuohua Insurance Agency Co., Ltd.)
2. **Registration No.** : 44060423001859
1. **Name of Company** : 北京泛华保险代理有限公司
(Beijing Fanhua Insurance Agency Co., Ltd.)
2. **Registration No.** : 1101051750624
1. **Name of Company** : 广东启成保险经纪有限公司
(Guangdong Qicheng Insurance Brokerage Co., Ltd.)
2. **Registration No.** : 4400002290583
1. **Name of Company** : 北京富民保险代理有限公司
(Beijing Fumin Insurance Agency Co., Ltd.)
2. **Registration No.** : 1101051790056
1. **Name of Company** : 四川鑫泰保险代理有限公司
(Sichuan Xintai Insurance Agency Co., Ltd.)
2. **Registration No.** : 5101042005335
1. **Name of Company** : 福建信恒保险代理有限公司
(Fujian Xinheng Insurance Agency Co., Ltd.)
2. **Registration No.** : 3500002001809
1. **Name of Company** : 河北安信保险代理有限公司
(Hebei Anxin Insurance Agency Co., Ltd.)
2. **Registration No.** : 1301002023109
1. **Name of Company** : 山东泛华鑫泰保险代理有限公司
(Shandong Fanhua Xintai Insurance Agency Co., Ltd.)
2. **Registration No.** : 3701001812172

1. **Name of Company** : 上海泛华国盛保险代理有限公司
(Shanghai Fanhuan Guosheng Insurance Agency Co., Ltd.)

2. **Registration No.** : 3101012008587

1. **Name of Company** : 湖南泛华保险代理有限公司
(Hunan Fanhua Insurance Agency Co., Ltd.)

2. **Registration No.** : 4301002032593

1. **Name of Company** : 广州德晟保险经纪有限公司
(Guangzhou Desheng Insurance Brokerage Co., Ltd.)

2. **Registration No.** : 4401011111220

1. **Name of Company** : 深圳市南枫保险代理有限公司
(Shenzhen Nanfeng Insurance Agency Co., Ltd.)

2. **Registration No.** : 4403011235750

1. **Name of Company** : 福州泛华联信保险代理有限公司
(Fujian Xinheng Insurance Agency Co., Ltd.)

2. **Registration No.** : 3501002029331

DATED THE 31st DAY OF July, 2007

(1) CATHAY AUTO SERVICES LIMITED

and

(2) CHINA UNITED FINANCIAL SERVICES HOLDINGS LTD

and

(3) KINGSFORD RESOURCES LIMITED

and

(4) CDH INSERVICE LIMITED

and

(5) GIFTED TIME INVESTMENTS LIMITED

and

(6) SUPER ABLE INVESTMENTS LIMITED

and

(7) CNINSURE INC.

and

(8) HU YI NAN

and

(9) LAI QIU PING

SHAREHOLDERS AGREEMENT
relating to
CNINSURE INC.

STEVENSON, WONG & CO.
Solicitors & Notaries
4/F & 5/F, Central Tower,
No. 28 Queen's Road Central,
Hong Kong
Ref.: HLO(P)/65606/07 (COMM)

THIS SHAREHOLDERS AGREEMENT is made on the 31st day of July 2007

BETWEEN:-

- (1) **CATHAY AUTO SERVICES LIMITED**, a company incorporated under the laws of the British Virgin Islands under I. B. C. No. 448826 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands ("**Cathay**");
 - (2) **CHINA UNITED FINANCIAL SERVICES HOLDINGS LTD**, a company incorporated under the laws of the British Virgin Islands under I.B.C. No. 368220 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands ("**CUFS Holdings**");
 - (3) **KINGSFORD RESOURCES LIMITED**, a company incorporated under the laws of the British Virgin Islands under I. B. C No. 504120 whose registered office is situate at Beaufort House, P.O. Box 438, Road Town, Tortola, British Virgin Islands ("**Kingsford**");
 - (4) **CDH INSERVICE LIMITED**, a company incorporated under the laws of the British Virgin Islands under I. B. C. No. 1000928 whose registered office is situate at the offices of Maple Finance BVI Limited, P. O. Box 173, Kingston Chambers, Road Town, Tortola, British Virgin Islands ("**CDH**");
 - (5) **GIFTED TIME INVESTMENTS LIMITED**, a company incorporated under the laws of the British Virgin Islands under I.B.C. No. 1405574 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands ("**Gifted Time**")
 - (6) **SUPER ABLE INVESTMENTS LIMITED**, a company incorporated under the laws of the British Virgin Islands under I.B.C. No. 1405571 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands ("**Super Able**")
 - (7) **CNINSURE INC.**, a company incorporated under the laws of the Cayman Islands under Company No. 185348 whose registered office is situate at the offices of M&C Corporate Services Limited, PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands ("**Company**").
 - (8) **HU YI NAN** (胡義南), holder of PRC ID card no. 510103196508283411 of 廣州市白云区广园西路183号大院195号40房 ("**Hu**")
 - (9) **LAI QIU PING** (胡義南), holder of PRC ID card no. 360102195311073817 of 廣州市越秀区榕樹巷20號105房 ("**Lai**")
- (Hu and Lai are collectively referred to as "**Founders**" and each a "**Founder**")

WHEREAS:-

- (A) CNINSURE INC. is a company incorporated under the laws of the Cayman Islands which has an authorized share capital of US\$1,000,000 divided into 1,000,000,000 shares of US\$0.001 each, of which 684,210,526 shares have been issued of which 208,199,680 shares are owned by CUFS Holdings, 80,084,160 shares are owned by Cathay, 181,778,395 shares are owned by Kingsford, 171,600,000 shares are owned by CDH, 20,165,498 shares are owned by Gifted Time and 22,382,793 shares are owned by Super Able as at the date of this Agreement.
- (B) The Parties hereto are desirous of entering into this Agreement to establish certain matters pertaining to the operation and management of the Company and to regulate certain rights and obligations among themselves with respect thereto.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto agree as follows:-

**ARTICLE I
DEFINITIONS**

Section 1.1 Definitions. (a) As used herein, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):-

“Article II Provisions”	shall mean all provisions from Sections 2.1-2.11 as contained in Article II of this Agreement.
“Article VIII Provisions”	shall mean all provisions from Sections 8.1- 8.12 as contained in Article VIII of this Agreement.
“Articles of Association”	shall mean the Memorandum of Association and Articles of Association of the Company, as modified, supplemented or amended from time to time in accordance with the terms hereof and thereof.
“Board of Directors”	shall mean the board of directors of the Company.
“Business”	shall mean insurance intermediary businesses including insurance brokerage business, insurance agency business, insurance claims assessment business and the related business activities and such other businesses as may from time to time be approved by Supermajority of the Board of Directors.
“Business Day”	means any day except a Saturday, Sunday or other day on which commercial banking institutions in any one of Hong Kong, New York City or Guangzhou is authorised or required to close.
“CAA”	CAA Holdings Company Limited, a company incorporated under the laws of British Virgin Islands under I. B. C. No.

447807 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands.

“Capital Event”	shall mean a Qualified IPO (as defined below) or such other means of capital raising as approved by the Board of Directors by a Supermajority, or a sale of majority of assets or the business of the Group to an unconnected third party, or a merger of the Company with another operation or company, or allotment of new Stocks in and of the Company thereby resulting in the change of controlling shareholder(s) of the Company and Control of the Board of Directors.
“CDH Round Valuation”	shall mean valuation of the Group, being RMB 500 million, upon which CDH subscribed for 17,160 ordinary shares of CISG pursuant to the Subscription Agreement.
“CDH Subscription Price”	shall mean the subscription consideration in the sum of RMB150,000,000.00 (or the agreed equivalent of US\$18,633,540.37 based on an agreed exchange rate at US\$1.00 : RMB8.05) payable by CDH to CISG for the subscription of 17,160 ordinary shares of CISG pursuant to the Subscription Agreement .
“CISG”	shall mean CISG Holdings Ltd., a company incorporated under the laws of the British Virgin Islands under I. B. C. No. 599853 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands.
“Common Stock”	shall mean the ordinary shares at a par value of US\$0.001 each of the Company as provided in the Articles of Association.
“Company Auditors”	shall mean the auditors as the Company may appoint by a Supermajority.
“Company Shareholder(s)”	shall mean Cathay, CUFS Holdings, Kingsford, CDH, Gifted Time and Super Able and any other shareholder of the Company that becomes a party to this Agreement for so long as it/he/she is a shareholder registered in the Register of Members of the Company.
“Control”	shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Directors”	shall mean members of the Board of Directors of the Company.
“Encumbrances”	shall mean any mortgage, charge, pledge, lien, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-purchase, sale-and-leaseback arrangement over or in any property, assets or rights of whatsoever nature or interest or any agreement for any of the same;
“Founders Ultimate or Controlled Interests”	shall mean interests in any Common Stocks or other equity interests in the Company ultimately owned or controlled by the Founders through their respective shareholdings/Control in CAA and/or CUFS Holdings and/or Kingsford. For the purpose of this Shareholders Agreement, “Founders Ultimate or Controlled Interests” shall be deemed to include (i) 58.35 % of CAA’s entire issued share capital legally and beneficially owned by the Founders as at the date hereof together with such other shares or equity interests in CAA which any of the Founders may further acquire and (ii) an effective holdings of 34.12% of CUFS Holdings entire issued share capital (through CAA’s holdings of 58.48% of the entire issued share capital of CUFS Holdings) as at the date hereof together with such other shares or equity interests in CUFS Holdings which CAA may further acquire (iii) 100% of High Rank’s entire issued share capital legally and beneficially owned by the Founders as at the date hereof and (iv) Hu and Lai aggregate holdings of 95.07% of Kingsford’s entire issued share capital (through High Rank’s holdings of 95.07% of the entire issued share capital of Kingsford) owned by Hu and Lai as at the date hereof together with such other shares or equity interest in Kingsford which Hu and Lai may further acquire in future.
“Group”	shall mean the Company and its Subsidiaries and such other subsidiaries to be formed by the Company. For the purpose of this Agreement, the term “Group” shall include the PRC Intermediary Holding Vehicles and the Group Insurance Vehicles notwithstanding that the Company or its Subsidiaries may not have direct equity interest in the PRC Intermediary Holding Vehicles and the Group Insurance Vehicles. Each member of the Group shall be defined as a “Group Company” or “Group Member”.
“Group Insurance Vehicles”	shall mean the 21 PRC insurance agencies and brokerages wholly or majority-owned by one or more of the PRC Intermediary Holding Vehicles.

“High Rank”	High Rank Investments Limited, a company incorporated under the laws of British Virgin Islands under I. B. C. No. 1405554 whose registered office is situate at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands.
“HK\$”	shall mean the lawful currency of the Hong Kong SAR.
“Hong Kong SAR”	shall mean the Hong Kong Special Administrative Region of the PRC.
“IFRS”	shall mean the International Financial Reporting Standards as may be from time to time adopted by the International Accounting Standards Board.
“IPO”	shall mean listing of the Common Stocks or such shares in the capital of the Listing Vehicle, either directly or in the form of American depositary shares, on The Stock Exchange of Hong Kong Limited or the National Association of Securities Dealers Automated Quotation System (“NASDAQ”) in the USA or the New York Stock Exchange or other international stock exchange or securities exchange through an initial public offering of the Common Stocks or such shares in the capital of the Listing Vehicle. And that the term “ <i>Qualified IPO</i> ” shall be construed to mean an IPO in which (i) the Common Stocks or shares of the Listing Vehicle are made available for public offering at a price per share that values the Listing Vehicle at not less than RMB 650 million immediately before IPO and (ii) with a public offering representing at least 25% of the pro forma shares outstanding on a fully diluted basis immediately upon IPO.
“Key Persons”	shall mean such persons whose names and particulars are set out in Schedule 6 of the Subscription Agreement.
“Listing Vehicle”	shall mean either the Company or any other company which becomes the holding company of the Company which owns or carries on all or substantially all of the business, assets and undertaking of the Company whose shares shall be listed on the Main Board of The Stock Exchange of Hong Kong Limited or the National Association of Securities Dealers Automated Quotation System (“NASDAQ”) in the USA or the New York Stock Exchange or other international stock exchange or securities exchange through an initial public offering of such shares.

“Parties”	shall mean the Company, CUFS Holdings, Cathay, Kingsford, CDH, Gifted Time, Super Able and their respective successors.
“Person”	shall mean any individual, corporation, partnership, joint venture, association, trust, limited liability company or any other entity or organization, including a governmental or political subdivision or an agency, unit or instrumentality thereof.
“PRC”	shall mean the People’s Republic of China.
“PRC Intermediary Holding Vehicles”	shall mean Guangdong Meidiya Investment Co., Ltd. (广东美迪亚投资有限公司), Sichuan Yihe Investment Co., Ltd. (四川怡合投资有限公司) and Fujian Fanhua Investment Co., Ltd. (福建泛华投资有限公司).
“Registration”	shall mean a registration effected by preparing and filing a registration statement prepared on Form F-1, F-2 or F-3 under the Securities Act of the United States of America, or on any comparable form in connection with registration in a jurisdiction other than the United States of America and the declaration or ordering of the effectiveness of that Registration Statement.
“RMB”	shall mean the lawful currency of PRC.
“Subscription Agreement”	shall mean the subscription agreement relating to CISG dated 22 December 2005 entered into among Cathay, CUFS Holdings, Kingsford, CISG, Web-based Securities Limited, CAA Holdings Limited, CDH, Bestcheer International Limited, Hu Yi Nan and Lai Qiu Ping in relation to the subscription of 17,160 ordinary shares of CISG (constituting 26.4% of the then entire issued share of CISG as at 22 December 2005) by CDH.
“Subsidiary”	of any Person shall mean any other Person of which the first Person, directly or indirectly: (i) has the power to appoint or remove a majority of the board of directors or, if such other Person does not have a board of directors, other individuals performing similar functions; or (ii) controls 50% or more of the issued shares or securities of such other Person having power to vote.
“Supermajority”	shall mean the affirmative vote of at least 4 Directors, at least one of which is a Director appointed by Cathay, one of which is a Director appointed by CDH and one of which is a Director appointed by Kingsford.

“Taxation”

includes (i) all forms of taxation, duty, impost, levy, rate, or other amount payable to the Inland Revenue Department of the Hong Kong SAR or any revenue, customs or fiscal authorities whenever created or imposed and of any part of the world, including without limitation, profits tax, provisional profits tax, interest tax, salaries tax, property tax, taxes on income, estate duty, capital duty, stamp duty, payroll tax, rates, customs and excise duties and other similar liabilities; and (ii) all interest, penalties, costs, charges and expenses incidental or relating to the liability to Taxation or the deprivation of any relief, allowance, exemption or deduction relating to Taxation.

“Transfer”

shall mean any sale, assignment, conveyance, pledge, mortgage or other disposition.

“US\$”

shall mean the lawful currency of the USA

Section 1.2 Principles of Construction. All references to articles, sections and exhibits are to articles, sections and exhibits in or to this Agreement unless otherwise specified. The words “hereof”, “herein”, and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

ARTICLE II

REGISTRATION RIGHTS.

Section 2.1 Applicability of Rights. If it shall be decided by a Supermajority of the Board to list the Common Stocks in the United States, the holders of Common Stocks shall be entitled to the following rights with respect to any potential public offering of the Common Stocks in the United States and shall be entitled to reasonably analogous or equivalent rights with respect to any other offering of shares in any other jurisdiction pursuant to which the Company undertakes to publicly offer or list such securities for trading on a recognized securities exchange.

Section 2.2 Definitions. For purposes of this Section 2:

(a) Registration. The terms “**register**,” “**registered**,” and “**registration**” refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act of 1933, as amended (the “**Securities Act**”), and the declaration or ordering of effectiveness of such registration statement.

(b) Registrable Securities. The term “**Registrable Securities**” means any Common Stocks of the Company owned or hereafter acquired by a Holder. Notwithstanding the foregoing, “**Registrable Securities**” shall exclude any Registrable Securities sold by a person in a transaction in which rights under this Section 2 are not assigned in accordance with this Agreement or any Registrable Securities sold in a public offering, whether sold pursuant to Rule 144 promulgated under the Securities Act, or in a registered offering, or otherwise.

(c) Registrable Securities Then Outstanding. The number of shares of “**Registrable Securities then outstanding**” shall mean the number of Common Stocks of the Company that are Registrable Securities and are then issued and outstanding or issuable upon conversion or exercise of any warrant, right or other security then outstanding.

(d) Holder. For purposes of this Section 2, the term “**Holder**” means each of the Company Shareholders or any permitted assignee of record of such Registrable Securities to whom rights under this Section 2 have been duly assigned in accordance with this Agreement.

(e) Form S-3 and Form F-3. The terms “**Form S-3**” and “**Form F-3**” means such respective form under the Securities Act as is in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(f) SEC. The term “**SEC**” means the U.S. Securities and Exchange Commission.

Section 2.3. Demand Registration.

(a) Request by Holders. If the Company shall at any time after the earlier of (i) 3 years after the date of this Agreement or (ii) six (6) months following a Qualified IPO receive a written request from (i) CDH, (ii) Cathay or (iii) any Holder or Holders of a majority of all Registrable Securities then outstanding that the Company file a registration statement under the Securities Act covering the registration of Registrable Securities pursuant to this Section 2.3, then the Company shall, within ten (10) business days of the receipt of such written request, give written notice of such request (“**Request Notice**”) to all Holders, and use its best efforts to effect, as soon as practicable, the registration under the Securities Act of all Registrable Securities that the Holders request to be registered and included in such registration by written notice given by such Holders to the Company within twenty (20) days after receipt of the Request Notice, subject only to the limitations of this Section 2.3; provided that the Company shall not be obligated to effect any such registration if (1) the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act pursuant to this Section 2.3 or Section 2.5, or (2) in which the Holders had an opportunity to participate pursuant to the provisions of Section 2.4, other than a registration from which the Registrable Securities of the Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Section 2.4(a).

(b) Underwriting. If the Holders initiating the registration request under this Section 2.3 (the “**Initiating Holders**”) intend to distribute the Registrable Securities covered by their request by means of an underwriting, then they shall so advise the Company as a part of their request made pursuant to this Section 2.3 and the Company shall include such information in the Request Notice. In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder’s participation in such underwriting and the inclusion of such Holder’s Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the initiating

Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting by the Holders of a majority of the Registrable Securities being registered and reasonably acceptable to the Company. Notwithstanding any other provision of this Section 2.3, if the underwriter(s) advise(s) the Company in writing that marketing factors require a limitation of the number of securities to be underwritten then the Company shall so advise all Holders of Registrable Securities which would otherwise be registered and underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be reduced as required by the underwriter(s) and allocated among the Holders of Registrable Securities on a pro rata basis according to the number of Registrable Securities then outstanding held by each Holder requesting registration (including the Initiating Holders); provided, however, that the number of shares of Registrable Securities to be included in such underwriting and registration shall not be reduced unless all other securities are first entirely excluded from the underwriting and registration including, without limitation, all shares that are not Registrable Securities and are held by any other person, including, without limitation, any person who is an employee, officer or director of the Company or any subsidiary of the Company; provided further, that at least thirty percent (30%) of shares of Registrable Securities requested by the Holders to be included in such underwriting and registration shall be so included. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) business days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(c) Maximum Number of Demand Registrations. The Company shall not be obligated to effect more than one (1) such registration for each of Cathay, CDH and any Holder or Holders of a majority of all Registrable Securities then outstanding pursuant to this Section 2.3.

(d) Deferral. Notwithstanding the foregoing, if the Company shall furnish to Holders requesting registration pursuant to this Section 2.3, a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its shareholders for such registration statement to be filed, then the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the initiating Holders; provided, however, that the Company may not utilize this right more than once in any twelve (12) month period.

(e) Expenses. All expenses incurred in connection with any registration pursuant to this Section 2.3, including without limitation all U.S. federal, "blue sky" and all foreign registration, filing and qualification fees, printer's and accounting fees, and fees and disbursements of counsel for the Company and of counsel for the Holders (but excluding underwriters' discounts and commissions relating to shares sold by the Holders), shall be borne by the Company. Each Holder participating in a registration pursuant to this Section 2.3 shall bear such Holder's proportionate share (based on the total number of shares sold in such registration other than for the account of the Company) of all discounts and commissions or other amounts payable to underwriter(s) or brokers, in connection with such offering by the Holders. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to this Section 2.3 if the registration

request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered, unless the Holders of a majority of the Registrable Securities then outstanding agree that such registration constitutes the use by the Holders of one (1) demand registration pursuant to this Section 2.3 (in which case such registration shall also constitute the use by all Holders of Registrable Securities of one (1) such demand registration); provided further, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Company not known to the Holders at the time of their request for such registration and have withdrawn their request for registration with reasonable promptness after learning of such material adverse change, then the Holders shall not be required to pay any of such expenses and such registration shall not constitute the use of a demand registration pursuant to this Section 2.3.

Section 2.4 Piggyback Registrations. The Company shall notify all Holders of Registrable Securities in writing at least thirty (30) days prior to filing any registration statement under the Securities Act for purposes of effecting a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding registration statements relating to any registration under Section 2.3 or Section 2.5 of this Agreement or to any employee benefit plan or a corporate reorganization) and shall afford each such Holder an opportunity to include in such registration statement all or any part of the Registrable Securities then held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by it shall within twenty (20) days after receipt of the above-described notice from the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Securities such Holder wishes to include in such registration statement. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

(a) **Underwriting.** If a registration statement under which the Company gives notice under this Section 2.4 is for an underwritten offering, then the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder's Registrable Securities to be included in a registration pursuant to this Section 2.4 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Agreement, if the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of shares to be underwritten, then the managing underwriter(s) may exclude shares from the registration and the underwriting, and the number of shares that may be included in the registration and the underwriting shall be allocated, first, to the Company, second, to each of the Holders requesting inclusion of their Registrable Securities in such registration statement on a pro rata basis based on the total number of shares of Registrable Securities then held by each such Holder, and third, to holders of other securities of the Company; provided, however, that the right of the underwriter(s) to exclude shares (including Registrable Securities) from the registration and underwriting as described above shall be restricted so that (i) the number of Registrable Securities included in any such registration is not reduced below thirty percent (30%) of the aggregate number of shares of Registrable Securities for which

inclusion has been requested; and (ii) all shares that are not Registrable Securities and are held by any other person, including, without limitation, any person who is an employee, officer or director of the Company (or any subsidiary of the Company) shall first be excluded from such registration and underwriting before any Registrable Securities are so excluded. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice in the Company and the underwriter(s), delivered at least ten (10) business days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(b) Expenses. All expenses incurred in connection with a registration pursuant to this Section 2.4 (excluding underwriters' and brokers' discounts and commissions relating to shares sold by the Holders), including, without limitation all U.S. federal, "blue sky" and all foreign registration, filing and qualification fees, printers' and accounting fees, and fees and disbursements of counsel for the Company and of counsel for the Holders, shall be borne by the Company.

(c) Not Demand Registration. Registration pursuant to this Section 2.4 shall not be deemed to be a demand registration as described in Section 2.3 above. Except as otherwise provided herein, there shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 2.4.

Section 2.5 Form S-3 or Form F-3 Registration. In case the Company shall, at any time after the first anniversary of the date that the Company having filed a Registration Statement under the Securities Act, receive from (i) CDH, (ii) Cathay or (iii) any Holder or Holders of a majority of all Registrable Securities then outstanding a written request or requests that the Company effect a registration on Form S-3 or Form F-3 (or an equivalent registration in a jurisdiction outside of the United States) and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, then the Company will:

(a) Notice. Promptly give written notice of the proposed registration and the Holder's or Holders' request therefor, and any related qualification or compliance, to all other Holders of Registrable Securities; and

(b) Registration. As soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within twenty (20) days after the Company provides the notice contemplated by Section 2.5(a); provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 2.5:

(1) if Form S-3 or Form F-3 is not available for such offering by the Holders;

(2) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than US\$1,000,000;

(3) if the Company shall furnish to the Holders a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be materially detrimental to the Company and its shareholders for such Form S-3 or Form F-3 Registration (or equivalent registration in a jurisdiction outside of the United States) to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 or Form F-3 registration statement (or equivalent registration statement in a jurisdiction outside of the United States) no more than once during any twelve (12) month period for a period of not more than ninety (90) days after receipt of the request of the Holder or Holders under this Section 2.5;

(4) if the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act other than a registration from which the Registrable Securities of Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Section 2.4(a); or

(5) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Expenses. The Company shall pay all expenses incurred in connection with each registration requested pursuant to this Section 2.5, (excluding underwriters' or brokers' discounts and commissions relating to shares sold by the Holders), including without limitation all U.S. federal, "blue sky" and all foreign registration, filing and qualification fees, printers' and accounting fees, and fees and disbursements of counsel for the Company and of counsel for the Holders.

(e) Not Demand Registration. Form S-3 or Form F-3 registrations (or equivalent registrations outside of the United States) shall not be deemed to be demand registrations as described in Section 2.3 above. Except as otherwise provided herein, there shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 2.5.

Section 2.6 Obligations of the Company. Whenever required to effect the registration of any Registrable Securities under this Agreement the Company shall, as expeditiously as reasonably possible:

(a) Registration Statement. Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, provided, however, that the Company shall not be required to keep any such registration statement effective for more than ninety (90) days.

(b) Amendments and Supplements. Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(c) Prospectuses. Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of the Registrable Securities owned by them that are included in such registration.

(d) Blue Sky. Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(e) Underwriting. In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notification. Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Opinion and Comfort Letter. Furnish, at the request of any Holder requesting registration of Registrable Securities, on the date that such Registrable Securities are delivered to the underwriter(s) for sale, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities and (ii) a "comfort" letter dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities.

Section 2.7 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to Sections 2.3, 2.4 or 2.5 that the selling Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to timely effect the registration of their Registrable Securities.

Section 2.8 Indemnification. In the event any Registrable Securities are included in a registration statement under Sections 2.3, 2.4 or 2.5:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, its partners, officers, directors, legal counsel, any underwriter (as

determined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Securities Exchange Act of 1934, as amended, (the “**1934 Act**”), against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the 1934 Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a “**Violation**”):

- (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto;
- (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or
- (iii) any violation or alleged violation by the Company of the Securities Act, the 1934 Act, any federal or state securities law or any rule or regulation promulgated under the Securities Act, the 1934 Act or any federal or state securities law in connection with the offering covered by such registration statement;

and the Company will reimburse each such Holder, its partner, officer, director, legal counsel, underwriter or controlling person for any legal or other expenses reasonably incurred by them, as incurred, in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this subsection 2.8(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by such Holder, underwriter or controlling person of such Holder.

(b) Notice. Promptly after receipt by an indemnified party under this Section 2.8 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.8, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential conflict of interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of liability to the indemnified party under this Section 2.8 to the extent the indemnifying party is prejudiced as a result thereof, but the omission to so deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 2.8.

(c) Contribution. In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any indemnified party makes a claim for indemnification pursuant to this Section 2.8 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 2.8 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any indemnified party in circumstances for which indemnification is provided under this Section 2.8; then, and in each such case, the indemnified party and the indemnifying party will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) in such proportion so that a Holder (together with its related persons) is responsible for the portion represented by the percentage that the public offering price of its Registrable Securities offered by and sold under the registration statement bears to the public offering price of all securities offered by and sold under such registration statement, and the Company and other selling Holders are responsible for the remaining portion; provided, however, that, in any such case: (A) no Holder will be required to contribute any amount in excess of the net proceeds to such Holder from the sale of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement; and (B) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

(e) Survival. The obligations of the Company and Holders under this Section 2.8 shall survive the completion of any offering of Registrable Securities in a registration statement, regardless of the expiration of any statutes of limitation or extensions of such statutes.

Section 2.9 Termination of the Company's Obligations. The Company shall have no obligations pursuant to Sections 2.3, 2.4 and 2.5 with respect to any Registrable Securities proposed to be sold by a Holder in a registration pursuant to Section 2.3, 2.4 or 2.5 more than seven (7) years after the date hereof, or, if, in the opinion of counsel to the Company, all such Registrable Securities proposed to be sold by a Holder may then be sold without registration in any ninety (90) day period pursuant to Rule 144 promulgated under the Securities Act.

Section 2.10 No Registration Rights to Third Parties. Without the prior written consent of the Holders of a majority in interest of the Registrable Securities then outstanding, the Company covenants and agrees that it shall not grant, or cause or permit to be created, for the benefit of any person or entity any registration rights of any kind (whether similar to the demand, "piggyback" or Form S-3 or Form F-3 registration rights described in this Section 2, or otherwise) relating to any securities of the Company which are senior to, or on a parity with, those granted to the Holders of Registrable Securities.

Section 2.11 Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the SEC which may at any time permit the sale of the Registrable Securities to the public without registration or pursuant to a registration on Form S-3 or F-3, after such time as a public market exists for the Common Stocks, the Company agrees to:

(a) Make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times after the effective date of the first registration under the Securities Act filed by the Company for an offering of its securities to the general public;

(b) Use reasonable, diligent efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the 1934 Act (at any time after it has become subject to such reporting requirements); and

(c) So long as a Holder owns any Registrable Securities, to furnish to such Holder forthwith upon request (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the Company's initial public offering), the Securities Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or its qualification as a registrant whose securities may be resold pursuant to Form S-3 or F-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents of the Company as a Holder may reasonably request in availing itself of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to Form S-3 or F-3.

ARTICLE III TRANSFER OF STOCK OR OTHER EQUITY INTERESTS

Section 3.1 Transfer by the Founders. The Founders shall not transfer or agree to transfer the Founders Ultimate or Controlled Interests or create or agree to create any Encumbrances thereon or do anything which enables transfer of the Founders Ultimate or Controlled Interests without the prior written approval of Cathay and CDH. The restrictions of sale, transfer or disposal of Founders Ultimate or Controlled Interests shall not apply (1) after completion of a Capital Event; or (2) in the case where the Capital Event shall be a Qualified IPO, then after expiration of the lock-up period imposed by the relevant stock exchange or as agreed between the Company or its holding company with the underwriter.

Section 3.2 Right of First Refusal. Subject to the provisions hereof, no transfer ("Transfer") of any Common Stocks shall be made by any Company Shareholders unless the provisions contained in Schedule 1 are complied with in respect of such transfer. For the purpose of this Section 3.2, a Transfer shall be deemed to include any sale, mortgage, charge or any other act whereby any Company Shareholder shall dispose of or encumber the whole or any part of its shareholding and/or its effective shareholding in the Company or assign or otherwise purport to deal with the beneficial interest therein or control (direct or indirect) thereof or any right in relation thereto separate from the legal interest.

Section 3.3 Tag-Along Rights. If a third party is proposing to purchase or acquire any Common Stocks or other equity interest of the Company and/or any of the Founders Ultimate or Controlled Interests from the Founders or enter into any arrangement (whether by way of granting of option, entering into agreement or forms of acquisition) the result of which is to acquire or enable acquisition of all or any portion of its shareholding in the Company and/or the Founders Ultimate or Controlled Interests, the Founders shall serve the Transfer Notice in accordance with Section 3.2 and Schedule 1 of this Agreement to the Company Shareholders as if the Founders were Company Shareholders. Such Company Shareholders who do not exercise their respective rights of first refusal as to the Transfer Stocks (as defined in Schedule 1) pursuant to Section 3.2 and Schedule 1 hereof shall have the right to notify ("Tag Along Notice") the Founders within fifteen (15) calendar days after the Transfer Notice to participate

("Tag Along Shareholders") together with the Founders in such sale of Common Stocks or the Founders Ultimate or Controlled Interests on the same terms and conditions as specified in the Transfer Notice. Upon the Tag Along Shareholders' exercise of their tag-along rights by serving the Tag Along Notice on the Founders, the Founders shall procure the Prospective Purchaser to make offer(s) to the Tag Along Shareholders for the acquisition of such number of their respective Common Stocks ("Tag Along Stocks") calculated as follows:-

$$T = C (x) R/N$$

Where:

T = number of Tag Along Stocks

C = total number of Common Stocks effectively held by the relevant Tag Along Shareholder as at the date of the Transfer Notice

R = the number of Relevant Stocks which the Prospective Purchaser intends to acquire from the Founders. For the avoidance of doubt, the term "Relevant Stocks" means such number of Commons Stocks in the Company effectively owned by the Founders (as the case may be) through their shareholdings in CAA and/or Bestcheer and shall specifically include the Founders Ultimate or Controlled Interests

N = total number of Common Stocks effectively held by the Founders as at the date of the Transfer Notice

Section 3.4 Deed of Adherence. No transfer of shares by any selling Party to any third party shall be entered into the Company's share register and all Parties hereto shall procure that unless such third party has first entered into a deed of adherence with all Parties hereto other than the selling Party pursuant to which such third party shall agree, inter alia, to be bounded by all the restrictions of, and discharge all duties and obligations as set out in this Agreement as if it were an original party hereto. Such deed of adherence shall be in such form as such other parties shall reasonably require.

Section 3.5 Notwithstanding anything to the contrary herein contained, each Company Shareholder shall remain entitled to the rights and benefits and remain liable for the due performance of all its obligations hereunder and relating to the ownership of the Common Stocks up to and including the date of the actual registration of the transfer of Common Stocks in favor of a transferee.

