

CORPORATE GOVERNANCE

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company complied with the code provisions as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the accounting period covered by the interim report, except that (i) under paragraph A.4.1, the non-executive directors of the Company are not appointed for specific terms, but are subject to retirement by rotation in accordance with the Company's articles of association; and (ii) under paragraph B.1, the Company is still in the progress of establishing a remuneration committee with specific written terms of reference.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code throughout the accounting period covered by the interim report.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company, namely Mr. Cao Guixing, Prof. Liu Wei and Dr. Jin Lizuo.