



Corporate Governance

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 keeps on improving the corporate governance and advocates the standardisation of business operations and continually meets the requirements of supervisory authorities and investors.

1. The Company emphasized setting up systematic procedures on business operations. Based on the systematic amendments to the Company's Articles of Association approved, and the Rule of Proceedings for Shareholders' General Meetings of the Company, the Company formulated the "Rule of Proceedings for Board of Directors" under the relevant regulations, which specifies the authorities and responsibilities of the Board so as to improve the corporate governance.
2. In order to further standardise management control and strengthen risk-management control, the Company improved the internal-control system according to the requirements of related financial standard and security supervision. Handbook of Internal-Control has been compiled in accordance with the principles of rule-abiding, comprehensiveness, systematization, segregation of duties and independence, being practical, comprehensive, cost effective, with distinct responsibility and authority, with reward & punishment and feedback and began a trial run at the beginning of the year.
3. Information on the fulfillment of responsibilities by the Independent Directors: The Independent Directors are responsible and diligent and have provided a lot of constructive opinion and advice on the Company's development, operation and management. The Independent Directors has reviewed the Company's connected transactions and expressed their independent comments during the reporting period. The Independent Directors play an positive role on the standardisation of the Board's and the Company's operation and also protect the interest of minority shareholders.
4. The relationship between controlling shareholders and the Company: the controlling shareholders exercise their legal rights as investors via the shareholders' general meetings legally and do not interfere directly or indirectly in the decision-making or operating activities of the Company. The controlling shareholder did not use the Company's fund or request the Company to guarantee themselves or other parties. The Company has independent procurement and sales system and senior management and staff are full-time employees and remunerated. The Company's assets are fairly stated and with clear ownership. Independent finance department and independent accounting & financial system have been set up. The Board, the Supervisory Committee and the internal departments of the Company are operating independently according to the relevant laws. The Company is independent of its controlling shareholders in terms of personnel, assets, finance, organizations and operation.
5. Regarding the performance evaluation, stimulating and binding mechanism: Under the guidance of the Remuneration and Assessment Committee, the Company has been working hard to perfect evaluation criteria and a stimulating and binding mechanism for the Directors, the Supervisors and the Senior Management; the appointment of Senior Management are open and transparent, and has complied with the relevant regulations and rules.