ARTICLE IV DIRECTORS, OFFICERS; SHAREHOLDER VOTING

Section 4.1 Number and Appointment of Directors. (a) The business and affairs of the Company shall be managed and controlled by its Board of Directors which shall consist of seven members of whom 3 shall be appointed by Kingsford ("**Kingsford Nominated Directors**"), 2 shall be appointed by Cathay ("**Cathay Nominated Directors**") and 2 by CDH ("**CDH Nominated Directors**"). Each of the Company Shareholders shall vote its share of Common Stocks, for the election of the candidates for Directors nominated by the respective Company Shareholders as provided in this Section 4.1 and in favor of any proposal that is approved by the Board of Directors. (b) Constitution of the board of directors of each member of the Group shall be the same as the Company and that all Directors shall be appointed as directors of each company of the Group. Any Director who ceases to be a director of the

Company shall cease to be a director of each company of the Group. It is also agreed by Company Shareholders that two independent directors shall be approved and appointed jointly by Company Shareholders at such time when parties shall consider appropriate and that immediately following appointment of such independent directors, the number of Cathay Nominated Directors and the number of CDH Nominated Directors shall be reduced from 2 to 1, respectively. (c) Each Director shall be entitled to appoint any person or any other Director to be his alternate and each alternate shall have one vote for every Director whom he represents in addition to any vote of his own.

Section 4.2 Vacancy; Removal. In the event that the position of a Director becomes vacant for any reason (including the death, disability or resignation of any such Director), the Company Shareholders shall vote their shares of Common Stocks to elect as replacement Director a person nominated by the Company Shareholder(s) and/or relevant Parties that originally nominated or is now entitled to nominate the Director whose office is vacant. A Director shall be removed with or without cause upon and only upon the affirmative votes of the Company Shareholders in accordance with this Section 4.2 and the provisions of applicable law. Each Company Shareholder shall vote its shares for the removal of a Director only upon the request of the Company Shareholder(s) and/or the relevant Parties that originally nominated or is now entitled to nominate such Director. Otherwise than in accordance with the provisions stipulated herein, no Company Shareholder shall vote for the removal of a Director. Any Company Shareholder removing a Director shall be responsible for and shall indemnify the other Company Shareholders and the Group against any claim of whatever nature arising out of such removal.

Section 4.3 Quorum. The quorum for a Directors meeting of the Company shall be at least four Directors of whom one shall be a Cathay Nominated Director, one a CDH Nominated Director, and one a Kingsford Nominated Director.

ARTICLE V MANAGEMENT

Section 5.1 Matters requiring approval by Supermajority. Any member of the Group shall not carry out, and the Company Shareholders shall procure not to carry out, any of the following actions except as expressly required or permitted by this Agreement or unless prior approval of a Supermajority of the Board of Directors has been received:-

- (a) borrowing any money or obtaining any credit advance in any form from any parties for a sum exceeding RMB800,000.00 or accruing up to a sum of RMB5,000,000.00 in total in a particular financial year;
- (b) lending any money to any person or granting any credit to any person (otherwise than in the normal course of business);
- (c) direct or indirect provision of any loans and/or guarantees to any parties;
- (d) entering into any related party transaction(s) as defined in the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited unless such transaction(s) are entered into:-

Either

- (i) for the economic benefit of the Group; and
- (ii) at arm's length; and
- (iii) shall not prejudice the rights or interests of any Parties hereto.

Or

when the Independent Director(s) jointly approved and appointed by the Company Shareholders shall have been appointed or an Audit Committee of the Company shall have been incorporated to monitor and oversee such related party transaction(s);

- (e) commencing or acquiring any new line of business which does not fall within the Business or engaging in any other business activities, or changing the normal scope of the Business;
- (f) engaging in any material investments or disposals of assets (including intangible assets) or equity interests of the Company outside the ordinary course of business. For this purpose, a "material investment" or a "material disposal" means an investment or a disposal which has a book value in excess of RMB5,000,000.00;
- (g) creating or allowing to subsist any security interest, liens and/or encumbrances over any of the Group's assets;
- (h) issuing or agreeing to issue any shares, stocks of any class in any member of the Group or any loan capital, securities or other rights, having attached thereto a right of conversion into or exchange for shares, stocks in any member of the Group at a valuation effectively lower than the CDH Round Valuation;
- (i) disposing any interest or shares in any member of the Group by the Company or creating any security interest, liens and/or encumbrances over any member of the Group by the Company;
- (j) varying, modifying or abrogating any of the rights attaching to any class of stocks of the Company;
- (k) increasing its nominal share capital, reducing its share capital or share premium account or capital redemption reserve fund, or sub-dividing or consolidating any of the stocks of the Company for the time being;
- (l) merging or consolidating with or into any other company, or reconstructing or amalgamating its business or promoting or taking any steps to effect its winding up or passing of any resolution to liquidate it or applying to any court of competent jurisdiction for an order to convene a meeting of creditors or any class of creditors or members or any class of members or to sanction any such compromise or arrangement;
- (m) altering its accounting year end from 31st December or change its secretary, auditors or accounting policies and practices;

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- (n) entering into any contract or arrangement involving :-
- i. a sum exceeding RMB5,000,000.00 with 中国人民財產保險股份有限公司 (PICC Property and Casualty Company Limited) and 中国 平安財產保險股份有限公司 (Ping An Property & Casualty Insurance Company of China, Ltd.) and/or 中国 太平洋財產保險股份有限公司 (China Pacific Property Insurance Company, Ltd.); or
 - ii. a sum exceeding RMB3,000,000.00 with any licensed insurance company in the PRC other than those set out in Section 5.1(n) i above; or
 - iii. a sum exceeding RMB2,000,000.00 with any companies other than those set out in Section 5.1(n) i and ii above; or
 - iv. a sum exceeding RMB1,000,000.00 with any party which requires performance on the part of the relevant member of the Group for a period of more than 3 months
- and entering into any of the aforesaid contracts when the accrued aggregate contract sums of RMB25,000,000.00 in respect of the above contracts having been reached at any material time;
- (o) doing or failing to do anything which has the effect of breaching, varying or modifying the terms of this Agreement;
- (p) alter any provisions of the Memorandum and Articles of Association of the Company other than those amendments which are necessary to accord with the provisions of this Agreement;
- (q) create, allot or issue or agree to create, allot or issue any stocks/shares in the capital of any member of the Group or grant or agree to grant any option over or right to acquire any additional stocks/shares or purchase or redeem any stocks/shares;
- (r) consolidate, subdivide or convert any of its share capital of any company in the Group;
- (s) pass any resolution the result of which would be its winding up, liquidation or receivership save as otherwise expressly provided in this Agreement, or make any composition or arrangement with creditors;
- (t) unless otherwise contemplated under this Agreement, incorporate any subsidiary or permit the disposal or dilution of its interest, directly or indirectly, in any subsidiary or acquire shares or interests in any company or dispose of any shares or interests in any company or acquire or dispose of any loans or loan capital;
- (u) enter into any partnership as defined in the Partnership Ordinance (Cap. 38 of the Laws of Hong Kong) or joint venture arrangement with a view to establish a new company or entity or to develop a new line of business;
- (v) issue any debentures or other securities convertible into stocks and shares or debentures or interests;
- (w) declare or pay or distribute any dividends or dividends in kind and the formulation of any dividend policy (and that CDH's request for distribution of dividends in accordance with Section 5.8 hereof shall not be unreasonably withheld by Directors other than CDH Nominated Directors;

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- (x) offer the stocks/shares/securities of the Company or any member of the Group or their respective holding company for subscription by the general public by initial public offering either on the Stock Exchange of Hong Kong or of other parts of the world, determination of the appropriate time and the appropriate stock or securities exchange upon which the IPO shall take place, and determination of valuation of the Listing Vehicle;
 - (y) change the size of the Board of Directors;
 - (z) commit to any capital expenditure in excess of RMB5,000,000.00;
 - (aa) enter into or modify, vary any employment contract/benefit plans in respect of those employees receiving an annual remuneration of more than RMB600,000.00 or such revised sum as may be approved by Supermajority of the Board;
 - (bb) approval of annual budget and business plan of the Group;
 - (cc) repurchase or redeem of stocks/shares/securities or debt instruments (except to the extent such debt is due in accordance with its terms and conditions);
 - (dd) appointment of Company Auditors and the formulation, adoption or modification of any accounting policies and procedures of the Group;
 - (ee) approval and the formulation of any compensation schemes, welfare and incentive schemes for the management team of the Group;
 - (ff) purchase or rental or license of any automobiles, apartments for any member of the management team of the Group;
 - (gg) incurrence of any expenses not authorized by the approved annual budget and not in relation to operation of the Group for a single sum of RMB500,000.00 or accruing up to a sum of RMB 5,000,000.00 in total in a particular financial year;
 - (hh) conduct of any transaction outside the normal course of business of the Company
 - (ii) the appointment of top management members including the Chief Executive Officer, Chief Financial Officer, Chief Operation Officer and such other key members who shall be receiving an annual remuneration of more than RMB500,000.00.

For the purpose of this Section 5.1, any reference to a sum of monies shall include monies incurred/involved in a single transaction as well as the aggregate of all sums of monies incurred/involved in a series of transactions of the same nature.

Section 5.2 For any matters other than those set out in Section 5.1 hereof, they will be decided by a simple majority of the Board of Directors.

Section 5.3 Financial Information. Cathay and CDH shall have the rights to obtain such information of the Group as Cathay and CDH may deem necessary to have and the rights to participate in the management of the affairs of the Group and shall have full access to all information with respect to the Business as well as operational, legal and financial aspects of the Group. The Company shall deliver to all members of the Board of Directors and each Company Shareholder the following financial and management information at the following intervals:-

- (a) Monthly Management Reports. On the 15th day of each calendar month, the Company shall prepare and submit to Cathay and CDH management reports setting out operational, management and financial conditions of the Group in order to enable Cathay and CDH to ascertain latest position of business operation undertaken by the Group and the Group's financial position.
- (b) Quarterly Financial Statements. Within 35 days after the close of each fiscal quarterly accounting period, the consolidated balance sheet of the Group as at the end of such quarterly period and the related statements of income, shareholders' equity and cash flow for such quarterly period and (if different) for that portion of the fiscal year that has elapsed with the last day of such quarterly period, and in each such case setting forth comparative figures for the corresponding periods in the prior fiscal year, all of which shall be prepared in accordance with IFRS or U.S. GAAP.
- (c) Annual Financial Statements. Within 4 months after the close of each fiscal year of the Company, the consolidated balance sheet of the Group as of the end of such fiscal year and the related statements of income, shareholders' equity and cash flow for such fiscal year, in each case setting forth comparative figures for the preceding fiscal year, all of which shall be prepared in accordance with IFRS or U.S. GAAP applied on a consistent basis and audited by a Certified Public Accountant firm as approved by Supermajority of the Board.
- (d) Annual Budget. An annual budget shall be prepared and submitted to the Board for consideration and approval within 30 days prior to commencement of each financial year.

Section 5.4 Anti Dilution If the Company wishes to issue ("Further Issuance") any further Common Stocks or any other shares in the capital of the Company or any loan capital, securities or other rights having attached thereto a right of conversion into or exchange for any Common Stocks or any equity interest in the Company, the Company shall give a notice to Cathay and CDH stating the total number of additional Common Stocks or any shares to be issued or which could be issued upon exercise of a right of conversion or exchange pursuant to the Further Issuance and the price for such Further Issuance to be subscribed for (the "**Company's Notice**"). Cathay and CDH shall have the option but not the obligation to subscribe at the price set forth in the Company's Notice for that proportion of Further Issuance equivalent to the percentage (%) which the number of Common Stocks effectively held by Cathay or CDH bears to the total number of issued Common Stocks of the Company at the time when the Company's Notice is issued. Such option may be exercised by notice to the Company given at any time within 20 Business Days following the Company's Notice accompanied by payment in full for that proportion of the Further Issuance to be subscribed for.

Section 5.5 Liquidation Rights. (a) It is agreed by the Parties that as between all the Company Shareholders, before any distribution or payment shall be made to any Company Shareholders upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, an amount equivalent to RMB24.89 million and RMB150 million together with all dividends declared and unpaid with respect thereto (adjusted for any share dividends, combinations, splits, recapitalizations and the like) shall be paid back to Cathay and CDH respectively prior to any other Company Shareholders. If, upon any such liquidation, distribution, or winding up, the assets of the Company shall be insufficient to make payment in full to Cathay and CDH according to this provision, then such assets shall be distributed among Cathay and CDH, ratably in proportion to the full amounts to which they would otherwise be respectively entitled thereon.

After distribution or payment of any liquidation preference distributable or payable to Cathay and CDH, the other Company Shareholders shall be entitled to receive from the Company respective sums representing their cash investment costs in the Company and if the Company shall have insufficient assets to fully pay back the cash investment costs to these other Company Shareholders, they will share such assets among themselves ratably in proportion of their shareholdings in the Company. In the event there shall be any remaining assets after full payment of the cash investment costs to Cathay, CDH and the other Company Shareholders, Cathay and CDH together with the other Company Shareholders shall also be entitled to a ratable portion of the assets of the Company remaining for distribution.

(b) For the purpose of this Section 5.5, the following events shall be treated as liquidation of the Company: -

- (i) any consolidation or merger of the Company with or into any other Person, or any other corporate reorganization, in which the shareholders of the Company immediately prior to such consolidation, merger or reorganization, own less than 50% of the Company's voting power immediately after such consolidation, merger or reorganization, or any transaction or series of related transactions to which the Company is a party in which in excess of 50% of the Company's voting power is transferred, excluding any consolidation or merger effected exclusively to change the domicile of the Company; or
- (ii) a sale, lease or other disposition of all or substantially all of the assets of the Company;

and upon any such event, any proceeds resulting to the Company Shareholders shall be distributed in accordance with this Section 5.5.

Section 5.6 Co-Investment Rights. Each of the Founders hereby agrees and undertakes that if the Key Persons (directly or through companies which they have equity interests) or the Group Member shall have the opportunity to negotiate or participate in the acquisition of any business entities (whether in the form of shares or assets acquisition) which operates the same or similar business activities as the Company ("**New Investment**"), the Founders shall use their best endeavors to procure CDH and Cathay being given the same opportunity to participate in the New Investment in the same ratio corresponding to their respective effective holdings in the Company on terms and conditions no less favorable than those offered to the Key Persons or the Group Members. CDH and Cathay shall also be given the first right of negotiation to participate in fund raising exercise relating to CUFS Holdings and any of its subsidiaries.

Section 5.7 Use of Alternate Listing Vehicles: In the event any of the Parties and/or the Founders shall list the shares or other security or equity interests in a company other than the Company or its 100% parent company or 100% subsidiary on any relevant stock exchange and this listing vehicle holds not less than 10% equity interests in the Company ("**Alternate Listing Vehicle**"), then CDH and Cathay shall be entitled to participate in the listing of the Alternate Listing Vehicle to the effect that CDH and Cathay shall be able to exchange or convert its Common Stocks in the Company with shares of the Alternate Listing Vehicle at such conversion rate equivalent to the exchange ratio or conversion rate upon which any of the Parties and/or the Founders exchange or convert their effective holdings of Common Stocks in the Company into shares or other security interests in the Alternate Listing Vehicle.

Section 5.8 Request for Dividend Distribution: The Parties hereto further agree that if no Capital Event shall have been completed before 21 December 2008, CDH is entitled to require the Company to pay an annual dividend ("Agreed Dividends") to all shareholders. The amount of the annual dividend paid to CDH shall be equivalent to 10% of CDH Subscription Price provided always the Company is in a position to lawfully pay the Agreed Dividends and that the normal operation of the Group will not be adversely affected after payment of the Agreed Dividends.

ARTICLE VI DISPUTE RESOLUTION

Section 6.1 Arbitration. Any dispute, controversy or claim arising out of or relating to this Agreement shall be settled by arbitration administered by the Hong Kong International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules. The arbitration shall be the sole and exclusive forum for resolution of such dispute, controversy or claim, and the award rendered shall be final and binding. Judgment on the award rendered may be entered in any court having jurisdiction thereof.

Section 6.2 Procedures. (a) The number of arbitrators shall be 3, one of whom shall be appointed by the Party asserting a claim against the other Party or Parties, one of whom shall be appointed by the Party or Parties (acting together), as the case may be, against whom a claim has been asserted, and the third of whom shall be selected by mutual agreement, if possible, within 30 days of the selection of the second arbitrator and thereafter by the administering authority. In the event the Party against whom a claim has been asserted fails to appoint the second arbitrator within 20 days after the first arbitrator is appointed by the Party asserting a claim, then the administering authority shall select the second and third arbitrators.

- (b) The language of arbitration shall be the English language and any foreign language documents presented at such arbitration shall be accompanied by an English translation thereof. The arbitration shall be held in Hong Kong SAR.
- (c) Any award of the arbitrators (i) shall be in writing, (ii) shall state the reasons upon which such award is based and (iii) may include an award of costs, including reasonable attorney's fees and disbursements.
- (d) The arbitrators shall have no authority to award punitive damages or any other damages not measured by the prevailing Party's actual damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Agreement.

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- (e) Any Party may make an application to the arbitrators seeking injunctive relief to maintain the status quo until such time as the arbitration award is rendered or the dispute, controversy or claim is otherwise resolved. Any Party may apply to any court having jurisdiction hereof and seek injunctive relief in order to maintain the status quo until such time as the arbitration award is rendered or the dispute, controversy or claim is otherwise resolved.

ARTICLE VII
TERMINATION

Section 7.1 Save and except for Article II Provisions and Article VIII Provisions, all other provisions of this Agreement shall be terminated upon occurrence of a Capital Event.

ARTICLE VIII
MISCELLANEOUS

Section 8.1 Notices. All notices, requests and other communications to any Party hereunder shall be in writing (including facsimile or similar writing and overnight express mail or courier delivery, but excluding ordinary mail delivery) and shall be given to the address set forth in this Agreement hereto or to such other address or facsimile number as such Party may hereafter specify for the purpose by notice to the other Parties in the manner provided in this Section.

If to Cathay,

Address : 14th Floor, St. John's Building, Hong Kong
Fax no. : 1-203 862 8889/852-2147 5050
Attn. : Mr. Paul Wolansky/Mr. Hermann Leung

If to CUFS Holdings,

Address : 14th Floor, St. John's Building, Hong Kong
Fax no. : 1-203 862 8889/852-2147 5050
Attn. : Mr. Paul Wolansky/Mr. Hermann Leung

With a copy to:-

Address : c/o 中国广州市白云区广园西路183号大院195号40房
Attn. : Hu Yi Nan (胡义南)

If to Kingsford,

Address : 14th Floor, St. John's Building, Hong Kong
Fax no. : 1-203 862 8889/852-2147 5050
Attn. : Mr. Paul Wolansky/Mr. Hermann Leung

With a copy to:-

Address : c/o 中国广州市白云区广园西路183号大院195号40房
Attn. : Hu Yi Nan (胡义南)

If to CDH,

Address : Level 30, Six Battery Road, Singapore 049909
Fax no. : 65-6550 9898
Attn : Mr. Lew Kiang Hua

With one copy to:-

Address : c/o B-318, Grand Pacific Trade Centre
8A Guanghua Road, Chaoyang District
Beijing 100026 P.R.C.
Fax no. : 86) 10 6581 9969
Attn : Wang Zhenyu / Lew Kiang Hua

If to Gifted Time,

Address : Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre,
Road Town, Tortola, British Virgin Islands
Attn. : Lou Ze Fei (楼泽飞)

With one copy to:-

Address : c/o 19/F, Yinhai Building, No. 299 Yanjiang Zhong Road, Guangzhou,
Guangdong 510110, PRC
Attn. : Lou Ze Fei (楼泽飞)

If to the Super Able,

Address : Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre,
Road Town, Tortola, British Virgin Islands
Attn. : Long Yu Bo (龙雨波)

With one copy to:-

Address : c/o 广东省广州市越秀区观绿路21号4楼
Attn. : Long Yu Bo (龙雨波)

If to the Company,

Address : 14th Floor, St. John's Building, Hong Kong
Fax no. : 1-203 862 8889/852-2147 5050
Attn. : Mr. Paul Wolansky/Mr. Hermann Leung

With one copy to:-

Address : c/o 19/F, Yinhai Building, No. 299 Yanjiang Zhong Road, Guangzhou,
Guangdong 510110, PRC
Attn. : Hu Yi Nan (胡义南)

And one copy to:-

Address : c/o Level 30, Six Battery Road, Singapore 049909
Fax no. : 65-6550 9898
Attn : Mr. Lew Kiang Hua

And one copy to:-

Address : c/o B-318, Grand Pacific Trade Centre
8A Guanghua Road, Chaoyang District
Beijing 100026 P.R.C.
Fax no. : 86) 10 6581 9969
Attn : Wang Zhenyu / Lew Kiang Hua

If to Hu

Address : c/o 中国广州市白云区广园西路183号大院195号40房
Fax : 6122 2329

If to Lai

Address : c/o 广州市越秀区榕树巷20号603房
Fax : 6122 2329

All such notices, requests and other communications shall be deemed received (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section 8.1 and confirmation of receipt is received, and (ii) if given by overnight express mail or courier delivery or any other means permitted by this Section 8.1, when received; provided, that if the date of receipt hereunder is not a Business Day, the notice, request or communication shall be deemed not to have been received until the next succeeding Business Day in the place of receipt.

Section 8.2 Amendments and Waivers. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and is executed by each of the Company Shareholders. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 8.3 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the Parties; provided, however, that none of the Parties may assign or transfer any of its rights or obligations hereunder except in accordance with the provisions of Article III.

Section 8.4 Conflict with Articles of Association. In the event of any conflict between the Articles of Association and this Agreement, the provisions of this Agreement shall prevail.

Section 8.5 Expenses. The Company will bear all the cost of the transactions including the preparation, negotiation, execution, delivery and performance of this Agreement.

Section 8.6 Severability. In case any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and any such term or provision to the extent determined to be invalid, illegal or unenforceable shall be replaced by a valid, legal and enforceable provision that comes as close as possible to carrying out the intent and effect of the defective term or provision.

Section 8.7 Further Assurances. The Parties will execute and deliver such further instruments and do such further acts and things as may be required to carry out the intent and purposes of this Agreement into full effect.

Section 8.8 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the Hong Kong SAR.

Section 8.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall and pursuant to constitute one and the same instrument. The English language text of this Agreement shall prevail over any translation thereof.

Section 8.10 Force Majeure. The failure or delay of any of the Parties to perform any obligation under this Agreement solely by reason of acts of God, acts of government, riots, wars, or other causes beyond its reasonable control ("**Force Majeure**") shall not be deemed to be a breach of this Agreement; provided, however, that the Party so prevented from complying herewith shall not have procured such Force Majeure, shall have used reasonable diligence to avoid such Force Majeure or ameliorate its effects, and shall continue to take all actions reasonably within its power to comply as fully as possible with the terms of this Agreement. Except where the nature of the event shall prevent it from doing so, the Party suffering such Force Majeure shall notify the other Parties in writing promptly after the occurrence such Force Majeure and shall in every instance, to the extent reasonable and lawful under the circumstances, use its best efforts to remove or remedy such event with all reasonable dispatch.

Section 8.11 Headings Descriptive. The headings of the several articles and sections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 8.12 Integration. This Agreement (including the Schedule hereto, which is incorporated herein and made an integral part hereof) and the other agreements among two or more Parties hereof relating to the subject matter hereof constitute the entire and only agreement between the Parties with respect to the subject matter hereof and supersede all prior agreements commitments or understandings, whether written or verbal, that the Parties hereto or thereto may have had with respect to the subject matter thereof.

IN WITNESS whereof this Agreement has been executed on the date and year said above written.

CATHAY

SIGNED BY: Mr. LEUNG Ping Chung, Hermann) /s/ LEUNG Ping Chung, Hermann
on behalf of)
CATHAY AUTO SERVICES LIMITED)
in the presence of)

CUFS HOLDINGS

SIGNED BY: Mr. HU Yi Nan) /s/ HU Yi Nan
A Director for and on behalf of)
CHINA UNITED FINANCIAL)
SERVICES HOLDINGS LTD)
in the presence of)

KINGSFORD

SIGNED BY: Mr. HU Yi Nan) /s/ HU Yi Nan
A Director for and on behalf of **KINGSFORD**)
RESOURCES LIMITED)
in the presence of)

CDH

SIGNED BY: Mr. WU Shangzhi) /s/ WU Shangzhi
A Director for and on behalf of **CDH**)
INSERVICE LIMITED)
in the presence of)

GIFTED TIME

SIGNED BY: Mr. Lou Ze Fei (楼泽飞)) /s/ Lou Ze Fei
A Director for and on behalf of GIFTED)
TIME INVESTMENTS LIMITED)
in the presence of)

SUPER ABLE

SIGNED BY: Mr. Long Yu Bo (龙雨波)) /s/ Long Yu Bo
A Director for and on behalf of SUPER)
ABLE INVESTMENTS LIMITED)
in the presence of)

THE COMPANY

SIGNED BY: Mr. HU Yi Nan) /s/ HU Yi Nan
A Director for and on behalf of CNINSURE)
INC.)
in the presence of)

HU

SIGNED BY: Mr. HU Yi Nan) /s/ HU Yi Nan
in the presence of)

LAI

SIGNED BY: Mr. LAI Qiu Ping) /s/ Mr. LAI Qiu Ping
in the presence of)

Schedule 1

Rights of First Refusal

1. A Company Shareholder (the “**Transferor**”) which shall receive an offer, proposal from any third party (“**Prospective Purchaser**”) intending to acquire any stocks of the capital of the Company shall first give a notice in writing within 15 calendar days after receipt of the offer (the “**Transfer Notice**”) to the other Company Shareholders that it has received such an offer. The Transfer Notice shall specify:-
 - (a) the number of stocks which the Prospective Purchaser wishes to acquire (the “**Transfer Stocks**”);
 - (b) the name, address, business nature and background of the Prospective Purchaser;
 - (c) the price which the Prospective Purchaser has offered for the Transfer Stocks (if any);
 - (d) details of any other material terms of the offer made by the Prospective Purchaser (if any) and any other material terms or circumstances known to the Transferor which affect or may affect the offer; and
 - (e) any other relevant information which the other Company Shareholders may reasonably require to make an informed decision.
2. The Transfer Notice shall constitute an offer (“**Offer**”) from the Transferor to sell the Transfer Stocks to the other Company Shareholders. The other Company Shareholders (the “**Purchasing Shareholders**”) shall be entitled within a period of fifteen (15) calendar days after the Transfer Notice is given, to serve a purchase notice (the “**Purchase Notice**”) on the Transferor accepting the Offer to purchase the Transfer Stocks at the purchase price (the “**Purchase Price**”) and, if there shall be more than one Purchasing Shareholders, in such proportion as their respective shareholdings bears to the aggregate shareholdings of all the Purchasing Shareholders in the Company as at the date of the last Purchase Notice (the “**Relevant Ratio**”). For the purpose of this paragraph 2, “**Purchase Price**” shall, in relation to any Transfer Stocks, mean:-
 - (a) the price which the Prospective Purchaser has offered for the Transfer Stocks; or
 - (b) in the event that the Prospective Purchaser has not offered any price for the Transfer Stocks, the Purchase Price will be the average of:-
 - (i) the audited consolidated net tangible asset value per Transfer Stock, being the amount obtained by dividing by the number of Common Stocks in issue at the date of the Purchase Notice the surplus (if any) of the value of the total consolidated tangible assets of the Group over their liabilities (excluding goodwill and any liability in respect of loan stock or shareholders’ loan but including both actual and contingent liabilities, and provisions made by the Group as at the date of the

Purchase Notice) as shown in the audited consolidated balance sheet of the Group as at the date of the Purchase Notice as prepared by the Company Auditors; and

- (ii) such other amount as representing the consolidated net book value of the Group per Transfer Stock as determined by the Company Auditors. If there is any dispute between the Transferor and the Purchasing Shareholder(s) about the accounting methodology adopted by the Company Auditors, an independent certified public accountant shall be appointed to determine such amount as representing the consolidated net book value of the Group per Transfer Stock. The appointment of such independent certified public accountant shall be agreed among the Transferor and the Purchasing Shareholder(s), and the cost of such accountant shall be borne by the party disputing the accounting methodology of the Company Auditors. Failing such agreement, an accountant shall be appointed by the chairman of the Hong Kong Society of Accountants. Such accountant shall act as expert and not as arbitrator and his determination shall, in the absence of fraud or manifest error, be final and binding upon the relevant parties and the costs of such accountant shall be borne by the Transferor and the Purchasing Shareholder(s) equally.

For the purpose of this paragraph 2, it is expressly acknowledged and agreed that if due to accounting methodology that the Company Auditors or the independent certified public accountant shall not accept or allow consolidation of accounts ("Non Consolidated Accounts") of any member ("Non Consolidated Member") of the Group into the Company's consolidated accounts, then for the purpose of determining the net tangible asset value and/or net book value of the Group, the audited consolidated accounts of the Group shall be deemed to include and consolidate the Non Consolidated Accounts as if the Non Consolidated Member were an entity whose accounts could be consolidated into the Company for accounting purpose if so approved by Supermajority of the Board of Directors.

3. Upon the service of the Purchase Notice, the Transferor shall be bound to transfer the Transfer Stocks to the Purchasing Shareholders. The sale and purchase shall be completed at a place and time to be agreed between the Transferor and the Purchasing Shareholders but shall be within thirty (30) calendar days from the date of the last Purchase Notice and the Directors shall be bound to register the transfer.
4. The Transferor shall upon the completion of the transfer of the Transfer Stocks and as part of the consideration for the Purchase Price also assign its entire rights and benefits or a portion equivalent thereto (as the case may be) in any shareholder loan ("**Shareholder Loan**") to the Purchasing Shareholders in the Relevant Ratio.
5. The Transferor and the Purchasing Shareholder or the Prospective Purchaser shall be responsible for the stamp duty and other governmental expenses (if any) payable in respect of the transfer in equal shares.

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6. If the Transferor, having been bound as aforesaid, makes default in transferring the Transfer Stocks or assigning the Shareholder Loan, the Purchasing Shareholders may as agent of the Transferor execute any contract notes, instruments of transfer, assignments and other instruments to effect the transfer of the Transfer Stocks and the assignment of the due portion of the Shareholder Loan to the Purchasing Shareholders and receive the Purchase Price and deposit it with the Company. Thereupon, the Directors shall cause the name of the Purchasing Shareholders to be entered into the register of members of the Company as the holders of the Transfer Stocks and the Company shall hold the Purchase Price in trust for the Transferor. The receipt of the Purchasing Shareholders acting as the agent of the Transferor in the aforesaid manner shall be a sufficient discharge to the Purchasing Shareholders, and after their name(s) have been entered into the register of members, the validity of the transfer shall not be questioned by any person. The Transferor shall be bound to deliver up its certificate(s) for the Transfer Stocks, and on such delivery be entitled to receive the Purchase Price without interest.
 7. If the other Company Shareholders have not served a Purchase Notice within fifteen (15) calendar days from the date of the Transfer Notice, the Transferor shall be entitled to sell all (but not part only) of the Transfer Stocks to the Prospective Purchaser at the price and on the terms set out in the Transfer Notice. The Directors shall be bound to register such a transfer pursuant to this paragraph.

Our ref AEO/628018/2076339/v4
Your ref

CNinsure Inc.
19/F, Yin Hai Building
No. 299 Yanjiang Zhong Road, Guangzhou,
Guangdong 510110, People's Republic of China

Direct: +852 2971 3007
Mobile: +852 9020 8007
E-mail: richard.thorp@maplesandcalder.com

10 October 2007

Dear Sirs

CNinsure Inc.

We have acted as Cayman Islands legal advisers to CNinsure Inc. (the "**Company**") in connection with the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "**Registration Statement**"), confidentially submitted with the Securities and Exchange Commission under the U.S. Securities Act of 1933 on 29 June 2007, as amended on 17 August 2007 and 17 September 2007, relating to the offering by the Company and the sale by the selling shareholders (the "**Selling Shareholders**") of certain American Depositary Shares representing the Company's Ordinary Shares of par value US\$0.001 each (the "**Ordinary Shares**"). We are furnishing this opinion as Exhibit 5.1 to the Registration Statement.

1 DOCUMENTS REVIEWED

For the purposes of this opinion, we have reviewed only originals, copies or final drafts of the following documents:

- 1.1 the Certificate of Incorporation dated 10 April 2007, and the Amended and Restated Memorandum and Articles of Association of the Company as adopted by special resolution passed on 10 October 2007 (the "**Memorandum and Articles of Association**");
- 1.2 the Certificate of Good Standing dated 8 October 2007 issued by the Registrar of Companies in the Cayman Islands (the "**Certificate of Good Standing**");
- 1.3 the written resolutions of the board of Directors dated 10 October 2007;
- 1.4 the written resolutions of the shareholders of the Company dated 10 October 2007;
- 1.5 a certificate from a Director of the Company addressed to this firm dated 10 October 2007, a copy of which is attached hereto (the "**Director's Certificate**"); and
- 1.6 the Registration Statement.

