

- NOTICE -

This policy, the schedule to this policy, the proposal form in applying for this policy which, together with its attachments and all underwriting information submitted, and the endorsements is incorporated in and forms part of this contract.

Please read the policy wording carefully, particularly the EXCLUSIONS highlighted.

GENERAL SPECIE INSURANCE (SP 97)

COVER

The property described in the attached schedule (the "Schedule") is insured against physical loss or physical damage occurring during the period of insurance while at the named location(s) or while in transit within the territorial limits specified in the Schedule, subject to the following exclusions, basis of settlement and conditions.

The underwriters are only liable to the extent that any other valid insurance would fail to cover any claim if this insurance had not been issued.

EXCLUSIONS

This insurance does not cover:

- A. (i) **mysterious disappearance or unexplained loss;**
(ii) **loss or shortage discovered while taking inventory.**
- B. **theft or dishonesty committed by or in collusion with any principal shareholder (beneficial or otherwise), partner, director, officer, or any employee of the insured or any person to whom the insured property is entrusted or loaned.**
- C. **loss arising whether directly or indirectly from the insolvency, administration, voluntary arrangements with creditors, bankruptcy or receivership of:**
 - (i) **the insured;**
 - (ii) **the operators of the premises of named location(s);**
 - (iii) **any third party whose property may have become indistinguishable from the insured property.**
- D. **consequential loss of any kind**
- E. **loss from or damage in or on unattended vehicles, unless the property is in the custody of a competent professional carrier**
- F. **loss or damage directly or indirectly caused by earthquake, storm, windstorm, flood, or fire or theft following such events.**
- G. **loss or damage caused by or resulting from:**
 - (i) **natural ageing, gradual deterioration, inherent defect, rust or oxidation, moth or vermin, warping or shrinkage;**
 - (ii) **any process of manufacture, modification or repair;**
 - (iii) **aridity, humidity, exposure to light or extremes of temperature unless such**

loss or damage is caused by frost or fire.

- H. **loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power.**
- I. **loss or damage caused by or resulting from confiscation, nationalisation, requisition or destruction of or damage to property by or under the order of any government or public or local authority.**
- J. (i) **loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss;**
(ii) **any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from**
 - a) **ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel**
 - b) **the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof**
 - c) **nuclear reaction, nuclear radiation or radioactive contamination.**
- K. **any loss, damage, cost or expense whatsoever which arises whether directly or indirectly from any kind of seepage or any kind of pollution and/or contamination.**

BASIS OF SETTLEMENT

- A. The basis of settlement will be:
 - (i) for items individually listed, the value agreed by the underwriters and shown in the Schedule. The underwriters will not be liable for more than the agreed value;
 - (ii) for items not individually listed, the market value immediately prior to the loss.
- B. In the event of loss occurring in respect of securities or other documents of value, the underwriters will only pay for the costs of re-issue. However, the insured will also be indemnified up to the face value of any securities presented to them and honoured in good faith.
- C. In no event will the underwriters be liable for more than the applicable limits of liability shown in the Schedule.
- D. The underwriters will make a determination of coverage position in a timely fashion after receiving the claim request and full supporting documents. Should the circumstances of the claim be complicated to the extent that the underwriters are unable to determine the coverage position within 30 days of receiving full information, then the underwriters shall advise the insured of a reasonable longer period required, and notify the insured in a timely fashion once the determination is made within that period.

CONDITIONS

The underwriters shall not be liable to pay any claim under this insurance unless the insured complies with all the requirements in the following conditions:

1. Due diligence

The insured must take all reasonable care and measures to protect the insured property and to maintain it in a good and proper condition.

2. **Transits**

The insured must ensure that transit of the insured property is carried out in accordance with the information agreed by the underwriters in advance.

3. **Notice and proof of loss**

In the event of loss or damage that may give rise to a claim under this insurance notice is to be given to the insured's broker or agent as soon as reasonably possible, and in any event no later than 90 days after the expiration of the policy period, and to the police if a crime is suspected.

