



The Company has operated strictly in compliance with the requirements as stipulated in the "Company Law", "Security Law of the PRC", "Standards for the Governance of Listed Companies" and other relevant laws and regulations. The Company always views standardising the operation, strengthening and improving the corporate governance on a continuing basis, with high importance.

1. Pursuant to the requirements of CSRC and State Economic & Trade Commission, the Company has seriously completed "Self-Examination Report of Establishment of Modern Enterprise System in Listed Company". The Company pursued an active and serious attitude in dealing with the inspection by CSRC's Nanjing Office. Through self-examination and inspection, the Company has summarised the result, identified the differences and formulated improvement measures to push the Company in building up a modern enterprise system.

Pursuant to the relevant requirements of "Standards for the Governance of Listed Companies", "Guidance Opinion on Establishing a System of Independent Directors in a Listed Company", other applicable regulations and the actual situation of the Company, the amendments to the Company's Articles of Association was approved, and the "Rule of Proceedings for Shareholders' General Meetings of the Company" which further specifies the authorities and responsibilities of the Shareholders General Meeting to ensure the smooth operation of the shareholders' general meetings of the Company in a standardised and efficient way, was also adopted at the EGM held on 20 December 2002. The Company's Articles of Association has also been approved by the relevant authority of the State.

2. Information on the fulfilment of responsibilities by the Independent Directors: Independent Directors participated in the Strategic Development Committee, Investment Committee, Audit Committee and Salaries and Performance Evaluation Committee set up under the Board and have provided a lot of constructive opinion and advice on the Company's operation. The Independent Directors has reviewed the Company's connected transactions and expressed their independent comments.
3. The relationship between controlling shareholders and the Company: the controlling shareholders exercise their legal rights as investors via the shareholders' meetings legally and do not interfere directly or indirectly in the decision-making or operating activities of the Company. The Company separates with its controlling shareholders in terms of personnel, assets, finance, organisations and operation of the Company. The Board, Supervisory Committee and the internal organisations of the Company are operating independently according to the relevant laws.
4. Regarding performance evaluation, stimulation and binding mechanism: the Company has been working hard to establish a set of fair and transparent performance evaluation criteria and a stimulation binding mechanism for the directors, the supervisors and the senior management; the selection and appointment of executive personnel are open and transparent, and complied with the relevant regulations in the Articles of Association of the Company.