2 ASSUMPTIONS

Save as aforesaid we have not been instructed to undertake and have not undertaken any further enquiry or due diligence in relation to the transaction the subject of this opinion. The following opinions are given only as to and based on circumstances and matters of fact existing at the date hereof and of which we are aware consequent upon the instructions we have received in relation to the matter the subject of this opinion and as to the laws of the Cayman Islands as the same are in force at the date hereof. In giving this opinion, we have relied upon the completeness and accuracy (and assumed the continuing completeness and accuracy as at the date hereof) of the Director's Certificate as to matters of fact and the Certificate of Good Standing without further verification and have relied upon the following assumptions, which we have not independently verified:

- (i) Copy documents or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals.
- (ii) The genuineness of all signatures and seals.
- (iii) There is no contractual or other prohibition (other than as may arise by virtue of the laws of the Cayman Islands) binding on the Company or on any other party prohibiting it from entering into and performing its obligations.

3 OPINION

The following opinions are given only as to matters of Cayman Islands law and we have assumed that there is nothing under any other law that would affect or vary the following opinions.

Based upon the foregoing and subject to the qualifications set out below and having regard to such legal considerations as we deem relevant, we are of the opinion that:

- 3.1 The Company has been duly incorporated as an exempted company with limited liability for an unlimited duration and is validly existing under the laws of the Cayman Islands.
- 3.2 The authorised share capital of the Company is US\$10,000,000 divided into 10,000,000,000 Ordinary Shares of par value US\$0.001 each.
- 3.3 The issue and allotment of the Ordinary Shares has been duly authorised. When allotted, issued and paid for as contemplated in the Registration Statement and registered in the register of members (shareholders), the Ordinary Shares will be legally issued and allotted, fully paid and non-assessable.
- 3.4. Ordinary Shares to be sold by the Selling Shareholders have been legally and validly issued as fully paid and non-assessable.

3.5. The statements under the caption “Taxation” in the prospectus forming part of the Registration Statement, to the extent that they constitute statements of Cayman Islands law, are accurate in all material respects and that such statements constitute our opinion.

4 QUALIFICATIONS

Except as specifically stated herein, we make no comment with respect to any representations and warranties which may be made by or with respect to the Company in the Registration Statement or otherwise with respect to the commercial terms of the transactions the subject of this opinion.

We hereby consent to the use of this opinion in, and the filing hereof as an Exhibit to, the Registration Statement and to the reference to our name under the headings “Enforceability of Civil Liabilities”, “Taxation” and “Legal Matters” in the prospectus included in the Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the Rules and Regulations of the Commission thereunder.

Yours faithfully

/s/ MAPLES and CALDER

MAPLES and CALDER

CNinsure Inc.
PO Box 309GT, Uglan House
South Church Street, George Town,
Grand Cayman, Cayman Islands

10 October 2007

Maples and Calder
1504 One International Finance Centre
1 Harbour View Street
Hong Kong

Dear Sirs

CNinsure Inc. (the “Company”)

I, Yinan Hu, being a director of the Company, am aware that you are being asked to provide a legal opinion (the “**Opinion**”) in relation to certain aspects of Cayman Islands law. Capitalised terms used in this certificate have the meaning given to them in the Opinion. I hereby certify that:

- 1** The Amended and Restated Memorandum and Articles of Association of the Company as adopted by special resolutions passed on 10 October 2007 remains in full force and effect.
- 2** The written resolutions of Directors dated 10 October 2007 (the “**Directors’ Resolutions**”) were signed by all the Directors in the manner prescribed in the Articles of Association of the Company.
- 3** The written resolutions of the shareholders of the Company dated 10 October 2007 (this together with the Directors’ Resolutions are referred to as “**Resolutions**”) were signed by all the shareholders in the manner prescribed in the Articles of Association of the Company.
- 4** The authorised share capital of the Company is US\$1,000,000 divided into 1,000,000,000 shares of par value US\$0.001 each.
- 5** The ordinary shares held by the Selling Shareholders have been issued as fully paid.
- 6** The shareholders of the Company have not restricted or limited the powers of the directors in any way. There is no contractual or other prohibition (other than as arising under Cayman Islands law binding on the Company prohibiting it from entering into and performing its obligations under the Agreements).
- 7** The resolutions passed in the Resolutions were duly adopted, are in full force and effect at the date hereof and have not been amended, varied or revoked in any respect.

Signature: /s/ Yinan Hu
Director

LATHAM & WATKINS LLP

53rd at Third
885 Third Avenue
New York, New York 10022-4834
Tel: (212) 906-1200 Fax: (212) 751-4864
www.lw.com

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October 10, 2007

CNinsure Inc.
19/F, Yinhai Building
No. 299 Yanjiang Zhong Road, Guangzhou,
Guangdong 510110, People's Republic of China

Re: American Depositary Shares of CNinsure, Inc. (the "Company")

Ladies and Gentlemen:

In connection with the public offering on the date hereof of American Depositary Shares ("ADSs"), each of which represents a certain number of ordinary shares, par value \$0.001 per share, of the Company pursuant to the registration statement on Form F-1 under the Securities Act of 1933, as amended (the "Act"), originally filed by the Company with the Securities and Exchange Commission (the "Commission") on October 10, 2007 (the "Registration Statement"), you have requested our opinion concerning the statements in the Registration Statement under the caption "Taxation—United States Federal Income Taxation."

The facts, as we understand them, and upon which with your permission we rely in rendering the opinion herein, are set forth in the Registration Statement.

In our capacity as counsel to the Company, we have made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to our satisfaction of such documents, corporate records and other instruments as we have deemed necessary or appropriate for purposes of this opinion. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures thereon, the legal capacity of natural persons executing such documents and the conformity to authentic original documents of all documents submitted to us as copies. For the purpose of our opinion, we have not made an independent investigation, or audit of the facts set forth in the above-referenced documents.

We are opining herein as to the effect on the subject transaction only of the federal income tax laws of the United States and we express no opinion with respect to the applicability thereto, or the effect thereon, of other federal laws, the laws of any state or any other jurisdiction or as to any matters of municipal law or the laws of any other local agencies within any state.

LATHAM & WATKINS^{LLP}

Based on such facts and subject to the limitations set forth in the Registration Statement, and on the Company's responses to the examinations and inquiries referenced above, the statements of law or legal conclusions in the Registration Statement under the caption "Taxation—United States Federal Income Taxation" constitute the opinion of Latham & Watkins LLP as to the material United States federal income tax consequences of an investment in the ADSs.

No opinion is expressed as to any matter not discussed herein.

This opinion is rendered to you as of the date of this letter, and we undertake no obligation to update this opinion subsequent to the date hereof. This opinion is based on various statutory provisions, regulations promulgated thereunder and interpretations thereof by the Internal Revenue Service and the courts having jurisdiction over such matters, all of which are subject to change either prospectively or retroactively. Also, any variation or difference in the facts from those set forth in the Registration Statement may affect the conclusions stated herein.

This opinion is furnished to you, and is for your use in connection with the transactions set forth in the Registration Statement. This opinion may not be relied upon by you for any other purpose. However, this opinion may be relied upon by persons entitled to rely on it pursuant to applicable provisions of federal securities law.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name under the captions "Legal Matters" and "Taxation" in the prospectus included in the Registration Statement. In giving such consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Act or the rules or regulations of the Commission promulgated thereunder.

Very truly yours,
/s/ Latham & Watkins LLP
Latham & Watkins LLP

CISG HOLDINGS LIMITED

2006 Options Plan

Code: CISG2006010901

CISG HOLDINGS LIMITED (hereinafter referred to as “the Company”) is a corporation registered in the British Virgin Islands.

Participant: ID Number:

To attract and retain excellent talents and strengthen the sense of home of the management and technical personnel as well as encourage them to make greater contributions to the Company, a resolution on implementing options incentive plan is adopted at Company’s shareholders’ general meeting.

This document defines the detailed rules on granting to management and technical personnel the options under this Options Plan that can be converted into Company’s shares in future and binds upon the Company and the participants.

1. Management

- 1.1 This options plan shall be managed by the Board of Directors of the Company. Except for the issues as mentioned in Article 5.1 and Article 6.1 below, which shall be decided by the shareholders’ meeting in accordance with relevant regulations, the decisions and interpretations made by the Board of Directors on all the issues related to this options plan shall be final and bind upon the participants.

2. Granting of Options

- 2.1 Subject to Article 6 below, an offer to subscribe for Company’s options will be given by the Company to the participants as from the signing date of this Options Plan until it is terminated by the Board of Directors in writing (“Options Offer Period”).
- 2.2 Subject to Article 5 below, the Board of Directors of the Company shall be entitled to, in accordance with the provisions of this Options Plan, give the participants an offer to subscribe for Company’s options (“Options”) (“Options Subscription Offer”) at any time within the Options Offer Period. The holder of the Options will be conferred with the right to convert the options into the shares of the Company in accordance with the clauses of this Options Plan and the Options Subscription Offer. However, the quantity of the Options to be subscribed for by the participants shall be determined by the Board of Directors at its sole discretion. For avoidance of doubt, the Board of Directors of the Company shall have the absolute discretion to decide whether or not to give the Options Subscription Offer to any participant.

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- 2.3 Within the Options Offer Period, the Board of Directors will give a written Options Subscription Offer to relevant participants. The participant shall accept the Options Subscription Offer within 21 days after the Company gives it according to the provisions of and in the manner as specified in the Options Subscription Offer if he/she agrees to accept the Options Subscription Offer.
- 2.4 If the participant concerned signs an Acceptance Letter in accordance with the provisions of the Options Subscription Offer and pays RMB10.00 as a consideration, this shall mean that he/she agrees to be granted with the options in accordance with the provisions of the Options Subscription Offer and this Options Plan.
3. Exercise of Options
- 3.1 After accepting the Options Subscription Offer in accordance with relevant regulations and legally possessing the Options, the participant shall have the right to exercise all or part of the total [] options (the total share capital of CISG takes 650 million shares) if all the following conditions are satisfied:
- (1) Net profits of the Company in the year 2006 amount to RMB 75 million or above;
 - (2) The participant has served the Company for 3 years or above; and
 - (3) The participant is still an employee of the Company.
- 3.2 Subject to the provisions of this Options Plan, before the participant exercises the Options, he/she shall notify the Board of Directors in writing of his/her intention of options exercise and the proportion of the options to be exercised, and make a full payment in cash or by cheque to the Company for the exercise of the Options. The Company will issue the relevant shares to the participant within 21 days after receipt of the said written notification and full payment.
- 3.3 The Options shall be owned by the participant solely and shall not be transferred in any way whatsoever to any company or person without the consent of the Board of Directors. Besides, the participant shall not sell or pledge in any way, or create any charge or third party interest on, or reach any relevant arrangement or agreement on, the Options or any portion thereof, failing which all the Options granted to the participant shall be null and void.
- 3.4 Subject to Article 3.1 below, if the participant dies before the exercise of the Options, his/her successor shall be entitled to, according to the provisions of the Options Scheme, exercise the Options within 3 months after the right of succession becomes effective.
- 3.5 Upon exercising the Options or any part thereof pursuant to the provisions of the Options Scheme and this document, the participant shall become one of the Company shareholders and bound by the Articles of Association of the Company. In addition, the participant further agrees to entrust the Board of

Directors to exercise his/her voting power and other rights as a shareholder on his/her behalf. For the purpose of the full implementation of this Article, the participant, when being granted with relevant shares, shall sign a valid power of attorney whereby to authorize a member the Board of Directors to exercise his/her voting power as a shareholder on his/her behalf.

- 3.6 The Board of Directors shall have the right to give a written notice to the qualified legitimate holder of the Options for the exercise of the Options when it considers appropriate. In case the participant fails to exercise the Options in accordance with the provisions of the notice within the time limit, it will be regarded that the participant has abstained from exercising the Options unconditionally and irrevocably.
4. Exercise Price of the Options
- 4.1 Within the period of validity of the Options, the participant, in accordance with the objective of the Options Scheme and subject to the clauses specified in this Options Plan, shall have the right to exercise the Options and the exercise price of the Options shall be calculated based upon the appraisal value determined by Dinghui Investment Fund in its injection of capital into the Company.
5. Reorganization of the Company Equities
- 5.1 In case any change occurs to the Company share capital during the period of validity of the Options, including but not limited to expansion or reduction of authorized share capital, capitalization of profits or reserve and right issue or funding, the Board of Directors, according to the advice of the Company's accountant, will make corresponding adjustment regarding the change in the quantity of company shares the Options may be converted into and in the exercise price as consequence of change to the equity capital, and submit it to the shareholders' meeting for approval. The convertible quantity and the exercise price approved by the Company's shareholders' meeting shall be the final decision.
- 5.2 Subject to Article 5.4 below, if the Company is acquired by a third party during the period of validity of the Options, the participant shall still exercise the options in accordance with the granting period provided such granting period has not expired.
- 5.3 Subject to Article 5.4 below, if the Company successfully gets listed in the stock exchange during the period of validity of the Options, the participant shall still exercise the options in accordance with the granting period provided such granting period has not expired. Under the premise that all relevant regulations of the stock exchange where the Company is listed have not been violated, the Company will make every effort to enable the shares corresponding to the exercised or to be exercised Options of the participants to circulate in the said stock exchange. The Board of Directors, according to the equity structure of the Company at the moment when it gets listed, will make corresponding conversion on both exercised and unexercised Options of the

participant. Meanwhile, subject to the requirements of the stock exchange or its supervisory institution of the place where the Company is planning to get listed, or for compliance with the laws in the jurisdiction territory where the Company is planning to get listed, and under the premise that the original rights and interests of the participant in this Options Plan is secured while no negative impact is imposed upon the getting-listed plan, the participant agrees that the detailed rules of the options scheme shall be modified accordingly to facilitate the getting-listed plan of the Company.

- 5.4 If a plan of reorganization, merger, financing or getting-listed regarding the Company or its subsidiaries arises during the period of validity of the Options scheme, the participant, under the premise that the original rights and interests of the participant in this Options Plan is secured while no negative impact is imposed upon the above plan, agrees that the detailed rules of the options scheme shall be modified accordingly to facilitate the smooth implementation and execution of such plan.
- 5.5 The participant shall not transfer his exercised shares except for some “special conditions” besides getting-listed of the Company. The shareholders of the Company shall have the priority to buy the shares to be transferred in accordance with their shareholding ratio; however the price for such deal and the definition of “special conditions” shall be interpreted and determined by the Board of Directors of the Company.
6. Termination of the Options Plan
- 6.1 The shareholders’ meeting shall have the right to terminate the Options Plan if 60% of the shareholders present at the meeting agree to do so. After the Options Plan is terminated, the Board of Directors shall not give any person concerned the offer to subscribe for the Options, however the Options Subscription Offer that has already been accepted prior to the termination of the Options Plan maintains its effectiveness. For avoidance of doubt, the termination of the Options Plan mentioned herein is for the sole purpose to stop giving the Options subscription Offer, except for which the provisions in this document on the Options Plan are still applicable and effective in all respects.
7. Miscellaneous
- 7.1 The participant, before accepting the Options Subscription Offer or exercising the Options, shall ensure that he has obtained all necessary approvals or consents for such actions.
- 7.2 The participant himself shall be responsible for any taxation obligation/liability arising from his participation in this Plan or acceptance of the Options Subscription Offer or exercise of the Options.
- 7.3 This Agreement does not mean that the participant has the right to continue his employment in the Company or its subsidiaries, nor the right to impose any influence on the company or its subsidiaries concerning the termination of employment relation between them.

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- 7.4 This Agreement shall be binding upon both parties hereto as well as the successor and authorized person of the Company and the successor and legal representative of the participant.
- 7.5 Any dispute arises out of or from the performance of this Agreement shall be resolved by both parties in accordance with the laws of the Hong Kong SAR.

CISG HOLDING LIMITED

Chairman of the Board:

January 9th, 2006

CNINSURE INC.

SHARE INCENTIVE PLAN

ARTICLE 1

PURPOSE

The purpose of this CNinsure Inc. Share Incentive Plan (the “Plan”) is to promote the success and enhance the value of CNinsure Inc., a company formed under the laws of the Cayman Islands (the “Company”) by linking the personal interests of the members of the Board, Employees, and Consultants to those of the Company shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to Company shareholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company’s operation is largely dependent.

ARTICLE 2

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan, they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 “Applicable Laws” means the legal requirements relating to the Plan and the Awards under applicable provisions of the corporate, securities, tax and other laws, rules, regulations and government orders, and the rules of any applicable stock exchange or national market system, of any jurisdiction applicable to Awards granted to residents therein.

2.2 “Award” means an Option, Restricted Share or Restricted Share Units award granted to a Participant pursuant to the Plan.

2.3 “Award Agreement” means any written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.

2.4 “Board” means the Board of Directors of the Company.

2.5 “Change in Control” means a change in ownership or control of the Company after the Registration Date effected through either of the following transactions:

(a) the direct or indirect acquisition by any person or related group of persons (other than an acquisition from or by the Company or by a Company-sponsored employee benefit plan or by a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's shareholders which a majority of the Incumbent Board (as defined below) who are not affiliates or associates of the offeror under Rule 12b-2 promulgated under the Exchange Act do not recommend such shareholders accept, or

(b) the individuals who, as of the Effective Date, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least fifty percent (50%) of the Board; provided that if the election, or nomination for election by the Company's shareholders, of any new member of the Board is approved by a vote of at least fifty percent (50%) of the Incumbent Board, such new member of the Board shall be considered as a member of the Incumbent Board.

2.6 "Code" means the Internal Revenue Code of 1986 of the United States, as amended.

2.7 "Committee" means the committee of the Board described in Article 9.

2.8 "Consultant" means any consultant or adviser if: (a) the consultant or adviser renders bona fide services to a Service Recipient; (b) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (c) the consultant or adviser is a natural person who has contracted directly with the Service Recipient to render such services.

2.9 "Corporate Transaction" means any of the following transactions, provided, however, that the Committee shall determine under (d) and (e) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(a) an amalgamation, arrangement or consolidation or scheme of arrangement in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated;

(b) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(c) the complete liquidation or dissolution of the Company;

(d) any reverse takeover or series of related transactions culminating in a reverse takeover (including, but not limited to, a tender offer followed by a reverse takeover) in which the Company is the surviving entity but (A) the Shares of the Company outstanding immediately prior to such takeover are converted or exchanged by virtue of the takeover into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's

outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such takeover or the initial transaction culminating in such takeover, but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction; or

(e) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction.

2.10 "Disability" means that the Participant qualifies to receive long-term disability payments under the Service Recipient's long-term disability insurance program, as it may be amended from time to time, to which the Participant provides services regardless of whether the Participant is covered by such policy. If the Service Recipient to which the Participant provides service does not have a long-term disability plan in place, "Disability" means that a Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Participant will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Committee in its discretion.

2.11 "Effective Date" shall have the meaning set forth in Section 10.1.

2.12 "Employee" means any person, including an officer or member of the Board of the Company, any Parent or Subsidiary of the Company, who is in the employ of a Service Recipient, subject to the control and direction of the Service Recipient as to both the work to be performed and the manner and method of performance. The payment of a director's fee by a Service Recipient shall not be sufficient to constitute "employment" by the Service Recipient.

2.13 "Exchange Act" means the Securities Exchange Act of 1934 of the United States, as amended.

2.14 "Fair Market Value" means, as of any date, the value of Shares determined as follows:

(a) If the Shares are listed on one or more established stock exchanges or national market systems, including without limitation, The New York Stock Exchange and The Nasdaq Global Market, its Fair Market Value shall be the closing sales price for such shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed (as determined by the Committee) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable;

(b) If the Shares are regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value

shall be the closing sales price for such shares as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a Share shall be the mean between the high bid and low asked prices for the Shares on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

(c) In the absence of an established market for the Shares of the type described in (a) and (b), above, the Fair Market Value thereof shall be determined by the Committee in good faith and in its discretion by reference to (i) the placing price of the latest private placement of the Shares and the development of the Company's business operations and the general economic and market conditions since such latest private placement, (ii) other third party transactions involving the Shares and the development of the Company's business operation and the general economic and market conditions since such sale, (iii) an independent valuation of the Shares, or (iii) such other methodologies or information as the Committee determines to be indicative of Fair Market Value, relevant.

2.15 "Incentive Share Option" means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

2.16 "Independent Director" means a member of the Board who is not an Employee of the Company.

2.17 "Non-Employee Director" means a member of the Board who qualifies as a "Non-Employee Director" as defined in Rule 16b-3(b)(3) under the Exchange Act, or any successor definition adopted by the Board.

2.18 "Non-Qualified Share Option" means an Option that is not intended to be an Incentive Share Option.

2.19 "Option" means a right granted to a Participant pursuant to Article 5 of the Plan to purchase a specified number of Shares at a specified price during specified time periods. An Option may be either an Incentive Share Option or a Non-Qualified Share Option.

2.20 "Participant" means a person who, as a member of the Board, Consultant or Employee, has been granted an Award pursuant to the Plan.

2.21 "Parent" means a parent corporation under Section 424(e) of the Code.

2.22 "Plan" means this CNinsure Inc. Share Incentive Award Plan, as it may be amended from time to time.

2.23 "Related Entity" means any business, corporation, partnership, limited liability company or other entity in which the Company, a Parent or Subsidiary of the Company holds a substantial ownership interest, directly or indirectly but which is not a Subsidiary and which the Board designates as a Related Entity for purposes of the Plan.

2.24 “Restricted Share” means a Share awarded to a Participant pursuant to Article 6 that is subject to certain restrictions and may be subject to risk of forfeiture.

2.25 “Restricted Share Unit” means the right granted to a Participant pursuant to Article 6 to receive a Share at a future date.

2.26 “Securities Act” means the Securities Act of 1933 of the United States, as amended.

2.27 “Service Recipient” means the Company, any Parent or Subsidiary of the Company and any Related Entity to which a Participant provides services as an Employee, Consultant or as a Director.

2.28 “Share” means Ordinary Shares of the Company, and such other securities of the Company that may be substituted for Shares pursuant to Article 8.

2.29 “Subsidiary” means any corporation or other entity of which a majority of the outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company.

2.30 “Trading Date” means the closing of the first sale to the general public of the Shares pursuant to a registration statement filed with and declared effective by the U.S. Securities and Exchange Commission under the Securities Act.

ARTICLE 3

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to the provisions of Article 8 and Section 3.1(b), the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Share Options) is ten percent (10%) of the Shares outstanding as of the Effective Date.

(b) To the extent that an Award terminates, expires, or lapses for any reason, any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan. To the extent permitted by Applicable Laws, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form or combination by the Company or any Parent or Subsidiary of the Company shall not be counted against Shares available for grant pursuant to the Plan. Shares delivered by the Participant or withheld by the Company upon the exercise of any Award under the Plan, in payment of the exercise price thereof or tax withholding thereon, may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). If any Restricted Shares are forfeited by the Participant or repurchased by the Company, such Shares may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Share Option to fail to qualify as an incentive share option under Section 422 of the Code.

3.2 Shares Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares, treasury Shares (subject to Applicable Laws) or Shares purchased on the open market. Additionally, in the discretion of the Committee, American Depositary Shares in an amount equal to the number of Shares which otherwise would be distributed pursuant to an Award may be distributed in lieu of Shares in settlement of any Award. If the number of Shares represented by an American Depositary Share is other than on a one-to-one basis, the limitations of Section 3.1 shall be adjusted to reflect the distribution of American Depositary Shares in lieu of Shares.

ARTICLE 4

ELIGIBILITY AND PARTICIPATION

4.1 Eligibility. Persons eligible to participate in this Plan include Employees, Consultants, and all members of the Board, as determined by the Committee.

4.2 Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from among all eligible individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No individual shall have any right to be granted an Award pursuant to this Plan.

4.3 Jurisdictions. In order to assure the viability of Awards granted to Participants employed in various jurisdictions, the Committee may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom applicable in the jurisdiction in which the Participant resides or is employed. Moreover, the Committee may approve such supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; *provided, however*, that no such supplements, amendments, restatements, or alternative versions shall increase the share limitations contained in Section 3.1 of the Plan. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate any Applicable Laws.

ARTICLE 5

OPTIONS

5.1 General. The Committee is authorized to grant Options to Participants on the following terms and conditions:

(a) Exercise Price. The exercise price per Share subject to an Option shall be determined by the Committee and set forth in the Award Agreement which may be a fixed or variable price related to the Fair Market Value of the Shares; *provided, however*, that (i) no Option may be granted to an individual subject to taxation in the United States at less than the Fair Market Value on the date of grant, and (ii) if any Option is granted before the Company's initial public offering, the exercise price per Share subject to such Option may not be less than the initial public offering price of the Shares (adjusting for the applicable American depositary share-to-Share ratio).

(b) Time and Conditions of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part, including exercise prior to vesting; *provided* that the term of any Option granted under the Plan shall not exceed ten years, except as provided in Section 11.1. The Committee shall also determine any conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(c) Payment. The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, including, without limitation (i) cash or check denominated in U.S. Dollars, (ii) to the extent permissible under the Applicable Laws, cash or check in Chinese Renminbi, (iii) cash or check denominated in any other local currency as approved by the Committee, (iv) Shares held for such period of time as may be required by the Committee in order to avoid adverse financial accounting consequences and having a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof, (v) after the Trading Date the delivery of a notice that the Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price; *provided* that payment of such proceeds is then made to the Company upon settlement of such sale, (vi) other property acceptable to the Committee with a Fair Market Value equal to the exercise price, or (vii) any combination of the foregoing. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a member of the Board or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to pay the exercise price of an Option in any method which would violate Section 13(k) of the Exchange Act.

(d) Evidence of Grant. All Options shall be evidenced by an Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Committee.

5.2 Incentive Share Options. Incentive Share Options may be granted to Employees of the Company, a Parent or Subsidiary of the Company. Incentive Share Options may not be granted to Employees of a Related Entity or to Independent Directors or Consultants. The terms of any Incentive Share Options granted pursuant to the Plan, in addition to the requirements of Section 5.1, must comply with the following additional provisions of this Section 5.2:

(a) Expiration of Option. An Incentive Share Option may not be exercised to any extent by anyone after the first to occur of the following events:

(i) Ten years from the date it is granted, unless an earlier time is set in the Award Agreement;

(ii) Three months after the Participant's termination of employment as an Employee; and

(iii) One year after the date of the Participant's termination of employment or service on account of Disability or death. Upon the Participant's Disability or death, any Incentive Share Options exercisable at the Participant's Disability or death may be exercised by the Participant's legal representative or representatives, by the person or persons

entitled to do so pursuant to the Participant's last will and testament, or, if the Participant fails to make testamentary disposition of such Incentive Share Option or dies intestate, by the person or persons entitled to receive the Incentive Share Option pursuant to the applicable laws of descent and distribution.

(b) Individual Dollar Limitation. The aggregate Fair Market Value (determined as of the time the Option is granted) of all Shares with respect to which Incentive Share Options are first exercisable by a Participant in any calendar year may not exceed \$100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Share Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Share Options.

(c) Ten Percent Owners. An Incentive Share Option shall be granted to any individual who, at the date of grant, owns Shares possessing more than ten percent of the total combined voting power of all classes of shares of the Company only if such Option is granted at a price that is not less than 110% of Fair Market Value on the date of grant and the Option is exercisable for no more than five years from the date of grant.

(d) Transfer Restriction. The Participant shall give the Company prompt notice of any disposition of Shares acquired by exercise of an Incentive Share Option within (i) two years from the date of grant of such Incentive Share Option or (ii) one year after the transfer of such Shares to the Participant.

(e) Expiration of Incentive Share Options. No Award of an Incentive Share Option may be made pursuant to this Plan after the tenth anniversary of the Effective Date.

(f) Right to Exercise. During a Participant's lifetime, an Incentive Share Option may be exercised only by the Participant.

ARTICLE 6

RESTRICTED SHARES AND RESTRICTED SHARE UNITS

6.1 Grant of Restricted Shares. The Committee is authorized to make Awards of Restricted Shares and/or Restricted Share Units to any Participant selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. All Awards of Restricted Shares shall be evidenced by an Award Agreement.

6.2 Issuance and Restrictions. Restricted Shares shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Shares or the right to receive dividends on the Restricted Share). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

6.3 Forfeiture/Repurchase. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Shares that are at that time subject to restrictions

shall be forfeited or repurchased in accordance with the Award Agreement; *provided, however*, that the Committee may (a) provide in any Restricted Share Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Shares will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Shares.

6.4 Certificates for Restricted Shares. Restricted Shares granted pursuant to the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Shares are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

6.5 Restricted Share Units. At the time of grant, the Committee shall specify the date or dates on which the Restricted Share Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate. At the time of grant, the Committee shall specify the maturity date applicable to each grant of Restricted Share Units which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the grantee. On the maturity date, the Company shall, subject to Sections 7.4 and 7.5, transfer to the Participant one unrestricted, fully transferable Share for each Restricted Share Unit scheduled to be paid out on such date and not previously forfeited.

ARTICLE 7

PROVISIONS APPLICABLE TO AWARDS

7.1 Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

7.2 Limits on Transfer. No right or interest of a Participant in any Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a Subsidiary, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or a Subsidiary. Except as otherwise provided by the Committee, no Award shall be assigned, transferred, or otherwise disposed of by a Participant other than by will or the laws of descent and distribution. The Committee by express provision in the Award or an amendment thereto may permit an Award (other than an Incentive Share Option) to be transferred to, exercised by and paid to certain persons or entities related to the Participant, including but not limited to members of the Participant's family, charitable institutions, or trusts or other entities whose beneficiaries or beneficial owners are members of the Participant's family and/or charitable institutions, or to such other persons or entities as may be expressly approved by the Committee, pursuant to such conditions and procedures as the Committee may establish. Any permitted transfer shall be subject to the condition that the Committee receive evidence satisfactory to it that the transfer is being made for estate and/or tax planning purposes (or to a

“blind trust” in connection with the Participant’s termination of employment or service with the Company or a Subsidiary to assume a position with a governmental, charitable, educational or similar non-profit institution) and on a basis consistent with the Company’s lawful issue of securities.

7.3 Beneficiaries. Notwithstanding Section 7.2, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant’s death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state, a designation of a person other than the Participant’s spouse as his or her beneficiary with respect to more than 50% of the Participant’s interest in the Award shall not be effective without the prior written consent of the Participant’s spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant’s will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.

7.4 Share Certificates. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing shares of Share pursuant to the exercise of any Award, unless and until the Board has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all Applicable Laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the Shares are listed or traded. All Share certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with all Applicable Laws, and the rules of any national securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Committee may place legends on any Share certificate to reference restrictions applicable to the Share. In addition to the terms and conditions provided herein, the Board may require that a Participant make such reasonable covenants, agreements, and representations as the Board, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee.

7.5 Paperless Administration. Subject to Applicable Laws, the Committee may make Awards, provide applicable disclosure and procedures for exercise of Awards by an internet website or interactive voice response system for the paperless administration of Awards.

7.6 Foreign Currency. A Participant may be required to provide evidence that any currency used to pay the exercise price of any Award were acquired and taken out of the jurisdiction in which the Participant resides in accordance with Applicable Laws, including foreign exchange control laws and regulations. In the event the exercise price for an Award is paid in Chinese Renminbi or other foreign currency, as permitted by the Committee, the amount payable will be determined by conversion from U.S. dollars at the official rate promulgated by the People’s Bank of China for Chinese Renminbi, or for jurisdictions other than the People’s Republic of China, the exchange rate as selected by the Committee on the date of exercise.

ARTICLE 8

CHANGES IN CAPITAL STRUCTURE

8.1 Adjustments. In the event of any dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, reorganization of the Company, including the Company becoming a subsidiary in a transaction not involving a Corporate Transaction, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to its shareholders, or any other change affecting the shares of Shares or the share price of a Share, the Committee shall make such proportionate and equitable adjustments, if any, to reflect such change with respect to (a) the aggregate number and type of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1 and substitutions of shares in a parent or surviving company); (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per share for any outstanding Awards under the Plan. The form and manner of any such adjustments shall be determined by the Committee in its sole discretion.

8.2 Acceleration upon a Change of Control. Except as may otherwise be provided in any Award Agreement or any other written agreement entered into by and between the Company and a Participant, if a Change of Control occurs and a Participant's Awards are not converted, assumed, or replaced by a successor, such Awards shall become fully exercisable and all forfeiture restrictions on such Awards shall lapse. Upon, or in anticipation of, a Change of Control, the Committee may in its sole discretion provide for (i) any and all Awards outstanding hereunder to terminate at a specific time in the future and shall give each Participant the right to exercise such Awards during a period of time as the Committee shall determine, (ii) either the purchase of any Award for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable or fully vested (and, for the avoidance of doubt, if as of such date the Committee determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment), (iii) the replacement of such Award with other rights or property selected by the Committee in its sole discretion or the assumption of or substitution of such Award by the successor or surviving corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices, or (iv) provide for payment of Awards in cash based on the value of Shares on the date of the Change of Control plus reasonable interest on the Award through the date such Award would otherwise be vested or have been paid in accordance with its original terms, if necessary to comply with Section 409A of the Code.