In the event of loss or damage to the insured property the insured must give the underwriters such relevant information and evidence as may reasonably be required and co-operate fully in the investigation or adjustment of any claim. If required by the underwriters the insured must submit to examination under oath by any person designated by the underwriters.

Where the insured fails to comply with the obligations above, due to the insured's intentional act or gross negligence, which makes it difficult to determine the nature, cause, degree of damage of an Occurrence, the underwriters shall not be liable for indemnifying the undeterminable part, unless the underwriters have known or ought to have known the loss or damage by other means.

4. **Subrogation**

If the insured has rights to recover all or part of any payment the underwriters have made under this policy, from the date the underwriters paid the loss or damage to which this policy applies, those rights are transferred to the underwriters to the extent of such paid amount, for which the insured shall provide necessary assistance, including provision of all documents required and information known by the insured as well as the executions of such documents necessary to enable the underwriters to effectively bring claim under the laws of the jurisdiction where the subrogation rights are claimed.

If the insured has been compensated for the loss by any third party liable for such loss, the underwriters may, when paying such loss, deduct the corresponding amount from the loss payment. Where the insured waives such rights after a loss or damage occurs, the underwriters shall not be liable to make any payment for such loss or damage. Such waiver made without the underwriters' prior consent after the underwriters make such payment is void. If the underwriters are not able to exercise the rights of recovery as a result of any insured's intentional act or gross negligence, the underwriters may reduce the payment for damages, loss, cost or expense, or request a refund of any such payment made.

5. **Misrepresentation and fraud**

If the insured has concealed or misrepresented any material fact or circumstance relating to this insurance or makes any claim knowing it to be fraudulent, this insurance shall become void.

The applicant shall make accurate and truthful information disclosure upon enquiries of the underwriters before conclusion of this policy. **If the applicant deliberately, or due to gross negligence, fails to fulfil the obligation as aforementioned duty of disclosure, which may adversely affect the underwriting decisions or premium rate assessment, the underwriters are entitled to terminate the policy. The said right of termination**

shall be extinguished if it is not exercised within 30 days from the date which the underwriters are aware of a reason for termination or two years from the conclusion of this policy, whichever is earlier, or the underwriters will be liable to pay any loss or damage to which this policy applies. If the applicant deliberately fails to perform the duty of disclosure, the underwriters shall not be liable to pay the indemnity for any loss or damage, which occurred before the termination of the policy and the underwriters will not refund the premium. If the applicant fails to perform the duty of disclosure due to gross negligence and such failure had a material impact on the loss or damage, the underwriters shall not be liable to pay the indemnity for such loss or damage occurred before the termination of the policy but will refund the premium.

6. **Increase in Exposure**

The insured must advise the underwriters in writing of any apparent increase in exposure of the subject matter of insurance during the policy period of this policy. Upon receipt of such advice, the underwriters may, at their sole discretion, increase the insurance premium applicable to this policy or terminate this policy immediately. If the underwriters decide to terminate this policy, the underwriters will refund the insurance premium for the remaining policy period on a pro rata basis.

The underwriters shall not be liable for any loss resulting from the apparent increase in exposure if the insured has failed to give notice of such apparent increase in exposure as described above.

7. **Cancellation**

This insurance may be cancelled at any time by the insured in writing to the broker or agent who effected this insurance. The insured will then be entitled to a pro rata proportion of paid premium, provided no claim has been made on this insurance.

This insurance may also be cancelled by or on behalf of underwriters by giving 30 days' notice in writing sent by post to the insured at his last known address. The underwriters will then be entitled to the pro rata proportion of the premium.

Notice will be deemed to have been given if sent by post properly addressed.

8. **Governing law and jurisdiction**

This insurance is governed by and construed in accordance with the laws of the People's Republic of China and each party agrees to submit to the exclusive jurisdiction of the Courts of People's Republic of China in the event of a dispute arising hereunder..