8.3 Outstanding Awards – Corporate Transactions. In the event of a Corporate Transaction, each Award will terminate upon the consummation of the Corporate Transaction, unless the Award is assumed by the successor entity or Parent thereof in connection with the Corporate Transaction. Except as provided otherwise in an individual Award Agreement, in the event of a Corporate Transaction and:

(a) the Award either is (x) assumed by the successor entity or Parent thereof or replaced with a comparable Award (as determined by the Committee) with respect to shares of the capital stock of the successor entity or Parent thereof or (y) replaced with a cash incentive program of the successor entity which preserves the compensation element of such Award existing at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same vesting schedule applicable to such Award, then such Award (if assumed), the replacement Award (if replaced), or the cash incentive program automatically shall become fully vested, exercisable and payable and be released from any restrictions on transfer (other than transfer restrictions applicable to Options) and repurchase or forfeiture rights, immediately upon termination of the Participant's employment or service with all Service Recipient within twelve (12) months of the Corporate Transaction without cause; and

(b) For each Award that is neither assumed nor replaced, such portion of the Award shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at Fair Market Value) for all of the Shares at the time represented by such portion of the Award, immediately prior to the specified effective date of such Corporate Transaction, provided that the Participant remains an Employee, Consultant or Director on the effective date of the Corporate Transaction.

8.4 Outstanding Awards – Other Changes. In the event of any other change in the capitalization of the Company or corporate change other than those specifically referred to in this Article 8, the Committee may, in its absolute discretion, make such adjustments in the number and class of shares subject to Awards outstanding on the date on which such change occurs and in the per share grant or exercise price of each Award as the Committee may consider appropriate to prevent dilution or enlargement of rights.

8.5 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of any class, the payment of any dividend, any increase or decrease in the number of shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares subject to an Award or the grant or exercise price of any Award.

ARTICLE 9

ADMINISTRATION

9.1 Committee. The Plan shall be administered by the Compensation Committee of the Board; *provided, however* that the Compensation Committee may delegate to a committee of one or more members of the Board the authority to grant or amend Awards to Participants other than Independent Directors and executive officers of the Company. The Committee shall consist of at least two individuals, each of whom qualifies as a Non-Employee Director. Reference to

the Committee shall refer to the Board if the Compensation Committee has not been established or ceases to exist and the Board does not appoint a successor Committee. Notwithstanding the foregoing, the full Board, acting by majority of its members in office shall conduct the general administration of the Plan if required by Applicable Law, and with respect to Awards granted to Independent Directors and for purposes of such Awards the term "Committee" as used in the Plan shall be deemed to refer to the Board.

9.2 Action by the Committee. A majority of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by a majority of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

9.3 Authority of Committee. Subject to any specific designation in the Plan, the Committee has the exclusive power, authority and discretion to:

- (a) Designate Participants to receive Awards;
- (b) Determine the type or types of Awards to be granted to each Participant;
- (c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;
- (d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines;
- (e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;
- (f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;
- (g) Decide all other matters that must be determined in connection with an Award;
- (h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;
- (i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan.

9.4 Decisions Binding. The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties.

ARTICLE 10

EFFECTIVE AND EXPIRATION DATE

10.1 Effective Date. The Plan is effective as of the date the Plan is approved by the Company's shareholders (the "Effective Date"). The Plan will be deemed to be approved by the shareholders if it receives the affirmative vote of the holders of a majority of the share capital of the Company present or represented and entitled to vote at a meeting duly held in accordance with the applicable provisions of the Company's Memorandum of Association and Articles of Association.

10.2 Expiration Date. The Plan will expire on, and no Award may be granted pursuant to the Plan after, the tenth anniversary of the Effective Date. Any Awards that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

ARTICLE 11

AMENDMENT, MODIFICATION, AND TERMINATION

11.1 Amendment, Modification, And Termination. With the approval of the Board, at any time and from time to time, the Committee may terminate, amend or modify the Plan; *provided, however*, that (a) to the extent necessary and desirable to comply with Applicable Laws, or stock exchange rules, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required, and (b) shareholder approval is required for any amendment to the Plan that (i) increases the number of Shares available under the Plan (other than any adjustment as provided by Article 8), (ii) permits the Committee to extend the term of the Plan or the exercise period for an Option beyond ten years from the date of grant, or (iii) results in a material increase in benefits or a change in eligibility requirements.

11.2 Awards Previously Granted. Except with respect to amendments made pursuant to Section 12.15, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant.

ARTICLE 12

GENERAL PROVISIONS

12.1 No Rights to Awards. No Participant, employee, or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Participants, employees, and other persons uniformly.

12.2 No Shareholders Rights. No Award gives the Participant any of the rights of a Shareholder of the Company unless and until Shares are in fact issued to such person in connection with such Award.

12.3 Taxes. No Shares shall be delivered under the Plan to any Participant until such Participant has made arrangements acceptable to the Committee for the satisfaction of any income and employment tax withholding obligations under Applicable Laws. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy all applicable taxes (including the Participant's payroll tax obligations) required or permitted by law to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or allow the return of Shares) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of Shares which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award after such Shares were acquired by the Participant from the Company) in order to satisfy the Participant's federal, state, local and foreign income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall, unless specifically approved by the Committee, be limited to the number of Shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income.

12.4 No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Service Recipient to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employ or service of any Service Recipient.

12.5 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary.

12.6 Indemnification. To the extent allowable pursuant to applicable law, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or

proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Memorandum of Association and Articles of Association, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

12.7 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

12.8 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

12.9 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

12.10 Fractional Shares. No fractional shares of Share shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding up or down as appropriate.

12.11 Government and Other Regulations. The obligation of the Company to make payment of awards in Share or otherwise shall be subject to all Applicable Laws and to such approvals by government agencies as may be required. The Company shall be under no obligation to register any of the Shares paid pursuant to the Plan under the Securities Act or any other similar law in any applicable jurisdiction. If the Shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act or other Applicable Laws, the Company may restrict the transfer of such shares in such manner as it deems advisable to ensure the availability of any such exemption.

12.12 Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the Cayman Islands.

12.13 Section 409A. To the extent that the Committee determines that any Award granted under the Plan is or may become subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and the Award Agreements shall be interpreted in accordance with Section 409A of the Code and the U.S. Department of Treasury regulations and other interpretative guidance issued thereunder, including without limitation any such regulation or other guidance that may be issued after the Effective Date.

Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Committee determines that any Award may be subject to Section 409A of the Code and related U.S. Department of Treasury guidance (including such U.S. Department of Treasury guidance as may be issued after the Effective Date), the Committee may adopt such amendments to the Plan and the applicable Award agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines is necessary or appropriate to (a) exempt the Award from Section 409A of the Code and /or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related U.S. Department of Treasury guidance.

12.14 Appendices. The Committee may approve such supplements, amendments or appendices to the Plan as it may consider necessary or appropriate for purposes of compliance with applicable laws or otherwise and such supplements, amendments or appendices shall be considered a part of the Plan; *provided, however*, that no such supplements shall increase the share limitations contained in Section 3.1 of the Plan.

* * * * *

I hereby certify that the foregoing Plan was duly adopted by the Board of Directors of CNinsure Inc. on August 25, 2007.

* * * * *

I hereby certify that the foregoing Plan was approved by the shareholders of CNinsure Inc. on August 25, 2007.

Executed on this 10th day of October, 2007.

/s/ David Tang

Name: David Tang

Title: Chief Financial Officer

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (the "Agreement") is entered into as of _____, 2007 by and between CNinsure Inc., a Cayman Islands company (the "Company") and the undersigned, [TITLE] of the Company (the "Indemnitee").

RECITALS

1. The Company recognizes that highly competent persons are becoming more reluctant to serve corporations as directors or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against risks of claims and actions against them arising out of their services to the corporation.

2. The Board of Directors of the Company (the "Board") has determined that the inability to attract and retain highly competent persons to serve the Company is detrimental to the best interests of the Company and its shareholders and that it is reasonable and necessary for the Company to provide adequate protection to such persons against risks of claims and actions against them arising out of their services to the Company.

3. The Indemnitee does not regard the indemnities available under the Company's current memorandum and articles of association (the "Articles of Association") as adequate to protect him against the risks associated with his service to the Company.

4. The Company is willing to indemnify the Indemnitee to the fullest extent permitted by applicable law, and the Indemnitee is willing to serve and continue to serve the Company on the condition that he be so indemnified.

AGREEMENT

In consideration of the premises and the covenants contained herein, the Company and the Indemnitee do hereby covenant and agree as follows:

A. DEFINITIONS

The following terms shall have the meanings defined below:

Expenses shall include damages, judgments, fines, penalties, settlements and costs, expert and attorneys' fees and disbursements and costs of attachment or similar bond, investigations, and any expenses paid or incurred in connection with investigating, defending, being a witness in, participating in or preparing for any of the foregoing in, any Proceeding (as hereinafter defined).

Indemnifiable Event means any event or occurrence that takes place either before or after the execution of this Agreement, related to the fact that the Indemnitee is or was a director of the Company or an officer of the Company or any of its subsidiaries, or is or was serving at the request of the Company as a director or officer of another corporation, partnership, joint venture or other entity, or related to anything done or not done by the Indemnitee in any such capacity.

Participant means a person who is a party to, or witness or participant in, a Proceeding.

Proceeding means any threatened, pending or completed action, suit or proceeding, or any inquiry, hearing or investigation, whether civil, criminal, administrative, investigative or other, including any appeal of any of the foregoing, in which the Indemnitee may be or may have been involved as a party or otherwise by reason of an Indemnifiable Event, including, without limitation, any threatened, pending or completed action, suit or proceeding by or in the right of the Company.

B. AGREEMENT TO INDEMNIFY

1. General Agreement. In the event the Indemnitee was, is or becomes a Participant in, or is threatened to be made a Participant in, a Proceeding, the Company shall indemnify and hold harmless the Indemnitee from and against any and all Expenses which the Indemnitee incurs or becomes obligated to incur in connection with such Proceeding, to the fullest extent permitted by applicable law.

2. Indemnification of Expenses of Successful Party. Notwithstanding any other provision of this Agreement to the contrary, to the extent that the Indemnitee has been successful on the merits in defense of any Proceeding or in defense of any claim, issue or matter in such Proceeding, the Indemnitee shall be indemnified against all Expenses incurred in connection with such Proceeding or such claim, issue or matter, as the case may be, offset by the amount of cash, if any, received by the Indemnitee resulting from his/her success therein.

3. Partial Indemnification. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of the Expenses, but not for the total amount of the Expenses, the Company shall indemnify the Indemnitee for the portion of such Expenses to which the Indemnitee is entitled.

4. Exclusions. Notwithstanding anything in this Agreement to the contrary, the Indemnitee shall not be entitled to indemnification under this Agreement:

(a) to the extent that payment is actually made to the Indemnitee under a valid, enforceable and collectible insurance policy;

(b) in connection with a judicial action by or in the right of the Company, in respect of any claim, issue or matter as to which the Indemnitee shall have been adjudicated by final judgment in a court of law to be liable for intentional misconduct in the performance of his duty to the Company unless and only to the extent that any court in which such action was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such Expenses as such court shall deem proper;

(c) in connection with any Proceeding initiated by the Indemnitee against the Company, any director or officer of the Company or any other party, and not by way of defense, unless (i) the Company has joined in or the Reviewing Party (as hereinafter defined) has consented to the initiation of such Proceeding; or (ii) the Proceeding is one to enforce indemnification rights under this Agreement or any applicable law;

(d) for a disgorgement of profits made from the purchase and sale by the Indemnitee of securities pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of any applicable U.S. state statutory law or common law;

(d) brought about by the dishonesty or fraud of the Indemnitee seeking payment hereunder; provided, however, that the Indemnitee shall be protected under this Agreement as to any claims upon which suit may be brought against him by reason of any alleged dishonesty on his part, unless a judgment or other final adjudication thereof adverse to the Indemnitee establishes that he committed (i) acts of active and deliberate dishonesty, (ii) with actual dishonest purpose and intent, and (iii) which acts were material to the cause of action so adjudicated;

(f) for any judgment, fine or penalty which the Company is prohibited by applicable law from paying as indemnity;

(g) arising out of the Indemnitee's personal tax matter; or

(h) arising out of the Indemnitee's breach of an employment agreement with the Company (if any) or any other agreement with the Company or any of its subsidiaries.

5. No Employment Rights. Nothing in this Agreement is intended to create in the Indemnitee any right to continued employment with the Company.

6. Contribution. If the indemnification provided in this Agreement is unavailable and may not be paid to the Indemnitee for any reason other than those set forth in Section B.4 above, then the Company shall contribute to the amount of the Expenses paid in settlement actually and reasonably incurred and paid or payable by the Indemnitee in such proportion as is appropriate to reflect (i) the relative benefits received by the Company on the one hand and by the Indemnitee on the other hand from the transaction from which such Proceeding arose, and (ii) the relative fault of the Company on the one hand and of the Indemnitee on the other hand in connection with the events which resulted in such Expenses, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of the Indemnitee on the other hand shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such Expenses, judgments, fines or settlement amounts. The Company agrees that it would not be just and equitable if contribution pursuant to this Section B.6 were determined by pro rata allocation or any other method of allocation which does not take account of the foregoing equitable considerations.

C. INDEMNIFICATION PROCESS

1. Notice and Cooperation By the Indemnitee. The Indemnitee shall give the Company notice in writing as soon as practicable of any Proceeding that the Indemnitee has knowledge of for which indemnification will or could be sought under this Agreement. The failure by the Indemnitee to notify the Company of any Proceeding will not relieve the Company from any liability hereunder unless, and only to the extent that, the Company did not otherwise learn of the Proceeding and such failure by the Indemnitee results in forfeiture

by the Company of substantial defenses, rights or insurance coverage. Notice to the Company shall be given in accordance with Section F.7 below. In addition, the Indemnitee shall give the Company such information and cooperation as the Company may reasonably request.

2. Indemnification Payment.

(a) *Advancement of Expenses.* The Indemnitee may submit a written request with reasonable particulars to the Company requesting that the Company advance to the Indemnitee all Expenses that may be reasonably incurred in advance by the Indemnitee in connection with a Proceeding. The Company shall, within ten (10) business days of receiving such a written request by the Indemnitee, advance all requested Expenses to the Indemnitee. Any excess of the advanced Expenses over the actual Expenses will be repaid to the Company.

(b) *Reimbursement of Expenses.* To the extent the Indemnitee has not requested any advanced payment of the Expenses from the Company, the Indemnitee shall be entitled to receive reimbursement for the Expenses incurred in connection with a Proceeding from the Company as soon as practicable after the Indemnitee makes a written request to the Company for reimbursement.

(c) *Determination by the Reviewing Party.* Notwithstanding anything foregoing to the contrary, in the event the Reviewing Party (as hereinafter defined) informs the Company that the Indemnitee is not entitled to indemnification in connection with a Proceeding under this Agreement or applicable law, the Company shall be entitled to be reimbursed by the Indemnitee for all the Expenses previously advanced or otherwise paid to the Indemnitee in connection with such Proceeding; provided, however, that the Indemnitee may bring a suit to enforce his indemnification right in accordance with Section C.3 below.

3. **Suit to Enforce Rights.** Regardless of any action by the Reviewing Party, if the Indemnitee has not received full indemnification within 30 days after making a written demand in accordance with Section C.2 above, the Indemnitee shall have the right to enforce his indemnification rights under this Agreement by commencing litigation in any court of competent jurisdiction seeking a determination by the court or challenging any determination by the Reviewing Party or any breach in any aspect of this Agreement. Any determination by the Reviewing Party not challenged by the Indemnitee and any judgment entered by the court shall be binding on the Company and the Indemnitee.

4. **Assumption of Defense.** In the event the Company is obligated under this Agreement to advance or bear any Expenses for any Proceeding against the Indemnitee, the Company shall be entitled to assume the defense of such Proceeding, with counsel approved by the Indemnitee, upon delivery to the Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by the Indemnitee and the retention of such counsel by the Company, the Company will not be liable to the Indemnitee under this Agreement for any fees of counsel subsequently incurred by the Indemnitee with respect to the same Proceeding, unless (i) the employment of counsel by the Indemnitee has been previously authorized by the Company, (ii) the Indemnitee shall have reasonably concluded, based on written advice of counsel, that there may be a conflict of interest of such counsel retained by the Company between the Company and the Indemnitee in the conduct of any such defense, or (iii) the Company ceases or terminates the employment of such counsel with

respect to the defense of such Proceeding, in any of which events the fees and expenses of the Indemnatee's counsel shall be at the expense of the Company. At all times, the Indemnatee shall have the right to employ counsel in any Proceeding at the Indemnatee's expense.

5. Defense to Indemnification, Burden of Proof and Presumptions. It shall be a defense to any action brought by the Indemnatee against the Company to enforce this Agreement that it is not permissible under this Agreement or applicable law for the Company to indemnify the Indemnatee for the amount claimed. In connection with any such action or any determination by the Reviewing Party or otherwise as to whether the Indemnatee is entitled to be indemnified under this Agreement, there will be a presumption that the Indemnatee is so entitled, which presumption the Company may overcome only by adducing clear and convincing evidence to the contrary. Neither (i) the failure of the Reviewing Party or the Company to have made a determination prior to the commencement of such action by the Indemnatee that indemnification is proper under the circumstances because the Indemnatee has met the standard of conduct set forth in applicable law nor (ii) an actual determination by the Reviewing Party or the Company that the Indemnatee had not met such applicable standard of conduct shall be a defense to the action or create a presumption that the Indemnatee has not met the applicable standard of conduct.

6. No Settlement Without Consent. Neither party to this Agreement shall settle any Proceeding in any manner that would impose any damage, loss, penalty or limitation on the Indemnatee without the other party's written consent. Neither the Company nor the Indemnatee shall unreasonably withhold its consent to any proposed settlement.

7. Company Participation. The Company shall not be liable to indemnify the Indemnatee under this Agreement with regard to any judicial action if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense, conduct and/or settlement of such action.

8. Reviewing Party.

(a) For purposes of this Agreement, a determination by the Reviewing Party with respect to each indemnification request of the Indemnatee shall be (A) a majority vote of Disinterested Directors (as hereinafter defined) of the Board provided that a quorum of the Board consisting of Disinterested Directors is obtained, or (B) if a quorum of the Board consisting of Disinterested Directors is not obtainable or, even if obtainable, said Disinterested Directors so direct, a written opinion of Independent Counsel (as hereinafter defined) to the Board, a copy of which shall be delivered to the Indemnatee; and, if it is determined that the Indemnatee is entitled to indemnification, payment to the Indemnatee shall be made within ten (10) days after such determination. The Indemnatee shall cooperate with the person, persons or entity making such determination with respect to the Indemnatee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Indemnatee and reasonably necessary to such determination. Any Independent Counsel or member of the Board shall act reasonably and in good faith in making a determination under this Agreement of the Indemnatee's entitlement to indemnification. Any reasonable costs or expenses (including reasonable attorneys' fees and disbursements) incurred by the Indemnatee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to the Indemnatee's entitlement to

indemnification) and the Company hereby indemnifies and agrees to hold the Indemnitee harmless therefrom to the extent as aforesaid. “Disinterested Director” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by the Indemnitee.

(b) If the determination of entitlement to indemnification is to be made by Independent Counsel, the Independent Counsel shall be selected as provided in this Section C.8(b). The Independent Counsel shall be selected by the Indemnitee (unless the Indemnitee shall request that such selection be made by the Board, in which event the Board by a majority vote of a quorum consisting of Disinterested Directors shall select), and the Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, the Indemnitee or the Company, as the case may be, may, within 10 days after such written notice of selection shall have been given, deliver to the Company or to the Indemnitee, as the case may be, a written objection to such selection; *provided, however*, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of “Independent Counsel” as defined in Section C.8(d) of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If the determination of entitlement to indemnification is to be made by Independent Counsel, but within 20 days after submission by the Indemnitee of a written request for indemnification, no Independent Counsel shall have been selected and not objected to, then the Board by a majority vote shall select the Independent Counsel. The Company shall pay any and all reasonable fees and expenses of the Independent Counsel incurred by such Independent Counsel in connection with acting under this Agreement, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section C.8(b), regardless of the manner in which such Independent Counsel was selected or appointed.

(c) In making a determination with respect to entitlement to indemnification hereunder, the Reviewing Party shall presume that the Indemnitee is entitled to indemnification under this Agreement if the Indemnitee has submitted a request for indemnification in accordance with this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement (with or without court approval), conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that his conduct was unlawful. For purposes of any determination of good faith, the Indemnitee shall be deemed to have acted in good faith if the Indemnitee’s action is based on the records or books of account of the Company and any other corporation, partnership, joint venture or other entity of which the Indemnitee is or was serving at the written request of the Company as a director, officer, employee, agent or fiduciary, including financial statements, or on information supplied to the Indemnitee by the officers and directors of the Company or such other corporation, partnership, joint venture or other entity in the course of their duties, or on the advice of legal counsel for the Company or

such other corporation, partnership, joint venture or other entity or on information or records given or reports made to the Company or such other corporation, partnership, joint venture or other entity by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or such other corporation, partnership, joint venture or other entity. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Company or such other corporation, partnership, joint venture or other entity shall not be imputed to the Indemnitee for purposes of determining the right to indemnification under this Agreement. The provisions of this Section C.8(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(d) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent (i) the Company or the Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee’s rights under this Agreement. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above.

D. DIRECTOR AND OFFICER LIABILITY INSURANCE

1. Company Obligation. The Company shall obtain and maintain a policy or policies of insurance with reputable insurance companies providing the officers and directors of the Company with coverage for losses incurred in connection with their services to the Company or to ensure the Company’s performance of its indemnification obligations under this Agreement.

2. Coverage of the Indemnitee. The Indemnitee shall be covered by the insurance policy or policies provided for in Section D.1, in accordance with its or their terms, to the maximum extent of the coverage available for any of the Company’s directors or officers.

E. NON-EXCLUSIVITY; FEDERAL PREEMPTION; TERM

1. Non-Exclusivity. The indemnification provided by this Agreement shall not be deemed exclusive of any rights to which the Indemnitee may be entitled under the Articles of Association, applicable law or any written agreement between the Indemnitee and the Company (including its subsidiaries and affiliates). The indemnification provided under this Agreement shall continue to be available to the Indemnitee for any action taken or not taken while serving in an indemnified capacity even though he may have ceased to serve in any such capacity at the time of any Proceeding.

2. Federal Preemption. Notwithstanding the foregoing, both the Company and the Indemnitee acknowledge that in certain instances, U.S. federal law or public policy may override applicable law and prohibit the Company from indemnifying its directors and

officers under this Agreement or otherwise. The Indemnitee acknowledges that the U.S. Securities and Exchange Commission (the “SEC”) believes that indemnification for liabilities arising under the federal securities laws is against public policy and is, therefore, unenforceable and that the Company has undertaken or may be required in the future to undertake with the SEC to submit the question of indemnification to a court in certain circumstances for a determination of the Company’s right under public policy to indemnify the Indemnitee.

3. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period the Indemnitee is an officer and/or a director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) and shall continue thereafter so long as the Indemnitee shall be subject to any Proceeding by reason of his former or current capacity at the Company or any other enterprise at the Company’s request, whether or not he is acting or serving in any such capacity at the time any Expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall continue in effect regardless of whether the Indemnitee continues to serve as an officer and/or a director of the Company or any other enterprise at the Company’s request.

F. MISCELLANEOUS

1. Amendment of this Agreement. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall operate as a waiver of any other provisions (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided in this Agreement, no failure to exercise or any delay in exercising any right or remedy shall constitute a waiver.

2. Subrogation. In the event of payment to the Indemnitee by the Company under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company to bring suit to enforce such rights.

3. Assignment; Binding Effect. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by either party hereto without the prior written consent of the other party; except that the Company may, without such consent, assign all such rights and obligations to a successor in interest to the Company which assumes all obligations of the Company under this Agreement. Notwithstanding the foregoing, this Agreement shall be binding upon and inure to the benefit of and be enforceable by and against the parties hereto and the Company’s successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company) and assigns, as well as the Indemnitee’s spouses, heirs, and personal and legal representatives.

4. Severability and Construction. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company’s inability, pursuant to a court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. In addition,

if any portion of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by applicable law. The parties hereto acknowledge that they each have opportunities to have their respective counsel review this Agreement. Accordingly, this Agreement shall be deemed to be the product of both of the parties hereto, and no ambiguity shall be construed in favor of or against either of the parties hereto.

5. Counterparts. This Agreement may be executed in two counterparts, both of which taken together shall constitute one instrument.

6. Governing Law. This agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of New York, U.S.A.

7. Notices. All notices, demands, and other communications required or permitted under this Agreement shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed, postage prepaid, certified or registered mail, return receipt requested, and addressed to the Company at:

CNinsure Inc.
19/F, Yinhai Building
No. 299 Yanjiang Zhong Road
Guangzhou, Guangdong 510110
People's Republic of China
Attention: [David Tang]

and to the Indemnatee at:

[Name]
[Address]

8. Entire Agreement. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(Signature page follows)

IN WITNESS WHEREOF, the parties hereto execute this Agreement as of the date first written above.

COMPANY

CNinsure Inc.

Name:
Title:

INDEMNITEE

[Name]

CNINSURE INC.

DIRECTOR AGREEMENT

This Director Agreement (the “**Agreement**”) is made and entered into as of [], 2007, by and between CNinsure Inc., a Cayman Islands company (the “**Company**”), and [], an individual (“**Director**”).

I. SERVICES

1.1 Board of Directors. Director has been appointed as an Independent Director of the Company’s Board of Directors (the “**Board**”), effective upon approval by the Board, until the earlier of the date on which Director ceases to be a member of the Board for any reason or the date of termination or expiration of this Agreement in accordance with Section 5.1 and 5.2 hereof (such earlier date being the “**Expiration Date**”). The Board shall consist of the Director and such other members as nominated and elected pursuant to the then-current Memorandum and Articles of Association of the Company (the “**Memorandum and Articles**”).

1.2 Director Services. Director’s services to the Company hereunder shall include service on the Board to manage the business of the Company in accordance with applicable law and the Memorandum and Articles, and such other services mutually agreed to by Director and the Company (the “**Director Services**”).

II. COMPENSATION

2.1 Expense Reimbursement. The Company shall reimburse Director for all reasonable travel and other out-of-pocket expenses incurred in connection with the Director Services rendered by Director. In addition, the Company will pay Director US\$[] for each board meeting Director attended in person.

2.2 Fees to Director. The Company agrees to pay Director an annual fee of US\$[] for the Director Services. In addition, the Company agrees to pay Director an annual fee of US\$[] for serving as the chairperson of a Board committee. In the event Director ceases to serve on the Board for any reason, Director shall be entitled to the pro rata portion of the annual fee for the number of months he has served on the Board in a given year. The Company may also grant Director certain amount of stock-based compensation according to the Company’s effective stock-based compensation plans and approved by the compensation committee of the Board.

2.3 Company Obligation. The Company is obliged to buy sufficient Director & Officer insurance covering the complete term of Director.

III. DUTIES OF DIRECTOR

3.1 Fiduciary Duties. In fulfilling his managerial responsibilities, Director shall be charged with a fiduciary duty to the Company and all of its shareholders. Director shall be attentive and inform himself of all material facts regarding a decision before taking action. In addition, Director’s actions shall be motivated solely by the best interests of the Company and its shareholders.

3.2 Confidentiality. During the term of this Agreement, and for a period of one (1) year after the Expiration Date, Director shall maintain in strict confidence all information he has obtained or shall obtain from the Company, which the Company has designated as “confidential” or which is by its nature confidential, relating to the Company’s business, operations, properties, assets, services, condition (financial or otherwise), liabilities, employee relations, customers (including customer usage statistics), suppliers, prospects, technology, or trade secrets, except to the extent such information (i) is in the public domain through no act or omission of the Company, (ii) is required to be disclosed by law or a valid order by a court or other governmental body, or (iii) is independently learned by Director outside of this relationship (the “**Confidential Information**”).

3.3 Nondisclosure and Nonuse Obligations. Director will use the Confidential Information solely to perform the Director Services for the benefit of the Company. Director will treat all Confidential Information of the Company with the same degree of care as Director treats his own Confidential Information, and Director will use its best efforts to protect the Confidential Information. Director will not use the Confidential Information for his own benefit or the benefit of any other person or entity, except as may be specifically permitted in this Agreement. Director will immediately give notice to the Company of any unauthorized use or disclosure by or through him, or of which he becomes aware, of the Confidential Information. Director agrees to assist the Company in remedying any such unauthorized use or disclosure of the Confidential Information.

3.4 Return of The Company Property. All materials furnished to Director by the Company, whether delivered to Director by the Company or made by Director in the performance of Director Services under this Agreement (the “**Company Property**”), are the sole and exclusive property of the Company. Director agrees to promptly deliver the original and any copies of the Company Property to the Company at any time upon the Company’s request. Upon termination of this Agreement by either party for any reason, Director agrees to promptly deliver to the Company or destroy, at the Company’s option, the original and any copies of the Company Property. Director agrees to certify in writing that Director has so returned or destroyed all such Company Property.

IV. COVENANTS OF DIRECTOR

4.1 No Conflict of Interest. During the term of this Agreement, and for a period of one (1) year after the Expiration Date, Director shall not be employed by, own, manage, control or participate in the ownership, management, operation or control of any business entity that is competitive with the Company or otherwise undertake any obligation inconsistent with the terms hereof, provided that Director may continue Director’s current affiliation or other current relationships with the entity or entities described on Exhibit A (all of which entities are referred to collectively as “**Current Affiliations**”). This Agreement is subject to the current terms and agreements governing Director’s relationship with Current Affiliations, and nothing in this Agreement is intended to be or will be construed to inhibit or limit any of Director’s obligations to Current Affiliations. Director represents that nothing in this Agreement conflicts with

Director's obligations to Current Affiliations. A business entity shall be deemed to be "competitive with the Company" for purpose of this Article IV only if and to the extent it engages in the business substantially similar to the Company's insurance intermediary business.

4.2 Noninterference with Business. During the term of this Agreement, and for a period of one (1) year after the Expiration Date, Director agrees not to interfere with the business of the Company in any manner. By way of example and not of limitation, Director agrees not to solicit or induce any employee, independent contractor, customer or supplier of the Company to terminate or breach his, her or its employment, contractual or other relationship with the Company.

V. TERM AND TERMINATION

5.1 Term. This Agreement is effective as of the date first written above and will continue until the Expiration Date or four years whichever is earlier.

5.2 Termination. Either party may terminate this Agreement at any time upon thirty (30) days prior written notice to the other party, or such shorter period as the parties may agree upon.

5.3 Survival. The rights and obligations contained in Articles III and IV will survive any termination or expiration of this Agreement.

VI. MISCELLANEOUS

6.1 Assignment. Except as expressly permitted by this Agreement, neither party shall assign, delegate, or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other party. Subject to the foregoing, this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

6.2 No Waiver. The failure of any party to insist upon the strict observance and performance of the terms of this Agreement shall not be deemed a waiver of other obligations hereunder, nor shall it be considered a future or continuing waiver of the same terms.

6.3 Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to the addresses set forth on the signature page of this Agreement or such other address as either party may specify in writing.

6.4 Governing Law. This Agreement shall be governed in all respects by the laws of the State of New York, U.S.A., without regard to conflicts of law principles thereof.

6.5 Severability. Should any provisions of this Agreement be held by a court of law to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.

6.6 Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to this subject matter and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter. The terms of this Agreement will govern all Director Services undertaken by Director for the Company.

6.7 Amendments. This Agreement may only be amended, modified or changed by an agreement signed by the Company and Director. The terms contained herein may not be altered, supplemented or interpreted by any course of dealing or practices.

6.8 Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Company:
Address:
19/F, Yin Hai Building
No. 299 Yanjiang Zhong Road
Guangzhou, Guangdong 510110
People’s Republic of China

CNINSURE INC.

By: _____
Name: _____
Title: _____

Independent Director:
Address:

EXHIBIT A

Director's Current Affiliations

A - 1

FORM OF EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the “Agreement”), is entered into as of _____ (the “Effective Date”) by and between CNinsure Inc., a company incorporated and existing under the laws of the Cayman Islands (the “Company”) and _____, an individual (the “Executive”). Except with respect to the direct employment of the Executive by the Company, the term “Company” as used herein with respect to all obligations of the Executive hereunder shall be deemed to include the Company and all of its subsidiaries and affiliated entities (collectively, the “Group”).

RECITALS

A. The Company desires to employ the Executive as its _____ and to assure itself of the services of the Executive during the term of Employment (as defined below).

B. The Executive desires to be employed by the Company as its _____ during the term of Employment and upon the terms and conditions of this Agreement.

AGREEMENT

The parties hereto agree as follows:

1. POSITION

The Executive hereby accepts a position of _____ (the “Employment”) of the Company.

2. TERM

Subject to the terms and conditions of this Agreement, the initial term of the Employment shall be one year commencing on the Effective Date, unless terminated earlier pursuant to the terms of this Agreement. Upon expiration of the initial one-year term, the Employment shall be automatically extended for successive one-year terms unless either party gives the other party hereto a two-month prior written notice to terminate the Employment prior to the expiration of such one-year term or unless terminated earlier pursuant to the terms of this Agreement.

3. PROBATION

No probationary period.

4. DUTIES AND RESPONSIBILITIES

The Executive’s duties at the Company will include all jobs assigned by the Company’s Board of the Directors (the “Board”) or the Company’s Chief Executive Officer, as the case may be.

The Executive shall devote all of his or her working time, attention and skills to the performance of his or her duties at the Company and shall faithfully and diligently serve the Company in accordance with this Agreement, the Memorandum and Articles of Association of the Company (the "Articles of Association"), and the guidelines, policies and procedures of the Company approved from time to time by the Board.

The Executive shall use his or her best efforts to perform his or her duties hereunder. The Executive shall not, without the prior written consent of the Board, become an employee of any entity other than the Company and any subsidiary or affiliate of the Company, and shall not be concerned or interested in any business or entity that carries on insurance intermediary business, including without limitation insurance agency, brokerage and claims adjusting business (any such business or entity, a "Competitor"), provided that nothing in this clause shall preclude the Executive from holding any shares or other securities of any Competitor that is listed on any securities exchange or recognized securities market anywhere. The Executive shall notify the Company in writing of his or her interest in such shares or securities in a timely manner and with such details and particulars as the Company may reasonably require.

5. NO BREACH OF CONTRACT

The Executive hereby represents to the Company that: (i) the execution and delivery of this Agreement by the Executive and the performance by the Executive of the Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any other agreement or policy to which the Executive is a party or otherwise bound except for agreements entered into by and between the Executive and any member of the Group pursuant to applicable law, if any; (ii) that the Executive has no information (including, without limitation, confidential information and trade secrets) relating to any other person or entity which would prevent, or be violated by, the Executive entering into this Agreement or carrying out his or her duties hereunder; (iii) that the Executive is not bound by any confidentiality, trade secret or similar agreement (other than this) with any other person or entity except for other member(s) of the Group, as the case may be.

6. LOCATION

The Executive will be based in Guangzhou, China. The Company reserves the right to transfer or second the Executive to any location in China or elsewhere in accordance with its operational requirements.

7. COMPENSATION AND BENEFITS

- (a) Cash Compensation. The Executive's cash compensation (including salary and bonus) shall be provided by the Company pursuant to Schedule A hereto, subject to annual review and adjustment by the Company.
- (b) Equity Incentives. To the extent the Company adopts and maintains a share incentive plan, the Executive will be eligible for participating in such plan pursuant to the terms thereof as determined by the Company.

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- (c) Benefits. The Executive is eligible for participation in any standard employee benefit plan of the Company that currently exists or may be adopted by the Company in the future, including, but not limited to, any retirement plan, life insurance plan, health insurance plan and travel/holiday plan.

8. TERMINATION OF THE AGREEMENT

(a) By the Company.

(i) For Cause. The Company may terminate the Employment for cause, at any time, without notice or remuneration (unless notice or remuneration is specifically required by applicable law, in which case notice or remuneration will be provided in accordance with applicable law), if:

- (1) the Executive is convicted or pleads guilty to a felony or to an act of fraud, misappropriation or embezzlement,
- (2) the Executive has been negligent or acted dishonestly to the detriment of the Company, or
- (3) the Executive has engaged in actions amounting to misconduct or failed to perform his or her duties hereunder and such failure continues after the Executive is afforded a reasonable opportunity to cure such failure.

(ii) For death and disability. The Company may also terminate the Employment, at any time, without notice or remuneration (unless notice or remuneration is specifically required by applicable law, in which case notice or remuneration will be provided in accordance with applicable law), if:

- (1) the Executive has died, or
- (2) the Executive has a disability which shall mean a physical or mental impairment which, as reasonably determined by the Board, renders the Executive unable to perform the essential functions of his or her employment with the Company, even with reasonable accommodation that does not impose an undue hardship on the Company, for more than 180 days in any 12-month period, unless a longer period is required by applicable law, in which case that longer period would apply.

(iii) Without Cause. In addition, the Company may terminate the Employment without cause, at any time, upon a two-month written notice, and upon termination without cause, the Company shall provide compensation to the Executive as expressly required by applicable law of the jurisdiction where the Executive is based.

- (b) By the Executive. The Executive may terminate the Employment at any time with a one-month prior written notice to the Company, if (1) there is a material reduction in the Executive's authority, duties and responsibilities, or (2) there is a material reduction in the Executive's annual salary before the next annual salary review. In addition, the Executive may

resign prior to the expiration of the Agreement if such resignation is approved by the Board or an alternative arrangement with respect to the Employment is agreed to by the Board.

- (c) Notice of Termination. Any termination of the Executive's employment under this Agreement shall be communicated by written notice of termination from the terminating party to the other party. The notice of termination shall indicate the specific provision(s) of this Agreement relied upon in effecting the termination.

9. CONFIDENTIALITY AND NONDISCLOSURE

- (a) Confidentiality and Non-disclosure. The Executive hereby agrees at all times during the term of the Employment and after its termination, to hold in the strictest confidence, and not to use, except for the benefit of the Company, or to disclose to any person, corporation or other entity without written consent of the Company, any Confidential Information. The Executive understands that "Confidential Information" means any proprietary or confidential information of the Company, its affiliates, or their respective clients, customers or partners, including, without limitation, technical data, trade secrets, research and development information, product plans, services, customer lists and customers (including, but not limited to, customers of the Company on whom the Executive called or with whom the Executive became acquainted during the term of his or her employment), supplier lists and suppliers (including, but not limited to, insurance company partners), software developments, inventions, processes, formulas, technology, designs, hardware configuration information, personnel information, marketing, finances, information about the suppliers, joint ventures, franchisees, distributors and other persons with whom the Company does business, information regarding the skills and compensation of other employees of the Company or other business information disclosed to the Executive by or obtained by the Executive from the Company, its affiliates, or their respective clients, customers or partners either directly or indirectly in writing, orally or otherwise, if specifically indicated to be confidential or reasonably expected to be confidential. Notwithstanding the foregoing, Confidential Information shall not include information that is generally available and known to the public through no fault of the Executive.
- (b) Company Property. The Executive understands that all documents (including computer records, facsimile and e-mail) and materials created, received or transmitted in connection with his work or using the facilities of the Company are property of the Company and subject to inspection by the Company, at any time. Upon termination of the Executive's employment with the Company (or at any other time when requested by the Company), the Executive will promptly deliver to the Company all documents and materials of any nature pertaining to his work with the Company and will provide written certification of his compliance with this Agreement. Under no circumstances will the Executive have, following his termination, in his possession any property of the Company, or any documents or materials or copies thereof containing any Confidential Information.

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- (c) Former Employer Information. The Executive agrees that he or she has not and will not, during the term of his or her employment, (i) improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity with which the Executive has an agreement or duty to keep in confidence information acquired by Executive, if any, or (ii) bring into the premises of the Company any document or confidential or proprietary information belonging to such former employer, person or entity unless consented to in writing by such former employer, person or entity. The Executive will indemnify the Company and hold it harmless from and against all claims, liabilities, damages and expenses, including reasonable attorneys' fees and costs of suit, arising out of or in connection with any violation of the foregoing.
- (d) Third Party Information. The Executive recognizes that the Company may have received, and in the future may receive, from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. The Executive agrees that the Executive owes the Company and such third parties, during the Executive's employment by the Company and thereafter, a duty to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person or firm and to use it in a manner consistent with, and for the limited purposes permitted by, the Company's agreement with such third party.

This Section 9 shall survive the termination of this Agreement for any reason. In the event the Executive breaches this Section 9, the Company shall have right to seek remedies permissible under applicable law.

10. CONFLICTING EMPLOYMENT.

The Executive hereby agrees that, during the term of his or her employment with the Company, he or she will not engage in any other employment, occupation, consulting or other business activity related to the business in which the Company is now involved or becomes involved during the term of the Executive's employment, nor will the Executive engage in any other activities that conflict with his or her obligations to the Company without the prior written consent of the Company.

11. NON-COMPETITION AND NON-SOLICITATION

In consideration of the salary paid to the Executive by the Company and subject to applicable law, the Executive agrees that during the term of the Employment and for a period of three (3) years following the termination of the Employment for whatever reason:

- (a) The Executive will not approach clients, customers or contacts of the Company or other persons or entities introduced to the Executive in the Executive's capacity as a representative of the Company for the purposes of doing business with such persons or entities which will harm the business relationship between the Company and such persons and/or entities;

- (b) unless expressly consented to by the Company, the Executive will not assume employment with or provide services as a director or otherwise for any Competitor, or engage, whether as principal, partner, licensor or otherwise, in any Competitor; and
- (c) unless expressly consented to by the Company, the Executive will not seek, directly or indirectly, by the offer of alternative employment or other inducement whatsoever, to solicit the services of any employee of the Company employed as at or after the date of such termination, or in the year preceding such termination.

The provisions contained in Section 11 are considered reasonable by the Executive and the Company. In the event that any such provisions should be found to be void under applicable laws but would be valid if some part thereof was deleted or the period or area of application reduced, such provisions shall apply with such modification as may be necessary to make them valid and effective.

This Section 11 shall survive the termination of this Agreement for any reason. In the event the Executive breaches this Section 11, the Executive acknowledges that there will be no adequate remedy at law, and the Company shall be entitled to injunctive relief and/or a decree for specific performance, and such other relief as may be proper (including monetary damages if appropriate). In any event, the Company shall have right to seek all remedies permissible under applicable law.

12. WITHHOLDING TAXES

Notwithstanding anything else herein to the contrary, the Company may withhold (or cause there to be withheld, as the case may be) from any amounts otherwise due or payable under or pursuant to this Agreement such national, provincial, local or any other income, employment, or other taxes as may be required to be withheld pursuant to any applicable law or regulation.

13. ASSIGNMENT

This Agreement is personal in its nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided, however, that (i) the Company may assign or transfer this Agreement or any rights or obligations hereunder to any member of the Group without such consent, and (ii) in the event of a merger, consolidation, or transfer or sale of all or substantially all of the assets of the company with or to any other individual(s) or entity, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties, and obligations of the Company hereunder.

14. SEVERABILITY

If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of this Agreement are declared to be severable.

15. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement and understanding between the Executive and the Company regarding the terms of the Employment and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter. The Executive acknowledges that he or she has not entered into this Agreement in reliance upon any representation, warranty or undertaking which is not set forth in this Agreement. Any amendment to this Agreement must be in writing and signed by the Executive and the Company.

16. GOVERNING LAW; JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of the People's Republic of China. Each party hereto irrevocably agrees that the courts of the People's Republic of China shall have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes which may arise out of or in connection with this Agreement and for such purposes irrevocably submits to the jurisdiction of such courts.

17. AMENDMENT

This Agreement may not be amended, modified or changed (in whole or in part), except by a formal, definitive written agreement expressly referring to this Agreement, which agreement is executed by both of the parties hereto.

18. WAIVER

Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

19. NOTICES

All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given and made if (i) delivered by hand, (ii) otherwise delivered against receipt therefor, or (iii) sent by a recognized courier with next-day or second-day delivery to the last known address of the other party.

20. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which together shall constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose.

21. NO INTERPRETATION AGAINST DRAFTER

Each party recognizes that this Agreement is a legally binding contract and acknowledges that it, he or she has had the opportunity to consult with legal counsel of choice. In any construction of the terms of this Agreement, the same shall not be construed against either party on the basis of that party being the drafter of such terms.

[Remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, this Agreement has been executed as of the date first written above.

CNinsure Inc.
By: _____
Name:
Title:

Executive
Signature: _____
Name:
Title:

Schedule A

Cash Compensation

	Amount	Pay Period
Salary		
Bonus		

FORM OF LOAN AGREEMENT

THIS LOAN AGREEMENT ("this Agreement") is entered into by the two parties below in _____ as of _____:

Party A: Yiqiman Enterprise Management Consulting (Shenzhen) Co., Ltd.
Registered address: Room 617, Block 1, Pengyi Garden
Bagua No.2 Road
Futian District, Shenzhen

Party B: _____
ID No.: _____

WHEREAS,

1. Party A is a wholly foreign-owned enterprise incorporated under the laws of the People's Republic of China ("PRC");
2. Party B is a _____ citizen and holds _____% equity of Guangdong Meidiya Investment Co., Ltd. ("Guangdong Meidiya Company");
3. Party B desires to borrow from Party A by pledging its equity in Guangdong Meidiya Company, and Party A agrees to lend to Party B, a sum of RMB_____.

NOW THEREFORE, through friendly negotiations, both parties hereby agree as follows:

1. Subject to the terms and conditions of this Agreement, Party A agrees to grant an interest-free loan of RMB_____ (in words: RMB _____) to Party B, and Party B agrees to accept such loan.
2. The term of the loan under this Agreement starts from the date when Party B receives the loan until ten (10) years after signing of this Agreement and may be extended subject to the mutual agreement between both parties. During the loan term or any extension thereof, Party A may inform Party B in writing that the loan under this Agreement is due and payable immediately and request Party B to repay the loan in the manner as specified herein if:
 - (1) Party B resigns from or is dismissed by Party A or any of its affiliates;
 - (2) Party B dies or loses its civil capacity or with limited capacity for civil conduct;
 - (3) Party B commits a crime or is involved in a crime;
 - (4) Any other third party claims more than RMB100,000 against Party B; or

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- (5) Party A has given to Party B a written notice about purchasing Party B's equity in Guangdong Meidiya Company according to the provisions of the "Exclusive Call Option Agreement" as set forth in Article 3 below to exercise its call option.
3. Both parties hereby agree and acknowledge that, to the extent being permitted by Chinese laws, Party A shall be entitled but not obliged to, at any time, purchase, or designate other person (including natural person, legal person or any other entity), to purchase all or part of the equity held by Party B in Guangdong Meidiya Company (the "Call Option"), provided, however, that Party A gives a written notice about equity purchase to Party B. Once such written notice about exercising the Call Option is given by Party A, Party B shall, according to Party A's intention and instructions, transfer its equity in Guangdong Meidiya Company to Party A or other person designated by Party A at its original investment price ("Original Investment Price") or if otherwise specified by laws, at an other price agreed upon by Party A. Both parties hereby agree and acknowledge that when Party A exercises the Call Option, if the lowest equity price permitted by the then applicable laws and regulations is higher than the Original Investment Price, the purchase price of Party A or its designee shall be the lowest price permitted by laws. Both parties agree to execute the "Exclusive Call Option Agreement" with respect thereto.
4. Both parties hereby agree and acknowledge that Party B shall repay the loan in the manner as given below only: when loan is due, at Party A's written request, if permitted by PRC laws, Party B or any of its successors or assignees shall transfer its equity in Guangdong Meidiya Company to Party A or its designee and use the proceeds from such equity transfer to repay the loan under this Agreement.
5. Both parties hereby agree and acknowledge that except as otherwise provided for herein, the loan under this Agreement is interest-free. But when the loan is due and Party B needs to transfer its equity hereof to Party A or its designee, if the actual equity transfer price is higher than Party B's loan principal due to legal requirements or other reasons, the excess shall be deemed as loan interest or fund utilization costs to the extent being permitted by law, and paid to Party A together with loan principal.
6. Both parties hereby agree and acknowledge that Party B's obligations under this Agreement are deemed to be fully performed only if all the following requirements are met:
- (1) Party B has transferred all its equity in Guangdong Meidiya Company to Party A and/its designee; and
 - (2) Party B has paid to Party A as loan repayment all proceeds from equity transfer or the maximum amount permitted by law (including principal and the highest loan interest permitted by then applicable law).
7. To secure the performance of the debts under this Agreement, Party B agrees to pledge all its equity in Guangdong Meidiya Company to Party A ("Equity Pledge"). Both parties agree to execute an "Equity Pledge Agreement" with respect thereto.

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8. Party A hereby represents and warrants to Party B that, as of the execution date of this Agreement:
- (1) Party A is a wholly foreign-owned enterprise incorporated and validly existing under the PRC laws;
 - (2) Party A has the authority to execute and perform this Agreement. The execution and performance by Party A of this Agreement comply with its business scope, articles of association or other organizational documents and Party A has obtained all necessary and appropriate approvals and authorizations with respect to the execution and performance of this Agreement;
 - (3) The execution and performance of this Agreement by Party A do not violate any laws, regulations, government approvals, authorizations, notices or other government documents binding upon or influencing it, any agreement signed by it with any third party or any undertaking made by it to any third party; and
 - (4) Once executed, this Agreement shall constitute a legal, valid and binding obligation of Party A, enforceable against Party A in accordance with its provisions.
9. Party B hereby represents and warrants to Party A that, from the execution date of this Agreement until this Agreement terminates:
- (1) Guangdong Meidiya Company is a limited liability company incorporated and validly existing under the PRC laws, whose registered capital has been paid up and which has obtained capital verification report issued by a qualified accounting firm. Guangdong Meidiya Company has completed all government approvals, authorizations, licenses, registrations, filing, etc necessary to carry out the business activities within its business scope and to possess its assets;
 - (2) Party B legally owns _____% equity of Guangdong Meidiya Company;
 - (3) Party B has the authority to execute and perform this Agreement. The execution and performance by Party B of this Agreement comply with the articles of association or other organizational documents of Guangdong Meidiya Company and Party B has obtained all necessary and appropriate approvals and authorizations with respect to the execution and performance of this Agreement;
 - (4) The execution and performance of this Agreement by Party B do not violate any laws, regulations, government approvals, authorizations, notices or other government documents binding upon or influencing it, any agreement signed by it with any third party or any undertaking made by it to any third party;
 - (5) Once executed, this Agreement shall constitute a legal, valid and binding obligation of Party B, enforceable against Party B in accordance with its provisions.
 - (6) Except the provisions stipulated in "Equity Pledge Agreement" and "Exclusive Call Option Agreement", Party B has not mortgaged, pledged or

otherwise encumbered its equity in Guangdong Meidiya Company, given an offer about the transfer of such equity to any third party, made any commitment about the offer of any third party to purchase its equity, or executed any agreement with any third party to transfer its equity;

- (7) There are no disputes, litigations, arbitrations, administrative proceedings or other legal proceedings pending or threatened against it in connection with Party B's equity in Guangdong Meidiya Company.

10. Party B covenants that it shall, during the term of this Agreement,

- (1) Without Party A's prior written consent, not sell, transfer, mortgage or otherwise dispose of or cause any other security interest to be created on its equity or other interests in Guangdong Meidiya Company without Party A's prior written consent, except the equity pledge and other rights set for the benefit of Party A;
- (2) Without Party A's prior written consent, not cause the shareholders' meeting of Guangdong Meidiya Company to adopt a resolution on selling, transferring, mortgaging or otherwise disposing of, or cause any other security interest to be created on, its legal or beneficial interest in Guangzhou Meidiya Company, except to Party A and its designee;
- (3) Without Party A's prior written consent, not cause the shareholders' meeting of Guangdong Meidiya Company to adopt a resolution on approving Guangdong Meidiya Company to be merged or consolidated with, acquire or invest in any person;
- (4) Promptly inform Party A of any litigation, arbitration or administrative proceedings pending or threatened against Party B's equity in Guangdong Meidiya Company;
- (5) Execute all necessary or appropriate documents, take all necessary or appropriate actions and bring all necessary or appropriate lawsuits or make all necessary and appropriate defenses against all claims in order to maintain its equity in Guangdong Meidiya Company;
- (6) Not do any act and/or omission that may materially affect the assets, business and liabilities of Guangdong Meidiya Company without Party A's prior written consent;
- (7) At Party A's request, appoint any person nominated by Party A as the director of Guangdong Meidiya Company;
- (8) When Party A exercises its Call Option, transfer all of Party B's equity in Guangdong Meidiya Company promptly and unconditionally to Party A and/or its designee to the extent being permitted by the PRC laws;
- (9) Not request Guangdong Meidiya Company to distribute dividends or profits to it;

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- (10) In case its equity in Guangdong Meidiya Company is transferred to Party A or its designee, Party B will pay all equity transfer proceeds to Party A as the loan principal and loan interests or fund utilization costs to the extent being permitted by laws; and
- (11) Comply strictly with the provisions of this Agreement, fully perform its obligations under this Agreement and not do any act or omission that affects or impairs the validity and enforceability of this Agreement.
11. Within the term of this Agreement, Party B undertakes that it will, in the capacity of the shareholder of the Guangdong Meidiya Company, cause Guangdong Meidiya Company:
- (1) Not to supplement, amend or modify its articles of association in any way, or to increase or decrease its registered capital, or to change its capital structure in any way without Party A's prior written consent;
- (2) To maintain and operate its business and deal with matters prudently and effectively, subject to good financial and business rules and practices;
- (3) Not to sell, transfer, mortgage or otherwise dispose of, or cause any other security interest to be created on, any of its assets, business or beneficial interests at any time after the signing of this Agreement without Party A's prior written consent;
- (4) Not to create, succeed to, guarantee or permit any liability, without Party A's prior written consent, except (i) the liability arising from the normal course of business, but not arising from the loan; and (ii) the liability reported to Party A and approved by Party A in writing;
- (5) To operate persistently all the business in the normal course of business to maintain the value of its assets;
- (6) Not to execute any material contracts (a contract will be deemed material if its value exceeds RMB ¥ (100,000)), without Party A's prior written consent, other than those executed during the normal course of business;
- (7) To provide information concerning all of its operations and financial performance at Party A's request;
- (8) Not to be merged or consolidated with, acquire or invest in, any other person without Party A's prior written consent;
- (9) Not to distribute dividends to each shareholder in any way without Party A's prior written consent. However, Guangdong Meidiya Company shall promptly distribute all its distributable profits to Party A's shareholders upon Party A's request;
- (10) To inform promptly Party A of any pending or threatened suit, arbitration or administrative proceedings concerning its assets, business or income;

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- (11) To execute all necessary or appropriate documents, to take all necessary or appropriate actions and to bring all necessary or appropriate lawsuits or to make all necessary and appropriate defenses against all claims in order to maintain the ownership over all its assets;
- (12) To comply strictly with the terms of Service Agreement and other agreements executed by it with Party A's affiliates, to perform its obligations under aforesaid agreements, and not to do any act or omission that affects the validity and enforceability of such agreements;
12. This Agreement shall be binding on and inure to the benefit of both parties and their respective successors and assignees. Without prior written approval of Party A, Party B shall not transfer, pledge or otherwise assign any of its rights, benefits or obligations under this Agreement.
13. Party B hereby agrees that Party A may assign its rights and duties under this Agreement to a third party without requiring Party B's consent, but such transfer shall be notified in writing to Party B.
14. The formation, validity, interpretation, performance, amendment and termination of and resolution of disputes in connection with this Agreement shall be governed by the PRC laws.
15. Arbitration.
- (1) Any dispute, controversy or claim arising from the interpretation or performance in connection with this Agreement (including any question regarding its existence, validity or termination) shall be settled by both parties through friendly consultations. In case no settlement can be reached within thirty (30) days after one party makes a request for settlement, either party may submit such dispute to China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration in accordance with its rules. The arbitration award shall be final and binding upon both parties.
- (2) The seat of arbitration should be Beijing.
- (3) The language of arbitration proceedings shall be Chinese.
16. This Agreement shall be formed on its signing date. Both parties agree and acknowledge that the terms and conditions of this Agreement shall be effective as of the date on which Party B is granted the loan until both parties have performed their obligations under this Agreement.
17. Party B cannot terminate or revoke this Agreement unless (a) Party A commits a gross negligence, fraud or other material illegal acts; or (b) Party A goes bankrupt.
18. This Agreement may not be amended or modified except with a mutual agreement reached by both parties. In case of anything not covered herein, both parties may sign a written supplementary agreement. Any amendment, modification, supplement or annex to this Agreement shall form an integral part of this Agreement.

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19. This Agreement constitutes the entire agreement between both parties with respect to the subject matter hereof and supersedes all prior oral discussions or written agreements reached by both parties with respect to the subject matter hereof.
 20. This Agreement is severable. If any provision of this Agreement is held to be invalid or unenforceable, such provision shall not affect the validity and enforceability of the remainder of this Agreement.
 21. Each party hereto should keep in strict confidence the information concerning the other party's business, operation, financial performance or other confidential data obtained under this Agreement or during the performance of this Agreement.
 22. Any obligation accrued before the expiration or premature termination of this Agreement shall survive such expiration or premature termination. Articles 14, 15 and 21 shall survive the termination of this Agreement.
 23. This Agreement is executed in three originals, with each party hereto holding one original. All originals have the same legal effect.

IN WITNESS WHEREOF, each party has caused this Agreement to be executed by itself or its legal representative or authorized representative as of the day and year as first above written.

[No text below]

[Signing Page]

Party A: Yiqiman Enterprise Management Consulting (Shenzhen) Co., Ltd.

Legal Representative/
Authorized Representative: _____

Common seal:

Party B:

Signature: _____

FORM OF EQUITY PLEDGE AGREEMENT

THIS EQUITY PLEDGE AGREEMENT (hereinafter “this Agreement”) is entered into in _____ as of _____ by the following parties:

Pledgee:

Party A: Yiqiman Enterprise Management Consulting (Shenzhen) Co., Ltd.
Registered Address: Room 617, Block 1, Pengyi Garden
Bagua No.2 Road
Futian District, Shenzhen

Pledgor:

Party B: _____
ID card No.: _____

Party C: Guangdong Meidiya Investment Co., Ltd.
Registered Address: Room 603, Xiangkang Shangmao Building
No. 11 Sanyuanli Avenue
Baiyun District, Guangzhou

WHEREAS,

1. Party A is a wholly foreign-owned enterprise registered in the People’s Republic of China (hereinafter “PRC”).
2. Party B is a citizen of the PRC and holds _____% equity in Guangdong Meidiya Investment Co., Ltd. (hereinafter “Guangdong Meidiya Company”), a limited liability company registered in Guangzhou, China.
3. Both parties signed a Loan Agreement on _____. According to this agreement, Party A will provide an interest-free loan at an amount of RMB _____ to Party B (hereinafter “Loan”) to Party B and Party B agrees to pledge all its equity in Guangdong Meidiya Company to Party A.

NOW THEREFORE, Party A (hereinafter “Pledgee”) and Party B (hereinafter “Pledgor”) through friendly negotiations, hereby enter into this Agreement.

1. Definitions and Interpretation

Unless otherwise provided in this Agreement, the following terms shall have the following meanings:

- 1.1 “Right of Pledge”: refers to all the contents as set forth in Article 2 hereunder.

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- 1.2 “Equity”: refers to all the equity in Guangdong Meidiya Company legally held by the Pledgor.
 - 1.3 “Event of Default”: refers to any event in accordance with Article 7.1 hereunder.
 - 1.4 “Notice of Default”: refers to the notice of default issued by the Pledgee in accordance with this Agreement.

2. Pledge

The Pledgor agrees to pledge its equity in Guangdong Meidiya Company to the Pledgee as a guarantee for its obligations under the Loan Agreement. Right of Pledge refers to the right owned by the Pledgee to be first compensated with the proceeds from the money converted from or the proceeds from the auction or sale of the equity pledged by the Pledgor to the Pledgee.

3. Registration and Notarization of Pledge

- 3.1 Within one (1) week after the signing of this Agreement, the Pledgor shall cause Guangdong Meidiya Company to record Pledgee’s right of pledge over its equity in the roster of shareholders and deliver the copy of the roster of shareholders bearing the common seal of Guangdong Meidiya Company as well as the original of equity contribution certificate of Guangdong Meidiya Company to Pledgee for keeping.
- 3.2 Within two (2) weeks after the signing of this Agreement, Pledgor shall, together with Pledgee, notarize this Agreement as well as Pledgee’s right of pledge recorded in the roster of shareholders and equity contribution certificate as set forth in Article 3.1 hereof at a notary public office in the place where Guangzhou Meidiya Company is domiciled, with relevant expenses to be borne by the Pledgor.
- 3.3 Both parties agree that if conditions permit, they will try to cause the pledge under this Agreement to be recorded at the industrial and commercial administrative bureau in the place where Guangzhou Meidiya Company is registered, but both parties confirm that unless compulsorily stipulated by Chinese laws and regulations, whether this Agreement is recorded as above or not will not affect the validity of this Agreement.
- 3.4 Guangdong Meidiya Company hereby undertakes to record Pledgee’s right of pledge over the equity in the roster of shareholders and to deliver the only one roster of shareholders to Pledgee for keeping. No other roster of shareholders will be set up.

4. Rights of the Pledgee

- 4.1 Where the Pledgor does not perform its debts, the Pledgee shall be entitled to be first compensated from the money converted from or the proceeds from auction or sale of the pledged equity of Guangdong Meidiya Company.

4.2 Pledgee shall be entitled to the bonus arising from pledged equity

5. Representation and Warranty of Pledgor

- 5.1 The Pledgor is the legal owner of the pledged equity.
- 5.2 The Pledgor does not pledge the equity or the equity is not encumbered to any other person except for the Pledgee.
- 5.3 The pledge of equity by the Pledgor has obtained the consent of the other shareholders of Guangdong Meidiya Company and other shareholders agree to waive the preemptive right when the Pledgee exercises the right of pledge.

6. Undertakings by Pledgor

- 6.1 During the term of this Agreement, the Pledgor undertakes to the Pledgee for the benefit of the Pledgee that it will:
 - 6.1.1 Not transfer or assign the equity, create or cause to be created any pledge which may have an adverse effect on the rights or interests of the Pledgee without prior written consent from the Pledgee;
 - 6.1.2 Comply with the laws and regulations with respect to the pledge of rights; present to the Pledgee the notices, orders or suggestions with respect to the Right of Pledge issued or made by the competent authority within five (5) days upon receipt thereof; and comply with such notices, orders or suggestions; or make an objection to or a statement on the foregoing matters at the reasonable request of the Pledgee or with consent from the Pledgee;
 - 6.1.3 Timely notify the Pledgee of any events or any received notices which may affect the Pledgor's right over the equity or any part thereof, or may change Pledgor's any warranty and obligation under this Agreement or affect Pledgor's performance of its obligations under this Agreement.
- 6.2 The Pledgor agrees that Pledgee's right to exercise the Right of Pledge obtained from this Agreement will not be interrupted or hindered by Pledgor or any of its successors or principals or any other person through legal proceedings.
- 6.3 The Pledgor promises to the Pledgee that in order to protect or improve the guaranty for the repayment of the loan under this Agreement, Pledgor will execute in good faith and cause other interested persons relating to Right of Pledge to execute all right certificates and contracts required by Pledgee and/or perform and cause other interested persons to perform the acts required by Pledgee and provide convenience for the exercise of the rights and authority granted to Pledgee under this Agreement.
- 6.4 The Pledgor undertakes to the Pledgee that it will execute all change documents of equity certificate with Pledgee and the natural persons or legal persons designated by it (if applicable and necessary) and within a reasonable period, provide to Pledgee all notices, orders and decisions about Right of Pledge as it deems necessary.

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- 6.5 The Pledgor undertakes to the Pledgee that for the purpose of Pledgee's benefits, it will comply with and perform all warranties, undertakings, agreements, representations and conditions. Where Pledgor does not perform, in whole or in part, its warranties, undertakings, agreements, representations and conditions, Pledgor shall compensate all losses thus incurred to Pledgee.

7. Event of Default

- 7.1 The following events shall be regarded as the events of default:
- 7.1.1 Pledgor fails to perform the obligations under the Loan Agreement;
 - 7.1.2 Any representation or warranty made by Pledgor in Article 5 contains material misleading statements or errors and/or the Pledgor breaches any warranty in Article 5 hereof;
 - 7.1.3 The Pledgor breaches the undertakings under Article 6 hereof;
 - 7.1.4 The Pledgor breaches any of the other provisions of this Agreement;
 - 7.1.5 The Pledgor waives the pledged equity or transfers or assigns the pledged equity without prior written consent from the Pledgee;
 - 7.1.6 Pledgor's borrowing, guaranty, compensation, undertaking or other liabilities (1) are requested to be repaid or performed in advance due to a default; or (2) are due but cannot be repaid or performed on time, which, at the discretion of Pledgee, has an adverse effect on Pledgor's ability of performing the obligations under this Agreement;
 - 7.1.7 Guangdong Meidiya Company is incapable of repaying the general debts or other debts;
 - 7.1.8 This Agreement becomes illegal or the Pledgor is not capable of continuing to perform the obligations herein due to any cause other than force majeure;
 - 7.1.9 The properties owned by Pledgor have significant adverse changes, which, at the discretion of Pledgee, has an adverse effect on Pledgor's ability of performing the obligations under this Agreement;
 - 7.1.10 The breach by the Pledgor due to its act or omission regarding the other provisions of this Agreement.
- 7.2 If the Pledgor knows or finds that any matter as stated in Article 7.1 hereof or any event possibly resulting in any of the above matters has occurred, it shall forthwith inform the Pledgee in writing.
- 7.3 Unless Pledgor takes the action to Pledgee's satisfaction to correct the defaults as listed in Article 7.1 hereof, Pledgee may give a written notice about default

to Pledgor when such default occurs or at any time thereafter, requesting Pledgor to immediately pay the outstanding debts and other payables under the Loan Agreement or requesting to dispose of the Right of Pledge according to Article 8.

8. Exercise of Right of Pledge

- 8.1 The Pledgor shall not transfer or assign the pledged equity without prior written approval from the Pledgee prior to its full fulfillment of the obligations under the Loan Agreement.
- 8.2 The Pledgee shall give a notice of default to the Pledgor when the Pledgee exercises the right of pledge.
- 8.3 Subject to Article 7.3, the Pledgee may exercise the right of pledge when the Pledgee gives a notice of default in accordance with Article 7.3 or at any time thereafter.
- 8.4 The Pledgee is entitled to be first compensated with the money converted from or the proceeds from auction or sale of all or part of pledged equity in accordance with legal proceedings until the outstanding debts and all other payables of Pledgor under Loan Agreement are paid.
- 8.5 The Pledgor shall not hinder the Pledgee from exercising the Right of Pledge and shall give necessary assistance so that the Pledgee could realize its Right of Pledge.

9. Assignment

- 9.1 The Pledgor shall not transfer any of its rights and obligations under this Agreement without prior consent from the Pledgee.
- 9.2 This Agreement shall bind upon Pledgor and its successors and inure to the benefit of Pledgee and any of its successors and permitted assigns.
- 9.3 To the extent being permitted by law, the Pledgee may transfer or assign all or any of its rights and obligations under the Loan Agreement to any person designated by it (natural person or legal person) at any time. In this case, such assignee shall have the same rights and obligations as those of Pledgee as if the assignee is a party hereto. When the Pledgee transfers or assigns the rights and obligations under the Loan Agreement, such transfer shall only be subject to a written notice given to Pledgor, and at the request of the Pledgee, the Pledgor shall execute the relevant agreements and/or documents with respect to such transfer or assignment.
- 9.4 After the Pledgee's change resulting from the transfer or assignment, the new parties to the pledge shall execute a new pledge contract.

10. Effectiveness and Term

The agreement is effective as of the date first set forth above and from the date when equity pledge is recorded on the Register of Shareholders of Guangdong Meidiya Company.

11. Termination

This Agreement shall not be terminated until the loan under the Loan Agreement is paid off and the Pledgor no longer undertakes any obligations under the Loan Agreement, and the Pledgee shall assist in discharging the pledge of equity as far as reasonably practicable.

12. Handling Charges and Other Expenses

The Pledgor shall be responsible for all the fees and actual expenses in relation to this Agreement, including but not limited to legal fees, cost of production, stamp tax and any other taxes and charges. If the Pledgee shall pay the relevant taxes in accordance with the laws, the Pledgee shall compensate all such taxes paid by the Pledgor.

13. Force Majeure

13.1 An Event of Force Majeure means any event that is beyond the reasonable control of either party and unavoidable or unpreventable after it gives due attention, including, but not limited to, government act, act of God, fire, explosion, storm, flood, earthquake, tide, lightning or war, but insufficiency of credit standing, funds or financing shall not be deemed to be beyond the reasonable control of either party. The prevented party shall, without undue delay, inform the other party of such exemption.

13.2 Should the performance of this Agreement be delayed or hindered due to any Event of Force Majeure as defined above, the prevented party shall not be liable therefor only to the extent being delayed or hindered. The prevented party shall take suitable measures to lower or eliminate the impact of such Event of Force Majeure, and make endeavors to resume the performance of the obligations delayed or hindered by Event of Force Majeure. Both parties agree to make their best efforts to continue to perform this Agreement once the Event of Force Majeure is eliminated.

14. Confidentiality

Both parties agree and acknowledge that any and all oral or written materials exchanged pursuant to this Agreement are of a confidential nature. Each party shall keep confidential all such documents and not disclose any such documents to any third party without prior written consent from the other party, but the above confidentiality obligations shall not apply to the information which: (a) is or becomes or will be or become publicly available (through no fault of the recipient); (b) is disclosed under requirement of applicable laws or stock exchange's rules or regulations; or (c) is disclosed by either party to its legal or financial consultant with respect to the transaction contemplated under this Agreement, who shall also undertake the confidential obligations similar to those as stated hereof. Any breach of

confidentiality obligations by any of the personnel of either party or of the institutions engaged by it shall be deemed as a breach hereof by such party, and such party shall undertake the defaulting liabilities under this Agreement.

15. Dispute Resolution

15.1 This Agreement shall be governed by and construed in accordance with the PRC laws.

15.2 Any dispute arising in connection with the interpretation and performance of the provisions of this Agreement shall be settled by both parties in good faith and through amicable negotiations. In case no settlement can be reached by both parties, either party may refer such dispute to China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration in accordance with CIETAC's arbitration rules then in effect. The seat of arbitration shall be Beijing and language of proceedings shall be Chinese. The arbitral award shall be final and binding upon both parties.

16. Notice

Any notice which is given by the parties hereto for the purpose of performing the rights and obligations hereunder shall be in writing. Such notice is deemed to be duly received: if by hand delivery, at the time of receiving; if by telex or facsimile, at the time of transmission. If such notice does not reach the addressee on a business day or reaches the addressee after the business hours, the next business day following such day is the date of service. The delivery place is the address first written above of each party hereto or other address advised by such party in writing (including facsimile and telex) from time to time.

17. Entirety

Notwithstanding Article 10, both parties agree that upon its effectiveness, this Agreement constitute the entire agreement and understanding between both parties with respect to the subject matter thereof and supersedes and replaces all prior oral and/or written agreements and understandings between both parties with respect to the subject matter thereof.

18. Severability

Should any provision of this Agreement be held invalid or unenforceable by applicable law, such provision shall be invalid or unenforceable only to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remainder of this Agreement.

19. Amendment or Supplement

19.1 This Agreement may be amended or supplemented by a written instrument. All amendments and supplements to this Agreement duly signed by both parties shall form an integral part of this Agreement and have the same legal effect as this Agreement.

19.2 This Agreement and any amendments, modifications, supplements or changes thereof shall be in writing and come into effect upon being executed and sealed by both parties hereto.

20. Counterparts

This Agreement is executed in triplicate in Chinese, with each party hereto holding one copy. All copies have the same legal effect.

IN WITNESS WHEREOF, each party has caused this Agreement to be executed by itself or its legal representative or authorized representative as of the day and year first above written.

[No text below]

[Signing page]

Party A: Yiqiman Enterprise Management Consulting (Shenzhen) Co., Ltd.

Legal Representative/
Authorized Representative: _____

Common seal:

Party B:

Signature: _____

Party C: Guangdong Meidiya Investment Co., Ltd.

Legal Representative/
Authorized Representative: _____

Common seal:

FORM OF POWER OF ATTORNEY

I, [NAME], citizen of the People's Republic of China (the " PRC") with ID No _____, is the shareholder holding __% equity interests of Guangdong Meidiya Investment Company Limited ("Guangdong Meidiya Company"), hereby irrevocably appoint _____ ("_____") with the following powers and rights during the term of this Power of Attorney:

I hereby appoint the person designated by _____ who is appropriate to exercise, on my behalf, all voting rights of shareholder in accordance with PRC laws and Guangdong Meidiya Company's Articles at the shareholders' meetings of Guangdong Meidiya Company, including but not limited to the right to sell or transfer any or all of equity interests of Guangdong Meidiya Company and to designate and appoint the directors and officers of Guangdong Meidiya Company as my authorized representative on the shareholders' meeting of the Guangdong Meidiya Company.

If _____ designates me to attend the shareholders' meeting of Guangdong Meidiya Company, I promise that I will exercise the full voting rights according to the instruction of _____.

The term of this Power of Attorney is ten (10) years upon the execution date of this Power of Attorney during the duly existing term of Guangdong Meidiya Company and the effective period stated in the Loan Agreement executed by myself and _____.

(Signature)

Date: _____

FORM OF EXCLUSIVE PURCHASE OPTION AGREEMENT

THIS EXCLUSIVE PURCHASE OPTION AGREEMENT ("this Agreement") is entered into by the following Parties in _____ as of _____:

Party A: Yiqiman Enterprise Management Consulting (Shenzhen) Co., Ltd.
Address: Room 617, Block 1, Pengyi Garden
Bagua No.2 Road
Futian District, Shenzhen

Party B: _____
ID No.:

Party C: Guangdong Meidiya Investment Co., Ltd.
Address: Room 603, Xiangkang Shangmao Building
No. 11 Sanyuanli Avenue
Baiyun District, Guangzhou

In this Agreement, Party A, Party B and Party C are individually referred to as "a Party" and collectively referred to as the "Parties".

WHEREAS:

1. Party A, a wholly foreign-owned enterprise incorporated under the laws of the People's Republic of China (hereinafter the "PRC");
2. Party C is a limited liability company incorporated in Guangzhou, PRC;
3. Party B is the shareholder of Party C. Party B holds _____% equity in Party C (hereinafter "Equity");
4. Party A and Party B sign the Loan Agreement ("Loan Agreement") on _____, under which Party B borrows RMB _____ from Party A;
5. Party A and Party B sign the Equity Pledge Agreement ("Equity Pledge Agreement") as of _____, under which Party B pledges its equity in Party C for the borrowing under the Loan Agreement;
6. Party B intends to grant an exclusive purchase option to Party A so that Party A may request Party B to sell the equity to it when specific conditions are met.
7. When this Agreement is signed, Party A signs the "Exclusive Purchase Option Agreements", whose terms are similar to those of this Agreement, with Party C's other shareholders _____ and _____, under which _____ and _____ grant to Party A exclusive purchase options regarding their equities in Party C.

NOW, THEREFORE, the Parties hereto hereby agree as follows:

1. Purchase and Sale of Equity

1.1 Granting of Rights

Party B hereby irrevocably grants to Party A an option to purchase or cause any person or persons designated by Party A (“Designee”) to purchase from Party B at any time, to the extent permitted by PRC Laws and according to the steps determined by Party A at its own discretion, all or part of its equity in Party C (the “Call Option”) at the price specified in Article 1.3 of this Agreement. No Call Option shall be granted to any third person other than Party A and/or the Designee. Party B shall not sell, sell by offer, transfer or donate equity to any other third person. Party C hereby agrees to the granting of the Call Option by Party B to Party A and/or the Designee. The “person” set forth in this article and this Agreement means an individual, corporation, joint venture, partnership, enterprise, trust or a non-corporation organization.

1.2 Exercising Steps

Subject to PRC laws and regulations, Party A and/or the Designee may exercise Call Option by giving a written notice (“Equity Purchase Notice”) to Party B, which specifies the equity to be purchased from Party B (“Purchased Equity”) and the manner of purchase.

1.3 Purchase Price

1.3.1 When Party A exercises the Call Option, the purchase price of the Purchased Equity (“Purchase Price”) shall be equal to the actual price paid by Party B for the Purchased Equity, unless the applicable PRC laws and regulations require appraisal of the equity or have other restrictions on equity price.

1.3.2 If the applicable PRC laws and regulations require appraisal of the equity or have other restrictions on equity price at the time that Party A exercises the Call Option, the Parties agree that the Purchase Price shall be the lowest price permitted under the applicable laws.

1.4 Transfer of the Purchased Equity

At each exercise of the Call Option:

1.4.1 Party B shall cause Party C to convene a shareholders’ meeting in time, at which to adopt a resolution on the transfer by Party B of its equity to Party A and/or the Designee;

1.4.2 Party B shall, subject to the terms and conditions of this Agreement and the Equity Purchase Notice related to the Purchased Equity, enter into an equity transfer agreement with Party A and/or the Designee (as applicable) for each transfer;

- 1.4.3 The related parties shall execute all other requisite contracts, agreements or documents, obtain all requisite government approvals and consents and take all necessary actions; without any security interest, transfer the valid ownership of the Purchased Equity to Party A and/or the Designee, and cause Party A and/or the Designee to be the registered owner of the Purchased Equity. In this Article and this Agreement, "Security Interest" means guaranty, mortgage, pledge, third-party right or interest, any share option, right of acquisition, right of first refusal, right of set-off, ownership detainment or other security arrangements, but excluding any security interest arising under the Equity Pledge Agreement.

1.5 Payment

The payment of the Purchase Price shall be subject to the negotiations between Party A and/or the Designee and Party B according to the laws applicable at the exercise of the Call Option. The Parties hereby agree that Party B shall repay to Party A any amount that is paid by Party A and/or the Designee to Party B in connection with the Purchased Equity in accordance with laws as the reimbursement of its loan principal under the Loan Agreement as well as the loan interest or fund utilization costs allowed by the laws.

2. Undertakings Relating to Equity

2.1 Undertakings by Party C

Party B and Party C hereby undertake:

- 2.1.1 Not to supplement, amend or modify Party C's articles of association in any way, or to increase or decrease its registered capital, or to change its registered capital structure in any way without Party A's prior written consent;
- 2.1.2 To maintain and operate its business and deal with matters prudently and effectively, subject to good financial and business rules and practices;
- 2.1.3 Not to sell, transfer, mortgage or otherwise dispose of, or cause any other security interest to be created on, any of Party C's assets, business or beneficial interests at any time after the signing of this Agreement without Party A's prior written consent;
- 2.1.4 Not to create, succeed to, guarantee or permit any liability, without Party A's prior written consent, except (i) the liability arising from the normal course of business, but not arising from the loan; and (ii) the liability reported to Party A and approved by Party A in writing;
- 2.1.5 To operate persistently all the business in the normal course of business to maintain the value of Party C's assets, and not to do any act or omission affecting its operations and asset value;
- 2.1.6 Without prior written consent by Party A, not to enter into any material agreement, other than the agreements in the normal course of business (a contract will be deemed material if its value exceeds 100,000 yuan);

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- 2.1.7 Without prior written consent by Party A, not to provide loan or credit to any person;
 - 2.1.8 To provide information concerning Party C's operations and financial performance at Party A's request;
 - 2.1.9 To purchase and maintain the insurance at the insurance company acceptable to Party A, whose amount and type shall be the same as those of the insurance normally procured by the companies engaged in similar businesses and possessing similar properties or assets in the area where Party C is located;
 - 2.1.10 Not to be merged or consolidated with, acquire or invest in, any other person without Party A's prior written consent;
 - 2.1.11 To inform promptly Party A of any pending or threatened suit, arbitration or administrative proceedings concerning Party C's assets, business or income;
 - 2.1.12 To execute all necessary or appropriate documents, to take all necessary or appropriate actions and to bring all necessary or appropriate claims or to make all necessary and appropriate defenses against all claims in order for Party C to maintain the ownership over all its assets;
 - 2.1.13 Not to distribute dividends to Party C's shareholders in any way without Party A's prior written consent. However, Party C shall promptly distribute all or part of its distributable profits to Party A's shareholders upon Party A's request;
 - 2.1.14 At the request of Party A, to appoint any person nominated by Party A as the director of Party C.

2.2 Undertakings by Party B

Party B hereby undertakes:

- 2.2.1 Not to sell, transfer, mortgage or otherwise dispose of, or cause any other security interest to be created on, the legal or beneficial interest of its equity at any time after the signing of this Agreement without Party A's prior written consent, but except the right of pledge created on Party B's equity in accordance with the Equity Pledge Agreement;
- 2.2.2 Without Party A's prior written consent, not to cause the shareholders' meeting of Party C to adopt a resolution on selling, transferring, mortgaging or otherwise disposing of, or cause any other security interest to be created on, its legal or beneficial interest in Party C, except to Party A or its designee;
- 2.2.3 Without Party A's prior written consent, not to cause the shareholders' meeting of Party C to adopt a resolution on approving Party C to be merged or consolidated with, acquire or invest in any person;
- 2.2.4 Irrevocably agrees to the granting by Party C's other shareholders _____ and _____ of an exclusive purchase option to Party A, and irrevocably waives its preemptive right to such equity to be transferred by _____ and _____ to Party A when Party A exercises its call option;

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- 2.2.5 To promptly inform Party A of any litigation, arbitration or administrative proceedings pending or threatened against its equity;
 - 2.2.6 To cause the shareholders' meeting to approve the transfer of the Purchased Equity under this Agreement;
 - 2.2.7 Execute all necessary or appropriate documents, take all necessary or appropriate actions and bring all necessary or appropriate claims or make all necessary and appropriate defenses against all claims in order to maintain its ownership over the equity;
 - 2.2.8 At Party A's request, appoint any person nominated by Party A as the director of Party C;
 - 2.2.9 To fully comply with the provisions of this Agreement and other agreements entered into by and among Party B, Party C and Party A, perform all obligations under these agreements and not do any act or omission that affects or impairs the validity and enforceability of these agreements.

3. Representations and Warranties

As of the execution date of this Agreement and every transfer date, Party B and Party C hereby represent and warrant to Party A as follows:

- 3.1 It has the power and authority to execute and deliver this Agreement, and any equity transfer agreement ("Transfer Agreement") to which it is party for each transfer of the Purchased Equity under this Agreement and to perform its obligations under this Agreement and any Transfer Agreement. Once executed, this Agreement and any Transfer Agreement to which it is party will constitute a legal, valid and binding obligation of it enforceable against it in accordance with its provisions;
- 3.2 The execution, delivery and performance of this Agreement or any Transfer Agreement by it will not: (i) violate any relevant PRC laws and regulations; (ii) conflict with its Articles of Association or other organizational documents; (iii) violate or default under any contract or instrument to which it is party or that binds upon it; (iv) violate any permit or approval granted to it and/or any condition remaining in force; or (v) cause any permit or approval granted to it to be suspended, cancelled or attached with additional conditions;
- 3.3 Party C has good and salable ownership over all assets. Party C has not set any security interest on the said assets;
- 3.4 Party C has no outstanding debts, except (i) debts arising from its normal course of business; and (ii) debts disclosed to Party A and approved by Party A in writing;
- 3.5 Party C complies with all PRC laws and regulations applicable to the acquisition of assets;

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- 3.6 Currently, there are no existing, pending or threatened litigation, arbitration or administrative proceedings related to the equity and Party C's assets or Party C;
- 3.7 The Party B has good and salable ownership over all its equity and has not created any security interest on such equity, but excluding the security interest under the Equity Pledge Agreement.

4. Assignment of Agreement

- 4.1 Party B and Party C shall not transfer any of their rights and obligations under this Agreement to any third party without the prior written consent of Party A.
- 4.2 Party B and Party C hereby agree that Party A may transfer all its rights and obligation under this Agreement to a third party without the consent of Party B and Party C, but such equity shall be notified in writing to Party B and Party C.

5. Effective Date and Term

- 5.1 This Agreement shall become effective as of the date first above written.
- 5.2 The term of this Agreement is ten (10) years unless it is prematurely terminated in accordance with the provisions of this Agreement or related agreements signed by the Parties. This Agreement may be extended with the written consent of Party A before its expiration. The extension thereof is to be agreed upon by the Parties through negotiations.
- 5.3 If the duration (including any extension thereof) of Party A or Party C is terminated upon expiry or for other reasons within the term set forth in Article 5.2, this Agreement shall be terminated simultaneously, unless Party A has transferred its rights and obligations in accordance with Article 4.2 hereof.

6. Applicable Law and Dispute Resolution

- 6.1 Applicable Law
- The formation, validity, construction and performance of and settlement of disputes under this Agreement shall be governed by the laws of PRC.
- 6.2 Dispute Resolution
- Any dispute arising in connection with the interpretation and performance of the provisions of this Agreement shall be resolved by the Parties in good faith and through amicable negotiations. In case no resolution can be reached by the Parties within thirty (30) days after either party makes a request for dispute resolution through negotiations, either party may refer such dispute to China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration in accordance with CIETAC's arbitration rules then in effect. The seat of arbitration shall be Beijing and language of proceedings shall be Chinese. The arbitral award shall be final and binding upon the Parties.

7. Taxes and Expenses

Every Party shall bear any and all transfer and registration taxes, expenses and charges occurring to or levied on it with respect to its preparation and execution of this Agreement and each Transfer Agreement and its consummation of the transaction contemplated under this Agreement and each Transfer Agreement in accordance with PRC laws.

8. Notices

Any notice or other communications required to be given by either party pursuant to this Agreement shall be written in English and Chinese and delivered to the following address of the other party by hand delivery, mail or facsimile. Such notice shall be deemed to be received: (a) if by hand delivery, on the date of delivery; (b) if by mail, on the tenth (10th) day after the date of posting (as indicated on the postmark) of air registered mail (postage prepaid), or if by courier service, on the fourth (4th) day after being delivered to an internationally recognized courier service; or (c) if by fax, at the receiving time as indicated in the transmission confirmation of relevant document.

9. Confidentiality

The Parties agree and acknowledge that any and all oral or written materials exchanged pursuant to this Agreement are of a confidential nature. Each party shall keep confidential all such documents and not disclose any such documents to any third party without prior written consent from the other party, but the above confidentiality obligations shall not apply to the information which:

- (a) is or becomes or will be or become publicly available (through no fault of the recipient);
- (b) is disclosed under requirement of applicable laws or stock exchange's rules or regulations; or
- (c) is disclosed by either party to its legal or financial consultant with respect to the transaction contemplated under this Agreement, who shall also undertake the confidential obligations similar to those as stated hereof. Any breach of confidentiality obligations by any of the personnel of either party or of the institutions engaged by it shall be deemed as a breach hereof by such party, and such party shall undertake the defaulting liabilities under this Agreement. This article shall survive the invalidity, cancellation, termination or unenforceability of this Agreement for whatever reason.

10. Further Warranties

The Parties agree to promptly execute the documents reasonably required to perform the provisions and the aim of this Agreement or beneficial to it, and to take the further actions reasonably required to perform the provisions and the aim of this Agreement or beneficial to it.

11. Miscellaneous

11.1 Amendment, Modification and Supplement

This Agreement may be amended or supplemented by a written instrument. All amendments and supplements to this Agreement duly signed by the Parties shall form an integral part of this Agreement and have the same legal effect as this Agreement.

11.2 Entire Agreement

The Parties acknowledge that once this Agreement becomes effective, it shall constitute the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes all prior oral and/or written agreements and understandings reached by the Parties with respect to the subject matter hereof.

11.3 Severability

If any provision or provisions of this Agreement is held to be invalid, illegal or unenforceable in any respect by applicable laws or regulations, the validity, legality and enforceability of the other provisions hereof shall not be thus affected or impaired in any respect. The Parties shall, through amicable negotiations, replace such invalid, illegal or unenforceable provision or provisions with a valid provision or provisions that most closely approximate the economic effect of replaced invalid, illegal or unenforceable provisions.

11.4 Headings

The headings contained in this Agreement are for convenience of reference only and shall not affect the interpretation of the provisions of this Agreement.

11.5 Language and Counterparts

This Agreement is executed in Chinese in four (4) copies; each Party holds one copy and all copies have the same legal effect.

11.6 Successor

This Agreement shall bind on and inure to the benefit of the successors and permitted assigns of the Parties.

11.7 Survival

Any obligation accrued before the expiration or premature termination of this Agreement shall survive such expiration or premature termination. Articles 6, 8, 9 and 11.7 shall survive the termination of this Agreement.

11.8 Waiver

Any Party may waive the terms and conditions of this Agreement by a written instrument signed by the Parties. No waiver by a Party of the breach by the other Parties in a specific case shall operate as a waiver by such Party of any similar breach by the other Parties in other cases.

IN WITNESS WHEREOF, each Party has caused this Agreement to be executed by itself, its legal representatives or duly authorized representative as of the date first above written.

[No Text Below]

[Signing page]

Party A: Yiqiman Enterprise Management Consulting (Shenzhen) Co., Ltd.

Legal Representative/

Authorized Representative: _____

Common seal:

Party B:

Signature:

Party C: Guangdong Meidiya Investment Co., Ltd.

Legal Representative/

Authorized Representative: _____

Common seal:

FORM OF TECHNICAL CONSULTING AND SERVICE AGREEMENT

THIS TECHNICAL CONSULTING AND SERVICE AGREEMENT (hereinafter referred to as “this Agreement”) is entered into in _____ on _____ by and between the following two parties:

Party A: Beijing Ruisike Management Consulting Co., Ltd.

Address: Room 103, Unit 1, 14# Building, Langjiayuan, Chaoyang District, Beijing

Party B: _____

Address: _____

WHEREAS:

- (1) Party A is an enterprise duly incorporated under the laws of the People’s Republic of China (“PRC”) which has a team of professionals in insurance technology, risk consultation, appraisal and management, and has rich experience in management of enterprise organization and operation planning;
- (2) Party B is an insurance brokering firm duly incorporated under PRC laws and the relevant regulations of the China Insurance Regulatory Commission (“CIRC”), which is specialized in insurance brokering and insurance consulting services;
- (3) Based on their respective industry advantages and requirements, Party A and Party B agree to sign a written agreement to define their rights and obligations with respect to Party A providing insurance technology consultancy and related services for Party B and their continual cooperation.

NOW THEREFORE, both Parties, through negotiations, hereby agree as follows:

1. Consulting and Services

- 1.1 During the term of this Agreement, Party A agrees to, as the technical consulting and services provider of Party B, provide the related technical consultancies and services to Party B (as set forth in the annex attached hereto). If Party B makes a request and such request is approved by Party A, Party A will furnish to Party B the consultancies and services beyond those as set out in Annex below.
- 1.2 Party B agrees to accept the technical consultancies and services provided by Party A and further agrees that, during the term of this Agreement, it will not accept the technical consultancies and services for the aforesaid business provided by any third party without the prior written consent of Party A.

2. Calculation and Payment of Technical Consulting and Service Fee (“Consulting Service Fee”)

- 2.1 Both parties agree that the Consulting Service Fee under this Agreement is calculated and paid in the manner as set forth in the annex.
- 2.2 Both parties agree that if Party B requests Party A to provide the services not covered in the annex, both parties may agree upon the sum of the Consulting Service Fee depending on the specific service contents and market conditions.
- 2.3 Both parties agree to negotiate about the specific service contents as well as the calculation and payment forms of the Consulting Service Fee based on market situation and business development every three months. Appropriate adjustments may be made if both parties reach a mutual agreement through negotiations.

3. Intellectual Property Rights

- 3.1 Party A shall be the sole owner of the copyrights of the software designed by Party A and other relevant software, the intellectual property rights of all R & D results arising from the performance by Party A of this Agreement and/or other agreements reached by both parties and any rights derived therefrom, including but not limited to, patent application right, copyrights or other intellectual property rights of the software, technical documents and materials and the right to license or transfer such intellectual properties, etc.
- 3.2 During the performance of this Agreement, if Party B needs to use Party A’s software programs or systems, both parties will otherwise agree upon the scope, method and royalties of relevant software licenses.

4. Representations and Warranties

- 4.1 Party A hereby represents and warrants as follows:
 - 4.1.1 Party A is a consulting service enterprise duly incorporated and validly existing under the PRC laws;
 - 4.1.2 The execution, delivery and performance of this Agreement by Party A are within its corporate power and business scope, have been duly authorized by all requisite corporate actions on the part of Party A and obtained the necessary consents or approvals from third parties or government departments, and do not violate the laws and contracts binding upon or influencing Party A;
 - 4.1.3 Once executed, this Agreement will constitute a legal, valid and binding obligation enforceable against Party A in accordance with its provisions.
- 4.2 Party B hereby represents and warrants as follows:
 - 4.2.1 Party B is an investment management company duly incorporated and validly existing under the PRC laws;

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- 4.2.2 The execution, delivery and performance of this Agreement by Party Bare within its corporate power and business scope, have been duly authorized by all requisite corporate actions on the part of Party B and obtained the necessary consents or approvals from third parties or government departments, and do not violate the laws and contracts binding upon or influencing Party B;
- 4.2.3 Once executed, this Agreement will constitute a legal, valid and binding obligation enforceable against Party B in accordance with its provisions.

5. Confidentiality

- 5.1 Each party agrees to make full endeavors and take all reasonable measures to keep confidential the confidential data and information of the other party made available to or given access to it in the course of providing or accepting consultancies and services A (collectively "Confidential Information"). Neither party shall disclose, give or transfer any such Confidential Information to any third party without other party's prior written consent. Upon termination of this Agreement, each party shall return to the other party or destroy all documents, materials or software at other party's option, delete any Confidential Information from all related memory devices and cease using such Confidential Information.
- 5.2 Both parties agree and acknowledge that any and all oral or written materials exchanged pursuant to this Agreement are of a confidential nature. Each party shall keep confidential all such documents and not disclose any such documents to any third party without prior written consent from the other party, but the above confidentiality obligations shall not apply to the information which: (a) is or becomes or will be or become publicly available (through no fault of the recipient); (b) is disclosed under requirement of applicable laws or stock exchange's rules or regulations; or (c) is disclosed by either party to its legal or financial consultant with respect to the transaction contemplated under this Agreement, who shall also undertake the confidential obligations similar to those as stated hereof. Any breach of confidentiality obligations by any of the personnel of either party or of the institutions engaged by it shall be deemed as a breach hereof by such party, and such party shall undertake the defaulting liabilities under this Agreement.
- 5.3 Both parties agree that Article 5 shall survive the invalidity, change, cancellation, termination or unenforceability of this Agreement.

6. Indemnity

Party B shall indemnify and hold harmless Party A from and against any loss, damage, liability or expenses arising from any litigation, claims or other requests made against Party A arising from or out of or caused by the contents of consultancies and services requested by Party B.

7. Effective Date and Term

- 7.1 This Agreement shall be signed or sealed and go into effect as of the date first above written.
- 7.2 The term of this Agreement shall be ten (10) years unless prematurely terminated in accordance with the provisions of this Agreement or other agreements entered into by both parties.
- 7.3 Subject to a mutual written consent between both parties, this Agreement may be extended upon its expiration, and the extension thereof is to be agreed upon by both parties. If both parties fail to reach an agreement on such extension, this Agreement shall be extended for one (1) year automatically upon its expiration (including expiration of any extension), unless Party A gives a written notice about not extending the term of this Agreement prior to expiration.

8. Termination

- 8.1 **Termination upon Expiration.** This Agreement shall be terminated on its expiry date, unless it is extended in accordance with its relevant provisions.
- 8.2 **Premature Termination.** During the term of this Agreement, Party B shall not terminate this Agreement, unless Party A is involved in any gross negligence, fraud or other illegal acts or goes bankrupt. Notwithstanding the foregoing, Party A may terminate this Agreement at any time upon prior thirty (30) days written notice to Party B. During the term of this Agreement, if Party B breaches this Agreement and fails to cure its breach within fourteen (14) days upon receipt of Party A's written notice regarding such breach, Party A may inform Party B in writing to terminate this Agreement.
- 8.3 **Survival.** The rights and obligations of both parties under Articles 5, 10 and 12 shall survive the termination of this Agreement.

9. Governing Law

The performance, interpretation, construction and enforceability of this Agreement shall be governed by the PRC laws.

10. Settlement of Disputes

Any dispute arising in connection with the interpretation and performance of the provisions of this Agreement shall be settled by both parties in good faith and through amicable negotiations. In case no settlement can be reached by both parties within thirty (30) days after either party makes a request for dispute resolution through negotiations, either party may refer such dispute to China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration in accordance with CIETAC's arbitration rules then in effect. The seat of arbitration shall be Beijing and language of proceedings shall be Chinese. The arbitral award shall be final and binding upon both parties.

11. Force Majeure

- 11.1 An Event of Force Majeure means any event that is beyond the reasonable control of either party and unavoidable or unpreventable after it gives due attention, including, but not limited to, government act, act of God, fire, explosion, storm, flood, earthquake, tide, lightning or war, but insufficiency of credit standing, funds or financing shall not be deemed to be beyond the reasonable control of either party. The party seeking the exemption from its liabilities under this Agreement owing to an Event of Force Majeure shall, without undue delay, inform the other party of such exemption and the steps needing to be taken to perform its liabilities.
- 11.2 Should the performance of this Agreement be delayed or hindered due to any Event of Force Majeure as defined above, the prevented party shall not be liable therefor only to the extent being delayed or hindered. The prevented party shall take suitable measures to lower or eliminate the impact of such Event of Force Majeure, and make endeavors to resume the performance of the obligations delayed or hindered by Event of Force Majeure. Both parties agree to make their best efforts to continue to perform this Agreement once the Event of Force Majeure is eliminated.

12. Notices

Any notice or other communications required to be given by either party pursuant to this Agreement shall be written in English and Chinese and delivered to the following address of the other party by hand delivery, registered mail or postage prepaid mail, or a recognized courier service or facsimile transmission. Such notice shall be deemed to be received: (a) if by hand delivery, on the date of delivery; (b) if by mail, on the tenth (10th) day after the date of posting (as indicated on the postmark) of air registered mail (postage prepaid), or if by courier service, on the fourth (4th) day after being delivered to an internationally recognized courier service; or (c) if by fax, at the receiving time as indicated in the transmission confirmation of relevant document.

13. Assignment

- 13.1 Party B shall not assign any of its rights or obligations under this Agreement to any third party without the prior written consent of Party A.
- 13.2 Party B hereby agrees that Party A may, at its own discretion, assign any of its rights and obligations under this Agreement to a third party without Party B's consent, but such transfer shall be notified in writing to Party B.

14. Entire Agreement

Notwithstanding Article 7.1 hereof, both parties acknowledge that once this Agreement becomes effective, it shall constitute the entire agreement and understanding between both Parties with respect to the subject matter hereof and supersedes all prior oral and/or written agreements and understandings reached by both parties with respect to the subject matter hereof.

15. Severability

Should any provision of this Agreement be held invalid or unenforceable by applicable law, such provision shall be invalid or unenforceable only to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remainder of this Agreement.

16. Amendment and Supplement

This Agreement may be amended or supplemented by a written instrument. All amendments and supplements to this Agreement duly signed by both parties shall form an integral part of this Agreement and have the same legal effect as this Agreement.

17. Counterparts

This Agreement is executed in two originals, with each party holding one. Both originals have the same legal effect.

IN WITNESS WHEREOF, both parties hereto have caused this Agreement to be duly executed by their legal representatives and duly authorized representatives as of the date first above written.

[Signing page]

Party A: Beijing Ruisike Management Consulting Co., Ltd.

Legal Representative/Authorized Representative: _____

Party B:

Legal Representative/Authorized Representative: _____

Annex: Scope of technical consultancies and services and calculation and payment methods of consulting service fee**(1) Scope of consultancies and services, and calculation of consulting service fee**

<u>Service Scope</u>	<u>Basis for pricing</u>	<u>Calculation standard</u>
Premium internal control management software	To be charged as per the business volume of insurance premium	0.80%
Customer resources and customer relationship management (CRM) software	To be charged as per the number of customers	20
Risk assessment	To be charged as per the business volume of insurance premium	1.50%
Staff training	To be charged as per the number of staff members	3,000
Corporate image (CI) design and promotion (brand)	To be charged as per the business volume of insurance premium	0.40%
Marketing	To be charged as per the business volume of insurance premium	0.60%
Business process and management consulting	To be charged as per the business volume of insurance premium	0.40%

(2) Payment method

1. Party A shall prepare a written settlement list of the service details provided to Party B and deliver it to Party B. Party B shall examine and confirm such settlement list.
2. Party B shall pay the consulting service fee to the account designated by Party A within the payment term indicated on Party A's settlement list.
3. For the other services requested by Party B, the fees are to be agreed upon by both parties.

FORM OF TECHNICAL CONSULTING AND SERVICE AGREEMENT

THIS TECHNICAL CONSULTING AND SERVICE AGREEMENT (hereinafter referred to as "this Agreement") is entered into in _____ on _____ by and between the following two parties:

Party A: Guangzhou Zhongqi Enterprise Management Consulting Co., Ltd.
 Address: Room 6, Unit 603, Xiangkang Shangmao Building, 11 Sanyuanli Avenue,
 Baiyun District, Guangzhou

Party B: _____
 Address: _____

WHEREAS:

- (1) Party A is a wholly foreign-owned enterprise duly incorporated under the laws of the People's Republic of China (the "PRC"), which has the know-how in computer software development and design, a team of professionals in insurance technology, risk consultancy, assessment and management as well as rich experience in management of enterprise organization and operation planning;
- (2) Party B is an insurance brokering firm duly incorporated under PRC laws and the relevant regulations of the China Insurance Regulatory Commission ("CIRC"), which is specialized in insurance agency and insurance consulting services;
- (3) Based on their respective industry advantages and requirements, Party A and Party B agree to sign a written agreement to define their rights and obligations with respect to Party A providing insurance technology consultancy and related services for Party B and their continual cooperation.

NOW THEREFORE, both parties, through negotiations, hereby agree as follows:

1. Consulting and Services; Sole and Exclusive Interests

- 1.1 During the term of this Agreement, Party A agrees to, as the technical consulting and services provider of Party B, provide the related technical consulting and services to Party B (as set forth in Annex 1 attached hereto) in accordance with the terms and conditions of this Agreement. If Party B makes a request and such request is approved by Party A, Party A will furnish to Party B the consultancies and services beyond those as set out in Annex 1 below.

-
- 1.2 Party B agrees to accept the technical consultancies and services provided by Party A and further agrees that, during the term of this Agreement, it shall not accept such technical consultancies and services for the aforesaid business provided by any third party without the prior written consent of Party A.

2. Calculation, Payment and Guarantee of Technical Consulting and Service Fee (“Consulting Service Fee”)

- 2.1 Both parties agree that the Consulting Service Fee under this Agreement is calculated and paid in the manner as set forth in Annex 1.
- 2.2 Both parties agree that if Party B requests Party A to provide the services not covered in Annex 1, both parties may agree upon the sum of the Consulting Service Fee depending on the specific service contents and market conditions.
- 2.3 Both parties agree to negotiate about the specific service contents as well as the calculation and payment forms of the Consulting Service Fee based on market situation and business development every three months. Appropriate adjustments may be made if both parties reach a mutual agreement through negotiations.
- 2.4 In order to ensure that Party B performs the obligations under this Agreement, Party B’s shareholder shall sign an irrevocable power of attorney in the format as set forth in Annex 2 whereby to authorize the person designated by Party A from time to time to exercise its voting power towards Party B.

3. Intellectual Property Rights

- 3.1 Party A shall be the sole owner of the copyrights of the Ruisike Insurance Brokerage Business Flow Management software 3.0 version designed by Party A and other relevant software, the intellectual property rights of all R & D results arising from the performance by Party A of this Agreement and/or other agreements reached by both parties and any rights derived therefrom, including but not limited to, patent application right, copyrights or other intellectual property rights of the software, technical documents and materials and the right to license or transfer such intellectual properties, etc.
- 3.2 During the performance of this Agreement, if Party B needs to use Party A’s software programs or systems, both parties will otherwise agree upon the scope, method and royalties of relevant software licenses.

4. Representations and Warranties

- 4.1 Party A hereby represents and warrants as follows:
- 4.1.1 Party A is a consulting service enterprise duly incorporated and validly existing under the PRC laws;
- 4.1.2 The execution, delivery and performance of this Agreement by Party A are within its corporate power and business scope, have been duly authorized by all requisite corporate actions on the part of Party A and obtained the necessary consents or approvals from third parties or government departments, and do not violate the laws and contracts binding upon or influencing Party A;

-
- 4.1.3 Once executed, this Agreement will constitute a legal, valid and binding obligation enforceable against Party A in accordance with its provisions.
 - 4.2 Party B hereby represents and warrants as follows:
 - 4.2.1 Party B is an insurance brokering firm duly incorporated and validly existing under the PRC laws and CSRC's regulations;
 - 4.2.2 The execution, delivery and performance of this Agreement by Party B within its corporate power and business scope, have been duly authorized by all requisite corporate actions on the part of Party B and obtained the necessary consents or approvals from third parties or government departments, and do not violate the laws and contracts binding upon or influencing Party B;
 - 4.2.3 Once executed, this Agreement will constitute a legal, valid and binding obligation enforceable against Party B in accordance with its provisions.

5. Confidentiality

- 5.1 Each party agrees to make full endeavors and take all reasonable measures to keep confidential the confidential data and information of the other party made available to or given access to it in the course of providing or accepting consultancies and services A (collectively the "Confidential Information"). Neither party shall disclose, give or transfer any such Confidential Information to any third party without other party's prior written consent. Upon termination of this Agreement, each party shall return to the other party or destroy all documents, materials or software at other party's option, delete any Confidential Information from all related memory devices and cease using such Confidential Information.
- 5.2 Both parties agree and acknowledge that any and all oral or written materials exchanged pursuant to this Agreement are of a confidential nature. Each party shall keep confidential all such documents and not disclose any such documents to any third party without prior written consent from the other party, but the above confidentiality obligations shall not apply to the information which: (a) is or becomes or will be or become publicly available (through no fault of the recipient); (b) is disclosed under requirement of applicable laws or stock exchange's rules or regulations; or (c) is disclosed by either party to its legal or financial consultant with respect to the transaction contemplated under this Agreement, who shall also undertake the confidential obligations similar to those as stated hereof. Any breach of confidentiality obligations by any of the personnel of either party or of the institutions engaged by it shall be deemed as a breach hereof by such party, and such party shall undertake the defaulting liabilities under this Agreement.

5.3 Both parties agree that Article 5 shall survive the invalidity, change, cancellation, termination or unenforceability of this Agreement.

6. Indemnity

Party B shall indemnify and hold harmless Party A from and against any loss, damage, liability or expenses arising from any litigation, claims or other requests made against Party A arising from or out of or caused by the contents of consultancies and services requested by Party B.

7. Effective Date and Term

7.1 This Agreement shall be signed or sealed and go into effect as of the date first above written.

7.2 The term of this Agreement shall be ten (10) years unless prematurely terminated in accordance with the provisions of this Agreement or other agreements entered into by both parties.

7.3 Subject to a mutual written consent between both parties, this Agreement may be extended upon its expiration, and the extension thereof is to be agreed upon by both parties. If both parties fail to reach an agreement on such extension, this Agreement shall be extended for one (1) year automatically upon its expiration (including expiration of any extension), unless Party A gives a written notice about not extending the term of this Agreement prior to expiration.

7.4 During the terms set forth in Articles 7.2 and 7.3 hereof, if either party is terminated upon expiry of its duration (including any extension thereof) or for any other reason, this Agreement shall be terminated upon termination of such party, unless such party has already assigned its rights and obligations in accordance with Article 13 hereof.

8. Termination

8.1 **Termination upon Expiration.** This Agreement shall be terminated on its expiry date, unless it is extended in accordance with its relevant provisions.

8.2 **Premature Termination.** During the term of this Agreement, Party B shall not terminate this Agreement, unless Party A is involved in any gross negligence, fraud or other illegal acts or goes bankrupt. Notwithstanding the foregoing, Party A may terminate this Agreement at any time upon prior thirty (30) days written notice to Party B. During the term of this Agreement, if Party B breaches this Agreement and fails to cure its breach within fourteen (14) days upon receipt of Party A's written notice regarding such breach, Party A may inform Party B in writing to terminate this Agreement.

8.3 **Survival.** The rights and obligations of both parties under Articles 5, 10 and 12 shall survive the termination of this Agreement.

9. Governing Law

The performance, interpretation, construction and enforceability of this Agreement shall be governed by the PRC laws.

10. Settlement of Disputes

Any dispute arising in connection with the interpretation and performance of the provisions of this Agreement shall be settled by both parties in good faith and through amicable negotiations. In case no settlement can be reached by both parties within thirty (30) days after either party makes a request for dispute resolution through negotiations, either party may refer such dispute to China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration in accordance with CIETAC's arbitration rules then in effect. The seat of arbitration shall be Beijing and language of proceedings shall be Chinese. The arbitral award shall be final and binding upon both parties.

11. Force Majeure

11.1 An Event of Force Majeure means any event that is beyond the reasonable control of either party and unavoidable or unpreventable after it gives due attention, including, but not limited to, government act, act of God, fire, explosion, storm, flood, earthquake, tide, lightning or war, but insufficiency of credit standing, funds or financing shall not be deemed to be beyond the reasonable control of either party. The party seeking the exemption from its liabilities under this Agreement owing to an Event of Force Majeure shall, without undue delay, inform the other party of such exemption and the steps needing to be taken to perform its liabilities.

11.2 Should the performance of this Agreement be delayed or hindered due to any Event of Force Majeure as defined above, the prevented party shall not be liable therefor only to the extent being delayed or hindered. The prevented party shall take suitable measures to lower or eliminate the impact of such Event of Force Majeure, and make endeavors to resume the performance of the obligations delayed or hindered by Event of Force Majeure. Both parties agree to make their best efforts to continue to perform this Agreement once the Event of Force Majeure is eliminated.

12. Notices

Any notice or other communications required to be given by either party pursuant to this Agreement shall be written in English and Chinese and delivered to the following address of the other party by hand delivery, registered mail or postage prepaid mail, or a recognized courier service or facsimile transmission. Such notice shall be deemed to be received: (a) if by hand delivery, on the date of delivery; (b) if by mail, on the tenth (10th) day after the date of posting (as indicated on postmark) of air registered mail (postage prepaid), or if by courier service, on the fourth (4th) day after being delivered to an internationally recognized courier service; or (c) if by fax, at the receiving time as indicated in the transmission confirmation of relevant documents.

13. Assignment

- 13.1 Party B shall not assign any of its rights or obligations under this Agreement to any third party without the prior written consent of Party A.
- 13.2 Party B hereby agrees that Party A may, at its own discretion, assign any of its rights and obligations under this Agreement to a third party without Party B's consent, but such transfer shall be notified in writing to Party B.

14. Entire Agreement

Notwithstanding Article 7.1 hereof, both parties acknowledge that once this Agreement becomes effective, it shall constitute the entire agreement and understanding between both Parties with respect to the subject matter hereof and supersedes all prior oral and/or written agreements and understandings reached by both parties with respect to the subject matter hereof.

15. Severability

Should any provision of this Agreement be held invalid or unenforceable by applicable law, such provision shall be invalid or unenforceable only to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remainder of this Agreement.

16. Amendment and Supplement

This Agreement may be amended or supplemented by a written instrument. All amendments and supplements to this Agreement duly signed by both parties shall form an integral part of this Agreement and have the same legal effect as this Agreement.

17. Counterparts

This Agreement is executed in three originals. All originals have the same legal effect.

IN WITNESS WHEREOF, both parties hereto have caused this Agreement to be duly executed by their legal representatives and duly authorized representatives as of the date first above written.

[Signing page]

Party A: Guangzhou Zhongqi Enterprise Management Consulting Co., Ltd.

Legal Representative/
Authorized Representative: _____

Party B:

Legal Representative/
Authorized Representative: _____

Annex 1: Scope of technical consultancies and services and calculation and payment method of consulting service fee**(1) Scope of consultancies and services, and calculation of consulting service fee**

<u>Service Scope</u>	<u>Basis for pricing</u>	<u>Calculation standard</u>
IT system management	To be charged as per the business volume of insurance premium	0.50%
Website publicity service	To be charged as per the business volume of insurance premium	0.20%
Online insurance	To be charged as per the number of online insurance customers	RMB50/customer

(2) Payment method

1. Party A shall prepare a written settlement list of the service details provided to Party B and deliver it to Party B. Party B shall examine and confirm such settlement list.
2. Party B shall pay the consulting service fee to the account designated by Party A within the payment term indicated on Party A's settlement list.
3. For the other services requested by Party B, the fees are to be agreed upon by both parties.

FORM OF TRADEMARK LICENSE AGREEMENT

THIS TRADEMARK LICENSE AGREEMENT (this "Agreement") is entered into by and between the following two parties in _____ as of _____:

Licensor: Beijing Ruisike Management Consulting Co., Ltd.
Registered Address: Room 103, Block 14, Langjiayuan, Chaoyang District, Beijing

Licensee: _____
Registered Address: _____

WHEREAS:

- (1) The Licensor is a limited liability company registered in Beijing under the laws of People's Republic of China ("PRC"), which owns the exclusive right to use the registered trademark as specified in Annex 1 (No. 1958491, hereinafter the "Trademark");
- (2) The Licensee is a company registered under the laws of the PRC, which is approved the China Insurance Regulatory Commission to carry on insurance brokerage and other businesses;
- (3) The Licensor agrees to grant to the Licensee a license to use the Trademark and the Licensee agrees to accept such license subject to the terms and conditions set forth herein.

NOW THEREFORE: both parties hereby agree as follows:

1. Granting of License**1.1 Trademark License**

Subject to the terms and conditions of this Agreement, the Licensor hereby grants a non-exclusive license to the Licensee and the Licensee hereby agrees to accept such license to use any and all graphics, words, symbols and visual images of the Trademark as set forth in Annex 1.

1.2 Scope

- 1.2.1 The use right of the Trademark granted by the Licensor to the Licensee under this Agreement shall apply only to the extent of the insurance brokerage and related businesses of the Licensee. The Licensee agrees that it will not directly or indirectly use, or authorize others to use the Trademark in any other way, unless otherwise provided for herein.

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- 1.2.2 The license granted to the Licensee herein shall apply only in the PRC. The Licensee agrees that it will not directly or indirectly use, or authorize others to use the Trademark in any other region.

2. Terms of Payment

The Licensee agrees to pay RMB_____ to the Licensee as trademark royalty annually. The Licensor has the right to, at its own discretion, decide whether or not to exempt such royalty or not.

3. Goodwill

The Licensee acknowledges the value of the goodwill in connection with the Trademark, and confirms that the Trademark as well as the rights and goodwill pertaining to the Trademark shall belong to the Licensor, and the Trademark has a subordinate meaning among the public.

4. Confidentiality

4.1 The Licensee shall keep confidential the confidential data and information of the Licensor made available to or given access to it due to acceptance of the said trademark license (hereinafter "Confidential Information"). Upon termination of this Agreement, The Licensee shall return to the Licensor or destroy all documents, materials or software containing the Confidential Information at Licensor's option, delete any Confidential Information from all related memory devices and cease using such Confidential Information. The Licensee shall not disclose, grant or transfer any such Confidential Information to any third party without Licensor's written consent.

4.2 Both parties agree that Article 4.1 shall survive the modification, cancellation or termination of this Agreement.

5. Representations and Warranties

5.1 The Licensor represents and warrants as follows:

5.1.1 The Licensor is a company incorporated and validly existing under the PRC laws;

5.1.2 The execution, delivery and performance of this Agreement by the Licensor are within its corporate power and business scope, have been duly authorized by all requisite corporate actions on the part of the Licensor and obtained the consents and approvals from third parties and government departments, and do not violate the laws and contracts binding upon or influencing the Licensor;

5.1.3 Once executed, this Agreement constitutes a legal, valid and binding obligation of Licensor, enforceable against Licensor in accordance with its provisions.

5.1.4 The Licensor has the exclusive right to use the Trademark.

-
- 5.2 The Licensee represents and warrants as follows:
- 5.2.1 The Licensee is a company incorporated and validly existing under the laws of the PRC, which is approved by China Insurance Regulatory Commission to engage in the businesses of insurance brokerage, etc;
 - 5.2.2 The execution, delivery and performance of this Agreement by the Licensee are within its corporate power and business scope, have been duly authorized by all requisite corporate actions on the part of the Licensee and obtained the consents and approvals from third parties and government departments, and do not violate the laws and contracts binding upon or influencing the Licensee;
 - 5.2.3 Once executed, this Agreement constitutes a legal, valid and binding obligation of Licensee, enforceable against Licensee in accordance with its provisions.

6. Licensor's Licensing Right and Protection of Licensor's Rights

- 6.1 The Licensor agrees, during the term of this Agreement and thereafter, not to challenge Licensor's licensing right and other rights regarding the Trademark or the validity of this Agreement; and to do any act or omission that, at Licensor's discretion, is detrimental to such rights and license;
- 6.2 The Licensee agrees to provide necessary assistances to protect Licensor's rights over the Trademark. The Licensor may respond to any claim made by any third party against the Trademark, at its own will and in the name of itself, Licensee or both parties. If any third party infringes upon any right of Trademark, the Licensee shall notify the Licensor immediately in writing of such infringement to its knowledge, and only the Licensor has the right to decide whether or not to take actions against such infringement;
- 6.3 The Licensee agrees to use the Trademark only pursuant to this Agreement and not to use the Trademark in any manner that, as the Licensor deems, is fraudulent, misleading or otherwise detrimental to the reputation of the Trademark or the Licensor.

7. Quality

The Licensee shall do its best to improve the quality of its insurance brokerage and other related businesses in order to protect and enhance the reputation of the Trademark.

8. Publicity

In all cases where the Licensee uses the publicity materials involving the Trademark, production costs shall be borne by the Licensee. The Licensor has the sole and exclusive right to the copyrights and other intellectual property rights of publicity materials regarding the Trademark, regardless of such publicity materials are invented or used by the Licensor or the Licensee. The Licensee agrees not to make publicity or advertising about the Trademark under this Agreement at any radio station, television station, newspaper, magazine, the Internet or other media without the prior written consent of the Licensor.

9. Effective Date and Term

- 9.1 This Agreement shall be signed or sealed and go into effect as of the date first above written. The term of this Agreement is ten (10) years unless prematurely terminated in accordance with the provisions of this Agreement. After the signing of this Agreement, the Licensor and the Licensee shall examine the contents of this Agreement every three months to determine whether amendments or supplements need to be made to this Agreement depending on the then current situation.
- 9.2 This Agreement may be extended for one year prior to its expiration with the written consent of the Licensor. The Licensee has no right to decide whether this Agreement is extended or not.

10. Submission for Recording

The Licensor should submit a copy of this Agreement to the relevant trademark administration department for the recording within three months after the execution of this Agreement.

11. Termination

11.1 Termination upon Expiration

Unless this Agreement is extended, this Agreement shall be terminated upon its expiry or when Licensor's right to license the Trademark as set forth in Annex 1 attached hereto is terminated, whichever is earlier.

11.2 **Premature Termination**

Either party has the right to terminate this Agreement with immediate effect upon giving a written notice to the other party in the event the other party materially breaches this Agreement, including but not limited to, a breach of the obligations under Articles 6.1, 6.2 and 6.3 of this Agreement, and fails to cure its such breach within 30 days from the date it receives the written notice of its breach from the non-breaching party. The termination of this Agreement shall not prejudice the rights or remedies of the terminating party at law or otherwise.

Within the valid term of this Agreement, the Licensor may, at any time, terminate this Agreement upon giving prior 30 days written notice to the Licensee.

11.3 **Survival**

Articles 3, 4, 6 and 16 shall survive the termination of this Agreement.

12. Force Majeure

- 12.1 An Event of Force Majeure means any event that is beyond the reasonable control of either party and unavoidable or unpreventable after it gives due attention, including, but not limited to, government act, act of God, fire, explosion, storm, flood, earthquake, tide, lightning or war, but insufficiency of credit standing, funds or financing shall not be deemed to be beyond the reasonable control of either party. The prevented party shall, without undue delay, inform the other party of such exemption.

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- 12.2 Should the performance of this Agreement be delayed or hindered due to any Event of Force Majeure as defined above, the prevented party shall not be liable therefor only to the extent being delayed or hindered. The prevented party shall take suitable measures to lower or eliminate the impact of such Event of Force Majeure, and make endeavors to resume the performance of the obligations delayed or hindered by Event of Force Majeure. Both parties agree to make their best efforts to continue to perform this Agreement once the Event of Force Majeure is eliminated.
- 13. Transfer and Sublicense**
- Without Licensor's written consent, the Licensee shall not transfer, lend, pledge or sublicense to any third person this Agreement and any of its rights and obligations licensed by the Licensor to the Licensee under this Agreement, or transfer in any other way whatsoever the economic interests resulting from the license or any of its rights under this Agreement to any third person.
- 14. Settlement of Disputes**
- Any dispute arising in connection with the interpretation and performance of the provisions of this Agreement shall be settled by both parties in good faith and through amicable negotiations. In case no settlement can be reached by both parties within thirty (30) days after either party makes a request for dispute resolution through negotiations, either party may refer such dispute to China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration in accordance with CIETAC's arbitration rules then in effect. The seat of arbitration shall be Beijing and language of proceedings shall be Chinese. The arbitral award shall be final and binding upon both parties.
- 15. Applicable Law**
- The validity, interpretation and enforceability of this Agreement shall be governed by the laws of PRC.
- 16. Amendment and Supplement**
- This Agreement may be amended or supplemented by a written instrument. All amendments and supplements to this Agreement duly signed by both parties shall form an integral part of this Agreement and have the same legal effect as this Agreement.
- 17. Severability**
- Should any provision of this Agreement be held invalid or unenforceable by applicable law, such provision shall be invalid or unenforceable only to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remainder of this Agreement.
- 18. Annexes**
- The annexes hereto are an integral part of this Agreement and have the same legal effect as this Agreement.

IN WITNESS WHEREOF, both parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

(No text in this page)

Licensors: Beijing Ruisike Management Consulting Co., Ltd.

Authorized Representative:

Licensee:

Authorized Representative:

No.:

Employment Agreement

Party A: _____ (hereinafter referred to as “Party A” or “Company”)

Party B: _____

ID No.: _____

Party A employs Party B as a senior manager of the Company. Pursuant to relevant laws and regulations of the People’s Republic of China, the current business principles and on basis of equality, free will and agreement, both parties hereby conclude this Agreement.

I. Basis for this Agreement

Article 1 Term

1. It is agreed by both parties that the term is ____ years, beginning on _____ and ending on _____.
2. Both parties agree that no probationary period will apply hereto.

Article 2 Contents of work

1. Work post and position of Party B: _____.
2. Tasks and responsibilities of Party B: To be determined by the Articles of Association and the Board of Directors of the Company.

Article 3 Compensation

The salary and compensation of Party B will be determined as per the salary system of the Company. However, the Company guarantees hereby that, during the term of this Agreement, the annual salary of Party B will not be lower than RMB _____ Yuan (yearly income includes: annual salary + performance salary + income from option).

Article 4 Work protection and working conditions

1. Working time
The standard working hours of Party B will be determined by Party A: weekly working time shall not exceed 40 hours.
2. Vacation
 - 1) Party A guarantees that Party B will rest for at least one day per week;
 - 2) Party B enjoys the legal paid holidays;
 - 3) If Party A arranges Party B to work overtime on workdays, weekends and holidays, Party A can give Party B the same time to rest and will not pay Party B for overtime work; if no rest is possible, Party B shall implement the provisions of Article 44 of the Labor Law.

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3. Party A implements the labor protection provisions of the local country, province and municipality of the Company and provides Party B with the work protection facilities and working conditions that meet the provisions of the country where the Company is located so as to actually protect the safety and health of Party B in work.
 4. Party A provides Party B with trainings in post-related safety knowledge, laws and regulations, operations and other business-related technical skills as per the provisions of the country where the Company is located; Party B shall not work without the work permit; Party B shall participate in the above trainings and strictly abide by the post-related safety regulation, rules, policies and operational procedures.
 5. Party B shall have the right to reject the violating directions of Party A; if Party A ignores the safety and health of Party B, Party B shall have the right to reject the directions and can report such directions to relevant governmental authorities.

II. Rules

Article 5 Work disciplines

1. Party B shall strictly abide by the laws and regulations of the country where the Company is located; abide by the rules and work disciplines legally established by Party A; accept the management and education of Party A. If Party A transfers Party B to another place of work or post, Party B shall unconditionally agree. Party A shall have the right to check, supervise, reward and punish Party B in terms of executing such rules and policies.
2. During the term of this Agreement, Party B must focus on his own work and, without the consent from Party A, shall not hold another job outside the Company or work for any other company or institution.

Article 6 Rules of business secrets

1. For the purpose of this Agreement, "business secrets" shall mean practical information and documents that are not known to the public and can bring economic benefits to Party A, including but not limited to documents, pictures, photos, training materials, business plans and agreements, HR information, financial information, market research data, customer data/information, brand promotion and planning program, information on existing and potential customer, and documents, reports, plans, etc written by Party A. Such information is the property of the Company (excluding personal information before capital increase and issuing additional shares).
2. Considering that, during the process of performing job responsibilities, Party B may have access to the business secrets of Party A, so Party B undertakes to
 - 1) Strictly keep confidential the business secrets of Party A;
 - 2) Protect the business secrets of Party A and will not disclose them to the public;
 - 3) Without consent from Party B, not disclose, use or allow others to use the business secrets of Party A;
 - 4) Except for the work purpose, not have access to the business secrets of Party A or use any other improper means (theft, seduction, intimidation or otherwise) to obtain the business secrets of Party A.

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3. If the employment relationship between Party A and Party B ends, or at the written request of Party A at any time, Party B shall immediately:
 - 1) Stop disclosing, using or notifying others to use the business secrets of Party A;
 - 2) Return to Party A all the documents or other media (including all counterparts and hard copies) involving business secrets of Party A, and deleting all information related to the business secrets of Party A from personal records, memoranda and other media.
 4. During the term of this Agreement, the business secrets obtained by Party B as a result of performing job responsibilities as well as the related ownerships and interests (including but not limited to other rights to and interests in all copyrights, trademarks, business secrets and intangible assets) shall belong to Party A.
 5. During the duration and after dissolution or termination of this Agreement, Party B shall bear full obligations for keeping confidential the business secrets of Party A; if Party B intentionally or willfully causes the disclosure of any of the business secrets of Party A and the said disclosure results in serious consequences, Party A shall reserve the right to hold Party B civilly and even criminally liable for the disclosure.

Article 7 Avoidance of competition

1. During the term of this Agreement, Part B shall not
 - 1) Work, either full-time or part-time, for any other business that produces the same products as Party A produces or engages in similar operations as Party A does and is a competitor of Party A.
 - 2) Establish his own company that produces the same products or engages in similar operations as Party A does and is a competitor of Party A.
2. Avoidance after the dissolution of this Agreement
 - 1) After Party B leaves Party A, Party B shall not in any form and for any reason disclose, use or allow others to use or disclose the business secrets obtained by Party B during his service at Party A.
 - 2) Within one month, Party B shall not engage in or manages for others any operation that directly competes with that of Party A in the mainland China.
 - 3) Within one year, Party B shall not provide consulting services to any enterprise (or entity) that produces the same products or engages in similar operations as Party A does and is a competitor of Party A.
 - 4) Within three years, Party B shall not employ any employee who was employed by Party A but ended his/her employment relationship with Party A less than one year ago or procure such employee to work for the interest body or bodies represented by Party B; within three years, Party B shall not mobilize or threaten any employee of Party A to resign from Party A or accept employment by any other enterprise (or entity).
3. Conditions for avoidance of competition
 - 1) As per Paragraph 2 of Article 10 hereof, Party B has paid liquidated damages to Party A;

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- 2) Party B has resigned from Party A for more than one year;
 - 3) Engages in or manages for others any business that directly competes that of Party A outside the territory of the mainland China.

III. Modification and renewal of this Agreement

1. When any of the objective conditions on which the execution of this Agreement was based changes or out of any personal reason, if Party B requests to modify any provision herein, he must give Party A with 7 days' notice and, after agreement is reached between both parties, the relevant contents in this Agreement can be modified. For modification of this Agreement, both parties shall sign the Agreement on Modifying the Employment Agreement;
2. The laws and/or regulations on which the execution of this Agreement was based are revised or become invalid, either party can unilaterally modify the relevant provisions herein;
3. One month before expiration of the term of this Agreement, both parties shall negotiate on an equal basis whether or not to renew this Agreement; if no dispute, both parties shall renew this Agreement as per the contents herein upon expiration hereof.

Article 9 Dissolution and termination of this Agreement

1. If this Agreement is dissolved or terminated for any reason whatsoever, Party A must sign the Agreement on the Dissolution/Termination of Employment Agreement.
2. This Agreement can be solved after agreement is reached between Party A and Party B.
3. When any of the following conditions occurs, Party A can dissolve this Agreement:
 1. Party B materially violates work disciplines or any rules/policies of Party A;
 2. Party B materially breaches his duty, malpractices and/or discloses business secrets, seriously damaging the interests of Party A.
 3. Party B is legally held responsible for criminal liabilities.
4. In any of the following conditions, Party A can dissolve this Agreement by giving a thirty days' notice to Party B.
 - 1) Party B gets ill or gets injured not as a result of work and, after the period of treatment expires, cannot the original job or any other job re-arranged by Party A;
 - 2) Party B is incompetent and, after training or transfer to another post, still incompetent;
 - 3) The objective conditions on which the execution of this Agreement was based change substantially, rendering it impossible to perform this Agreement, and both parties cannot reach agreement on modifying this Agreement;
 - 4) The Company's accumulated book loss exceeds (received capital + capital surplus + cashed value of renewed interests at an 8% annual discount rate) 50%.
5. In any of the following conditions, Party B can dissolve this Agreement:
 - 1) Party A forces Party B to work by such means as using violence, threatening or restricting the personal freedom of Party B, etc;
 - 2) Party A fails to provide the compensation an/or working conditions as specified herein.
6. To dissolve this Agreement earlier, Party B shall give Party A thirty days' notice and compensate Party A for the following economic losses:
 - 1) The expenses paid by Party A for recruiting Party B;

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- 2) The education and training expenses paid by Party A for Party B during the term of this Agreement;
 - 3) The medical insurance premium paid by Party A for Party B.
 7. If any of the conditions described in this article (Article 9) and Party A dissolves this Agreement, Party B will enjoy the relevant treatments as specified in the Labor Law.
 8. In any of the following conditions, this Agreement will terminate automatically:
 - 1) The term of this Agreement expires.
 9. When any of other conditions specified in this Agreement for the termination hereof occurs.

IV. Liabilities for breach of this Agreement

Article 10 Party B

1. If Party B violates any of the provisions of Article 6 herein, Party A shall have the right to request Party B to unconditionally compensate Party A for all the resulting losses which shall be five times the before-tax profit of the company for which Party B works.
2. If Party B violates the provisions of Paragraph 2 of Article 7 herein, P Party A shall have the right to request Party B to unconditionally compensate Party A for all the resulting losses which shall be ten times the sum of the fixed income (annual salary + performance salary + income from option) received by Party B from Party A during his term at the Company.

Article 11 Party A

1. If Party A violates any of the provisions of Article 3 and Paragraph 3 of Article 8 herein, Party B shall have the right to request Party A to unconditionally compensate Party A (the standard for compensation being the same as specified in Paragraph 1 of Article 10 herein);
2. If Party A intentionally fires Party B without justification (except Paragraph 4 of Article 9), Party A shall pay Party B liquidated damages (the standard for compensation being the same as specified in Paragraph 1 of Article 10 herein).

V. Supplementary rules

Article 12 Not-covered issues

If any not covered in this Agreement arises, both parties shall solve it through friendly negotiation and the resulting supplementary agreement or attachment shall have the same legal force and effect as this Contract does.

Article 13 Settlement of disputes

Any dispute arising from execution of this Agreement shall be settled through negotiation. In case negotiation fails to settle the dispute, it can be submitted to any people's law in _____, China for litigation in accordance with the relevant laws and regulations of the People's Republic of China.

Article 14 Effectiveness

This Agreement is made in duplicates, one copy for each party, and will take effect after it is signed by or affixed with the seals of both parties.

Duly authorized signatory: (SIGNATURE)

(Company seal)

[Company Name]

(Party B) (SIGNATURE)

Time of execution: _____

Place of execution: _____

Schedule

<u>No.</u>	<u>Date of Agreement</u>	<u>Company Name</u>	<u>Senior Executive Officer</u>	<u>Position</u>	<u>Term</u>
1	January 27, 2006	Sichuan Xintai Insurance Agency Co., Ltd.	Peirong He	Chairman and General Manager	January 1, 2006 – December 31, 2008
2	January 1, 2007	Hebei Anxin Insurance Agency Co., Ltd.	Yahong Liu	Senior Officer	January 1, 2007 – December 31, 2011
3	January 1, 2007	Hebei Anxin Insurance Agency Co., Ltd.	Kai Xue	Senior Officer	January 1, 2007 – December 31, 2011
4	April 18, 2006	Fujian Xinheng Insurance Agency Co., Ltd.	Wentao Huang	Senior Officer	January 1, 2006 – December 31, 2010
5	April 18, 2006	Fujian Xinheng Insurance Agency Co., Ltd.	Rongxiong Wu	Senior Officer	January 1, 2006 – December 31, 2010
6	April 18, 2006	Fujian Xinheng Insurance Agency Co., Ltd.	Yulong Chen	Senior Officer	January 1, 2006 – December 31, 2010
7	April 18, 2006	Fujian Xinheng Insurance Agency Co., Ltd.	Rui Li	Senior Officer	January 1, 2006 – December 31, 2010

List of Subsidiaries

Wholly-Owned Subsidiaries

	Place of Incorporation
1. CISG Holdings Ltd	British Virgin Islands
2. CNinsure Holdings Ltd.	British Virgin Islands
3. Intense Rise Limited	Hong Kong
4. Haidileji Enterprise Image Planning (Shenzhen) Co., Ltd.	PRC
5. Yiqiman Enterprise Management Consulting (Shenzhen) Co., Ltd.	PRC
6. Shenzhen Fanhua Nanfeng Enterprise Management Consulting Co., Ltd.	PRC
7. Guangzhou Zhongqi Enterprise Management Consulting Co., Ltd.	PRC
8. Beijing Ruisike Management Consulting Co., Ltd.	PRC
9. Beijing Fanlian Investment Co., Ltd.	PRC

Consolidated Affiliated Entities

	Place of Incorporation
1. Guangdong Meidiya Investment Co., Ltd.	PRC
2. Sichuan Yihe Investment Co., Ltd.	PRC
3. Fujian Fanhua Investment Co., Ltd.	PRC
4. Guangdong Nanfeng Insurance Agency Co., Ltd.	PRC
5. Guangdong Kafusi Insurance Brokerage Co., Ltd.	PRC
6. Guangzhou Yian Insurance Agency Co., Ltd.	PRC
7. Guangzhou Xiangxing Insurance Agency Co., Ltd.	PRC
8. Guangdong Qicheng Insurance Brokerage Co., Ltd.	PRC
9. Guangzhou Desheng Insurance Brokerage Co., Ltd.	PRC
10. Dongguan Nanfeng Jiayu Insurance Agency Co., Ltd.	PRC
11. Foshan Tuohua Insurance Agency Co., Ltd.	PRC
12. Shenzhen Nanfeng Insurance Agency Co., Ltd.	PRC
13. Beijing Fanlian Insurance Agency Co., Ltd.	PRC
14. Beijing Fanhua Insurance Agency Co., Ltd.	PRC
15. Beijing Fumin Insurance Agency Co., Ltd.	PRC
16. Sichuan Fanhua Insurance Agency Co., Ltd.	PRC
17. Sichuan Bocheng Insurance Brokerage Co., Ltd.	PRC
18. Sichuan Xintai Insurance Agency Co., Ltd.	PRC
19. Fujian Xinheng Insurance Agency Co., Ltd.	PRC
20. Fuzhou Fanhua Lianxin Insurance Agency Co., Ltd.	PRC
21. Hebei Anxin Insurance Agency Co., Ltd.	PRC
22. Shandong Fanhua Xintai Insurance Agency Co., Ltd.	PRC
23. Shanghai Fanhua Guosheng Insurance Agency Co., Ltd.	PRC
24. Hunan Fanhua Insurance Agency Co., Ltd.	PRC
25. Shijiazhuang Fanhua Anxin Investment Co., Ltd.	PRC

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form F-1 of our report dated August 17, 2007 (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the convenience translation of Renminbi amounts into United States dollar amounts) relating to the consolidated financial statements and the related financial statement schedule of CNinsure Inc. appearing in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the heading “Experts” in such Prospectus.

/s/ Deloitte Touche Tohmatsu
Deloitte Touche Tohmatsu
Hong Kong
October 10, 2007

通商律師事務所

Commerce & Finance Law Offices

6F NCI Tower, A12 Jianguomenwai Avenue,
Chaoyang District, Beijing, PRC; Postcode: 100022
Tel: (8610) 65693399 Fax: (8610) 65693838, 65693836, 65693837, 65693839
E-mail Add: beijing@tongshang.com Website: www.tongshang.com.cn

October 10, 2007

CNInsure Inc.
19/F, Yinhai Building
No. 299 Yanjiang Zhong Road
Guangzhou, Guangdong 510110
People's Republic of China

Ladies and Gentlemen:

We hereby consent to the use of our name under the captions "Risk Factors," "Enforceability of Civil Liabilities," "Corporate Structure," "Regulation" and "Legal Matters" in the prospectus contained in the registration statement on Form F-1 (the "Registration Statement"), originally filed by CNInsure Inc. on October 10, 2007, with the Securities and Exchange Commission under the Securities Act of 1933, as amended, and the filing of this consent as an exhibit to the Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the regulations promulgated thereunder.

Very truly yours,

/s/ Commerce & Finance Law Offices
Commerce & Finance Law Offices

American Appraisal China Limited
 1506 Dah Sing Financial Centre
 108 Gloucester Road / Wanchai / Hong Kong
 美國評值有限公司
 香港灣仔告士打道108號大新金融中心1506室
 Tel +852 2511 5200 / Fax +852 2511 9626

Leading / Thinking / Performing



October 8, 2007

Mr. Tang Zhenyu
 Chief Financial Officer
 CNinsure Inc.
 19/F Yin Hai Building, No. 299 Yanjiang
 Zhong Road, Guangzhou, China

Subject: WRITTEN CONSENT OF AMERICAN APPRAISAL CHINA LIMITED

Dear Mr. Tang:

We hereby consent to the references to our name and our final appraisal reports addressed to the board of directors of CNinsure Inc. and to references to our valuation methodologies, assumptions and conclusions associated with such reports, in the Registration Statement on Form F-1 of CNinsure Inc. and any amendments thereto (the "Registration Statement") filed or to be filed with the U.S. Securities and Exchange Commission. We further consent to the filing of this letter as an exhibit to the Registration Statement.

In giving such consent, we do not hereby admit that we come within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the rules and regulations adopted by the Securities and Exchange Commission thereunder (the "Act"), nor do we admit that we are experts with respect to any part of such Registration Statement within the meaning of the term "experts" as used in the Act.

Yours faithfully,

/s/ AMERICAN APPRAISAL CHINA LIMITED

AMERICAN APPRAISAL CHINA LIMITED

Valuation / Transaction Consulting / Real Estate Advisory / Fixed Asset Management

Letter from the Chief Executive Officer

[date]

To all Directors, Officers and Employees of CNinsure Inc. and its subsidiaries:

CNinsure Inc. (the “*Company*”) is dedicated to conducting its business consistent with the highest standards of business ethics. We have an obligation to our employees, shareholders, customers, suppliers, community representatives and other business contacts to be honest, fair and forthright in all of our business activities.

As a director, officer or employee of the Company or its subsidiaries, you are faced every day with a number of business decisions. It is your personal responsibility to uphold the Company’s high standards of business ethics in each and every one of these situations. It is not possible for our Code of Business Conduct and Ethics (the “*Code*”) to address every situation that you may face. If you use your good business judgment and experience, your business decisions are not likely to raise ethical issues. When you are faced with an ethical issue, we hope that this Code will serve as a guide to help you make the right choice.

We encourage you to review the Code and our other policies and to discuss any questions you may have with your supervisor or with the Compliance Officer under the Code. We rely on you to uphold our core values and conduct our business honestly, fairly and with integrity.

Sincerely,

Yinan Hu
Chief Executive Officer

CNinsure Inc.
Code of Business Conduct and Ethics

INTRODUCTION

Purpose

This Code of Business Conduct and Ethics contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics. To the extent this Code requires a higher standard than required by commercial practice or applicable laws, rules or regulations, we adhere to these higher standards.

This Code applies to all of the directors, officers and employees of the Company and its subsidiaries (which, unless the context otherwise requires, are collectively referred to as the “Company” in this Code). We refer to all persons covered by this Code as “Company employees” or simply “employees.” We also refer to our Chief Executive Officer, our Chief Financial Officer, the General Manager of our Finance Department and our controller as our “principal financial officers.”

Seeking Help and Information

This Code is not intended to be a comprehensive rulebook and cannot address every situation that you may face. If you feel uncomfortable about a situation or have any doubts about whether it is consistent with the Company’s ethical standards, seek help. We encourage you to contact your supervisor for help first. If your supervisor cannot answer your question or if you do not feel comfortable contacting your supervisor, contact the Compliance Officer of the Company, who shall be a person appointed by the Board of Directors of the Company. Mr. Qiuping Lai has initially been appointed by the Board of Directors of the Company as the Compliance Officer for the Company. Mr. Qiuping Lai can be reached at 020-61222777-889 and lqp@cninsure.net. The Company will notify you if the Board of Directors appoints a different Compliance Officer. You may also seek help from or submit information to the Company by following the procedures set forth in our “Complaint and Investigation Procedures for Accounting, Internal Accounting Controls, Auditing Matters, or Questionable Financial Practices,” which we have provided to you separately and which is also available on our website at www.cninsure.net. You may remain anonymous and will not be required to reveal your identity in your communication to the Company.

Reporting Violations of the Code

All employees have a duty to report any known or suspected violation of this Code, including any violation of the laws, rules, regulations or policies that apply to the Company. If you know of or suspect a violation of this Code, immediately report the conduct to your supervisor. Your supervisor will contact the Compliance Officer, who will work with you and your supervisor to investigate

the matter. If you do not feel comfortable reporting the matter to your supervisor or you do not get a satisfactory response, you may contact the Compliance Officer directly. You may also report known or suspected violations of the Code to the Company at the e-mail address tousu@cninsure.net. Employees making a report need not leave their name or other personal information and reasonable efforts will be used to conduct the investigation that follows from the report in a manner that protects the confidentiality and anonymity of the employee submitting the report. All reports of known or suspected violations of the law or this Code will be handled sensitively and with discretion. Your supervisor, the Compliance Officer and the Company will protect your confidentiality to the extent possible, consistent with law and the Company's need to investigate your report.

It is Company policy that any employee who violates this Code will be subject to appropriate discipline, which may include termination of employment. This determination will be based upon the facts and circumstances of each particular situation. An employee accused of violating this Code will be given an opportunity to present his or her version of the events at issue prior to any determination of appropriate discipline. Employees who violate the law or this Code may expose themselves to substantial civil damages, criminal fines and prison terms. The Company may also face substantial fines and penalties and many incur damage to its reputation and standing in the community. Your conduct as a representative of the Company, if it does not comply with the law or with this Code, can result in serious consequences for both you and the Company.

Policy Against Retaliation

The Company prohibits retaliation against an employee who, in good faith, seeks help or reports known or suspected violations. Any reprisal or retaliation against an employee because the employee, in good faith, sought help or filed a report will be subject to disciplinary action, including potential termination of employment.

Waivers of the Code

Waivers of this Code for employees may be made only by an executive officer of the Company. Any waiver of this Code for our directors, executive officers or other principal financial officers may be made only by our Board of Directors or the appropriate committee of our Board of Directors and will be disclosed to the public as required by law or the rules of the Nasdaq Global Market.

CONFLICTS OF INTEREST

Identifying Potential Conflicts of Interest

A conflict of interest can occur when an employee's private interest interferes, or appears to interfere, with the interests of the Company as a whole. You should avoid any private interest that influences your ability to act in the interests of the Company or that makes it difficult to perform your work objectively and effectively.

Identifying potential conflicts of interest may not always be clear-cut. The following situations are examples of conflicts of interest:

- Outside Employment. No employee should be employed by, serve as a director of, or provide any services to a company that is a material customer, supplier or competitor of the Company.
- Improper Personal Benefits. No employee should obtain any material (as to him or her) personal benefits or favors because of his or her position with the Company. Please see “Gifts and Entertainment” below for additional guidelines in this area.
- Financial Interests. No employee should have a significant financial interest (ownership or otherwise) in any company that is a material customer, supplier or competitor of the Company. A “significant financial interest” means (i) ownership of greater than 1% of the equity of a material customer, supplier or competitor or (ii) an investment in a material customer, supplier or competitor that represents more than 5% of the total assets of the employee.
- Loans or Other Financial Transactions. No employee should obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any company that is a material customer, supplier or competitor of the Company. This guideline does not prohibit arm’s-length transactions with banks, brokerage firms or other financial institutions.
- Service on Boards and Committees. No employee should serve on a board of directors or trustees or on a committee of any entity (whether profit or not-for-profit) whose interests reasonably would be expected to conflict with those of the Company.
- Actions of Family Members. The actions of family members outside the workplace may also give rise to the conflicts of interest described above because they may influence an employee’s objectivity in making decisions on behalf of the Company. For purposes of this Code, “family members” include your spouse or life-partner, brothers, sisters and parents, in-laws and children whether such relationships are by blood or adoption.

For purposes of this Code, a company is a “material” customer if the company has made payments to the Company in the past year in excess of US\$3,000,000 or 5% of the customer’s gross revenues, whichever is greater. A company is a “material” supplier if the company has received payments from the Company in the past year in excess of US\$3,000,000 or 5% of the supplier’s gross revenues, whichever is greater. A company is a “material” competitor if the company competes in the Company’s line of business and has annual gross revenues from such line of business in excess of US\$10,000,000. If you are uncertain whether a particular company is a material customer, supplier or competitor, please contact the Compliance Officer for assistance.

Disclosure of Conflicts of Interest

The Company requires that employees disclose any situations that reasonably would be expected to give rise to a conflict of interest. If you suspect that you have a conflict of interest, or something that others could reasonably perceive as a conflict of interest, you must report it to your supervisor or the Compliance Officer. Your supervisor and the Compliance Officer will work with you to determine whether you have a conflict of interest and, if so, how best to address it. Although conflicts of interest are not automatically prohibited, they are not desirable and may only be waived as described in “Waivers of the Code” above.

CORPORATE OPPORTUNITIES

As an employee of the Company, you have an obligation to advance the Company’s interests when the opportunity to do so arises. If you discover or are presented with a business opportunity through the use of corporate property, information or because of your position with the Company, you should first present the business opportunity to the Company before pursuing the opportunity in your individual capacity. No employee may use corporate property, information or his or her position with the Company for personal gain or should compete with the Company.

You should disclose to your supervisor the terms and conditions of each business opportunity covered by this Code that you wish to pursue. Your supervisor will contact the Compliance Officer and the appropriate management personnel to determine whether the Company wishes to pursue the business opportunity. If the Company waives its right to pursue the business opportunity, you may pursue the business opportunity on the same terms and conditions as originally proposed and consistent with the other ethical guidelines set forth in this Code.

CONFIDENTIAL INFORMATION AND COMPANY PROPERTY

Employees have access to a variety of confidential information while employed at the Company. Confidential information includes all non-public information that might be of use to competitors, or, if disclosed, harmful to the Company or its customers. Every employee has a duty to respect and safeguard the confidentiality of the Company’s information and the information of our suppliers and customers, except when disclosure is authorized or legally mandated. In addition, you must refrain from using any confidential information from any previous employment if, in doing so, you could reasonably be expected to breach your duty of confidentiality to your former employers. An employee’s obligation to protect confidential information continues after her or she leaves the Company. Unauthorized disclosure of confidential information could cause competitive harm to the Company or its customers and could result in legal liability to you and the Company.

Employees also have a duty to protect the Company's intellectual property and other business assets. The intellectual property, business systems and the security of Company property are critical to the Company.

Any questions or concerns regarding whether disclosure of Company information is legally mandated should be promptly referred to the Compliance Officer.

Safeguarding Confidential Information and Company Property

Care must be taken to safeguard and protect confidential information and Company property. Accordingly, the following measures should be adhered to:

- The Company's employees should conduct their business and social activities so as not to risk inadvertent disclosure of confidential information. For example, when not in use, confidential information should be secretly stored. Also, review of confidential documents or discussion of confidential subjects in public places (e.g., airplanes, trains, taxis, buses, etc.) should be conducted so as to prevent overhearing or other access by unauthorized persons.
- Within the Company's offices, confidential matters should not be discussed within hearing range of visitors or others not working on such matters.
- Confidential matters should not be discussed with other employees not working on such matters or with friends or relatives, including those living in the same household as a Company employee.
- Company employees are only to access, use and disclose confidential information that is necessary for them to have in the course of performing their duties. They are not to disclose confidential information to other employees or contractors at the Company unless it is necessary for those employees or contractors to have such confidential information in the course of their duties.
- The Company's files, personal computers, networks, software, internet access, internet browser programs, e-mails, voice mails and other business equipment (e.g. desks and cabinets) and resources are provided for business use and they are the exclusive property of the Company. Misuse of such Company property is not tolerated.

COMPETITION AND FAIR DEALING

All employees are obligated to deal fairly with fellow employees and with the Company's customers, suppliers and competitors. Employees should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

Relationships with Customers

Our business success depends upon our ability to foster lasting customer relationships. The Company is committed to dealing with customers fairly, honestly and with integrity. Specifically, you should keep the following guidelines in mind when dealing with customers:

- Information we supply to customers should be accurate and complete to the best of our knowledge. Employees should not deliberately misrepresent information to customers.
- Employees should not refuse to sell, service, or maintain products the Company has produced simply because a customer is buying products from another supplier.
- Customer entertainment should not exceed reasonable and customary business practice. Employees should not provide entertainment or other benefits that could be viewed as an inducement to or a reward for customer purchase decisions. Please see “Gifts and Entertainment” below for additional guidelines in this area.

Relationships with Suppliers

The Company deals fairly and honestly with its suppliers. This means that our relationships with suppliers are based on price, quality, service and reputation, among other factors. Employees dealing with suppliers should carefully guard their objectivity. Specifically, no employee should accept or solicit any personal benefit from a supplier or potential supplier that might compromise, or appear to compromise, their objective assessment of the supplier’s products and prices. Employees can give or accept promotional items of nominal value or moderately scaled entertainment within the limits of responsible and customary business practice. Please see “Gifts and Entertainment” below for additional guidelines in this area.

Relationships with Competitors

The Company is committed to free and open competition in the marketplace. Employees should avoid actions that would be contrary to laws governing competitive practices in the marketplace, including antitrust laws. Such actions include misappropriation and/or misuse of a competitor’s confidential information or making false statements about the competitor’s business and business practices.

PROTECTION AND USE OF COMPANY ASSETS

Employees should protect the Company’s assets and ensure their efficient use for legitimate business purposes only. Theft, carelessness and waste have a direct impact on the Company’s profitability. The use of Company funds or assets, whether or not for personal gain, for any unlawful or improper purpose is prohibited.

To ensure the protection and proper use of the Company's assets, each employee should:

- Exercise reasonable care to prevent theft, damage or misuse of Company property.
- Report the actual or suspected theft, damage or misuse of Company property to a supervisor.
- Use the Company's telephone system, other electronic communication services, written materials and other property primarily for business-related purposes.
- Safeguard all electronic programs, data, communications and written materials from inadvertent access by others.
- Use Company property only for legitimate business purposes, as authorized in connection with your job responsibilities.

Employees should be aware that Company property includes all data and communications transmitted or received to or by, or contained in, the Company's electronic or telephonic systems. Company property also includes all written communications. Employees and other users of Company property should have no expectation of privacy with respect to these communications and data. To the extent permitted by law, the Company has the ability, and reserves the right, to monitor all electronic and telephonic communications. These communications may also be subject to disclosure to law enforcement or government officials.

GIFTS AND ENTERTAINMENT

The giving and receiving of gifts is a common business practice. Appropriate business gifts and entertainment are welcome courtesies designed to build relationships and understanding among business partners. However, gifts and entertainment should not compromise, or appear to compromise, your ability to make objective and fair business decisions.

It is your responsibility to use good judgment in this area. As a general rule, you may give or receive gifts or entertainment to or from customers or suppliers only if the gift or entertainment would not be viewed as an inducement to or reward for any particular business decision. All gifts and entertainment expenses should be properly accounted for on expense reports. The following specific examples may be helpful:

- Meals and Entertainment. You may occasionally accept or give meals, refreshments or other entertainment if:
 - The items are of reasonable value;
 - The purpose of the meeting or attendance at the event is business related; and

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- The expenses would be paid by the Company as a reasonable business expense if not paid for by another party.

Entertainment of reasonable value may include food and tickets for sporting and cultural events if they are generally offered to other customers, suppliers or vendors.

- Advertising and Promotional Materials. You may occasionally accept or give advertising or promotional materials of nominal value.
- Personal Gifts. You may accept or give personal gifts of reasonable value that are related to recognized special occasions such as a graduation, promotion, new job, wedding, retirement or a holiday. A gift is also acceptable if it is based on a family or personal relationship and unrelated to the business involved between the individuals.
- Gifts Rewarding Service or Accomplishment. You may accept a gift from a civic, charitable or religious organization specifically related to your service or accomplishment.

You must be particularly careful that gifts and entertainment are not construed as bribes, kickbacks or other improper payments. See “The Foreign Corrupt Practices Act” below for a more detailed discussion of our policies regarding giving or receiving gifts related to business transactions.

You should make every effort to refuse or return a gift that is beyond these permissible guidelines. If it would be inappropriate to refuse a gift or you are unable to return a gift, you should promptly report the gift to your supervisor. Your supervisor will bring the gift to the attention of the Compliance Officer which may require you to donate the gift to an appropriate community organization. If you have any questions about whether it is permissible to accept a gift or something else of value, contact your supervisor or the Compliance Officer for additional guidance.

COMPANY RECORDS

Accurate and reliable records are crucial to our business. Our records are the basis of our earnings statements, financial reports and other disclosures to the public and guide our business decision-making and strategic planning. Company records include booking information, payroll, timecards, travel and expense reports, e-mails, accounting and financial data, measurement and performance records, electronic data files and all other records maintained in the ordinary course of our business.

All Company records must be complete, accurate and reliable in all material respects. Undisclosed or unrecorded funds, payments or receipts are inconsistent with our business practices and are prohibited. You are responsible for understanding and complying with our record keeping policy. Ask your supervisor if you have any questions.

ACCURACY OF FINANCIAL REPORTS AND OTHER PUBLIC COMMUNICATIONS

As a public company we are subject to various securities laws, regulations and reporting obligations. These laws, regulations and obligations and our policies require the disclosure of accurate and complete information regarding the Company's business, financial condition and results of operations. Inaccurate, incomplete or untimely reporting will not be tolerated and can severely damage the Company and result in legal liability.

It is essential that the Company's financial records, including all filings with the Securities and Exchange Commission ("SEC") be accurate and timely. Accordingly, in addition to adhering to the conflict of interest policy and other policies and guidelines in this Code, the Chief Executive Officer, the Chief Financial Officer, the General Manager of our Finance Department and the other senior financial officers must take special care to exhibit integrity at all times and to instill this value within their organizations. In particular, these senior officers must ensure their conduct is honest and ethical that they abide by all public disclosure requirements by providing full, fair, accurate, timely and understandable disclosures, and that they comply with all other applicable laws and regulations. These employees must also understand and strictly comply with generally accepted accounting principles and all standards, laws and regulations for accounting and financial reporting of transactions, estimates and forecasts.

In addition, U.S. federal securities law requires the Company to maintain proper internal books and records and to devise and maintain an adequate system of internal accounting controls. The SEC has supplemented the statutory requirements by adopting rules that prohibit (1) any person from falsifying records or accounts subject to the above requirements and (2) officers or directors from making any materially false, misleading, or incomplete statement to an accountant in connection with an audit or any filing with the SEC. These provisions reflect the SEC's intent to discourage officers, directors, and other persons with access to the Company's books and records from taking action that might result in the communication of materially misleading financial information to the investing public.

COMPLIANCE WITH LAWS AND REGULATIONS

Each employee has an obligation to comply with all laws, rules and regulations applicable to the Company's operations. These include laws covering bribery and kickbacks, copyrights, trademarks and trade secrets, information privacy, insider trading, illegal political contributions, antitrust prohibitions, foreign corrupt practices, offering or receiving gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information or misuse of corporate assets. You are expected to understand and comply with all laws, rules and regulations that apply to your job position. If any doubt exists about whether a course of action is lawful, you should seek advice from your supervisor or the Compliance Officer.

COMPLIANCE WITH INSIDER TRADING LAWS

The Company has an insider trading policy, which may be obtained from the Compliance Officer. The following is a summary of some of the general principles relevant to insider trading, and should be read in conjunction with the aforementioned specific policy.

Company employees are prohibited from trading in the stock or other securities of the Company while in possession of material, nonpublic information about the Company. In addition, Company employees are prohibited from recommending, “tipping” or suggesting that anyone else buy or sell stock or other securities of the Company on the basis of material, nonpublic information. Company employees who obtain material nonpublic information about another company in the course of their employment are prohibited from trading in the stock or securities of the other company while in possession of such information or “tipping” others to trade on the basis of such information. Violation of insider trading laws can result in severe fines and criminal penalties, as well as disciplinary action by the Company, up to and including termination of employment.

Information is “non-public” if it has not been made generally available to the public by means of a press release or other means of widespread distribution. Information is “material” if a reasonable investor would consider it important in a decision to buy, hold or sell stock or other securities. As a rule of thumb, any information that would affect the value of stock or other securities should be considered material. Examples of information that is generally considered “material” include:

- Financial results or forecasts, or any information that indicates the Company’s financial results may exceed or fall short of forecasts or expectations;
- Important new products or services;
- Pending or contemplated acquisitions or dispositions, including mergers, tender offers or joint venture proposals;
- Possible management changes or changes of control;
- Pending or contemplated public or private sales of debt or equity securities;
- Acquisition or loss of a significant customer or contract;
- Significant write-offs;
- Initiation or settlement of significant litigation; and
- Changes in the Company’s auditors or a notification from its auditors that the Company may no longer rely on the auditor’s report.

The laws against insider trading are specific and complex. Any questions about information you may possess or about any dealings you have had in the Company's securities should be promptly brought to the attention of the Compliance Officer.

PUBLIC COMMUNICATIONS AND PREVENTION OF SELECTIVE DISCLOSURE

Public Communications Generally

The Company places a high value on its credibility and reputation in the community. What is written or said about the Company in the news media and investment community directly impacts our reputation, positively or negatively. Our policy is to provide timely, accurate and complete information in response to public requests (media, analysts, etc.), consistent with our obligations to maintain the confidentiality of competitive and proprietary information and to prevent selective disclosure of market-sensitive financial data. To ensure compliance with this policy, all news media or other public requests for information regarding the Company should be directed to the Company's Investor Relations Department. The Investor Relations Department will work with you and the appropriate personnel to evaluate and coordinate a response to the request.

Prevention of Selective Disclosure

Preventing selective disclosure is necessary to comply with United States securities laws and to preserve the reputation and integrity of the Company as well as that of all persons affiliated with it. "Selective disclosure" occurs when any person provides potentially market-moving information to selected persons before the news is available to the investing public generally. Selective disclosure is a crime under United States law and the penalties for violating the law are severe.

The following guidelines have been established to avoid improper selective disclosure. Every employee is required to follow these procedures:

- All contact by the Company with investment analysts, the press and/or members of the media shall be made through the Chief Executive Officer, Chief Financial Officer or persons designated by them (collectively, the "Media Contacts").
- Other than the Media Contacts, no officer, director or employee shall provide any information regarding the Company or its business to any investment analyst or member of the press or media.
- All inquiries from third parties, such as industry analysts or members of the media, about the Company or its business should be directed to a Media Contact. All presentations to the investment community regarding the Company will be made by us under the direction of a Media Contact.

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- Other than the Media Contacts, any employee who is asked a question regarding the Company or its business by a member of the press or media shall respond with “No comment” and forward the inquiry to a Media Contact.

These procedures do not apply to the routine process of making previously released information regarding the Company available upon inquiries made by investors, investment analysts and members of the media.

Please contact the Compliance Officer if you have any questions about the scope or application of the Company’s policies regarding selective disclosure.

THE FOREIGN CORRUPT PRACTICES ACT

Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act (the “FCPA”) prohibits the Company and its employees and agents from offering or giving money or any other item of value to win or retain business or to influence any act or decision of any governmental official, political party, candidate for political office or official of a public international organization. Stated more concisely, the FCPA prohibits the payment of bribes, kickbacks or other inducements to foreign officials. This prohibition also extends to payments to a sales representative or agent if there is reason to believe that the payment will be used indirectly for a prohibited payment to foreign officials. Violation of the FCPA is a crime that can result in severe fines and criminal penalties, as well as disciplinary action by the Company, up to and including termination of employment.

Certain small facilitation payments to foreign officials may be permissible under the FCPA if customary in the country or locality and intended to secure routine governmental action. Governmental action is “routine” if it is ordinarily and commonly performed by a foreign official and does not involve the exercise of discretion. For instance, “routine” functions would include setting up a telephone line or expediting a shipment through customs. To ensure legal compliance, all facilitation payments must receive prior written approval from the Compliance Officer and must be clearly and accurately reported as a business expense.

ENVIRONMENT, HEALTH AND SAFETY

The Company is committed to providing a safe and healthy working environment for its employees and to avoiding adverse impact and injury to the environment and the communities in which we do business. Company employees must comply with all applicable environmental, health and safety laws, regulations and Company standards. It is your responsibility to understand and comply with the laws, regulations and policies that are relevant to your job. Failure to comply with environmental, health and safety laws and regulations can result in civil and criminal liability against you and the Company, as well as disciplinary action by the Company, up to and including termination of employment. You should contact the Compliance Officer if you have any questions about the laws, regulations and policies that apply to you.

Environment

All Company employees should strive to conserve resources and reduce waste and emissions through recycling and other energy conservation measures. You have a responsibility to promptly report any known or suspected violations of environmental laws or any events that may result in a discharge or emission of hazardous materials. Employees whose jobs involve manufacturing have a special responsibility to safeguard the environment. Such employees should be particularly alert to the storage, disposal and transportation of waste, and handling of toxic materials and emissions into the land, water or air.

Health and Safety

The Company is committed not only to comply with all relevant health and safety laws, but also to conduct business in a manner that protects the safety of its employees. All employees are required to comply with all applicable health and safety laws, regulations and policies relevant to their jobs. If you have a concern about unsafe conditions or tasks that present a risk of injury to you, please report these concerns immediately to your supervisor or the Human Resources Department.

EMPLOYMENT PRACTICES

The Company pursues fair employment practices in every aspect of its business. The following is intended to be a summary of our employment policies and procedures. Copies of our detailed policies are available from the Human Resources Department. Company employees must comply with all applicable labor and employment laws, including anti-discrimination laws and laws related to freedom of association, privacy and collective bargaining. It is your responsibility to understand and comply with the laws, regulations and policies that are relevant to your job. Failure to comply with labor and employment laws can result in civil and criminal liability against you and the Company, as well as disciplinary action by the Company, up to and including termination of employment. You should contact the Compliance Officer or the Human Resources Department if you have any questions about the laws, regulations and policies that apply to you.

Harassment and Discrimination

The Company is committed to providing equal opportunity and fair treatment to all individuals on the basis of merit, without discrimination because of race, color, religion, national origin, sex (including pregnancy), sexual orientation, age, disability, veteran status or other characteristic protected by law. The Company prohibits harassment in any form, whether physical or verbal and whether committed by supervisors, non-supervisory personnel or non-employees. Harassment may include, but is not limited to, offensive sexual flirtations, unwanted sexual advances or propositions, verbal abuse, sexually or racially degrading words, or the display in the workplace of sexually suggestive objects or pictures.

If you have any complaints about discrimination or harassment, report such conduct to your supervisor or the Human Resources Department. All complaints will be treated with sensitivity and discretion. Your supervisor, the Human Resources Department and the Company will protect your confidentiality to the extent possible, consistent with law and the Company's need to investigate your concern. Where our investigation uncovers harassment or discrimination, we will take prompt corrective action, which may include disciplinary action by the Company, up to and including, termination of employment. The Company strictly prohibits retaliation against an employee who, in good faith, files a complaint.

Any member of management who has reason to believe that an employee has been the victim of harassment or discrimination or who receives a report of alleged harassment or discrimination is required to report it to the Human Resources Department immediately.

CONCLUSION

This Code of Business Conduct and Ethics contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics. If you have any questions about these guidelines, please contact your supervisor or the Compliance Officer or submit your questions to the Company at tousu@cninsure.net. We expect all directors, officers and employees of the Company to adhere to these standards.

The sections of this Code of Business Conduct and Ethics titled "Introduction," "Conflicts of Interest," "Company Records," "Accuracy of Financial Reports and Other Public Communications" and "Compliance with Laws and Regulations," as applied to the Company's principal financial officers, shall be our "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder.

This Code and the matters contained herein are neither a contract of employment nor a guarantee of continuing Company policy. We reserve the right to amend, supplement or discontinue this Code and the matters addressed herein, without prior notice, at any time.