

1. CORPORATE GOVERNANCE

The Company complies with the “Company Laws”, the “Securities Laws”, relevant laws and regulations issued by the China Securities Commission, the Listing Rules of the Shanghai Securities Exchange and the Listing Rules of The Stock Exchange of Hong Kong Limited (“SEHK”) to continuously improve its corporate governance and set up an enterprise system. The Company has established the Articles of Association to comply with the requirements of the “Corporate Governance Standards of Listed Company” announced by the China Securities Regulatory Commission (“CSRC”) and the State Economic and Trade Commission.

2. INDEPENDENT NON-EXECUTIVE DIRECTORS AND THEIR DUTIES

(1) Attendance of Independent Non-executive Directors in the Board of Directors’ Meetings

Name of independent Non-executive Directors	Required attendance (times)	Attended in person (times)	Attended by representative (times)	Absence (times)	Remarks
Tong Yunhuan	7	7	–	–	
Yu Chengting	7	6	1	–	
Dong Juan	7	7	–	–	

Except Mr. Yu Chengting was unable to attend one Board of Directors’ meeting due to business affairs, the independent Non-executive Directors of the Company attend the Board Meeting (including 5 telephone conferencing), strictly review the Board Meeting information, give opinion to the Board of Directors with an independent view and thereby fulfill their responsibilities and important role.

(2) Objections raised by Independent Non-executive Directors

There is no objections raised by Independent Non-executive Director to the Board of Directors’ Meeting or other non-Board of Directors’ meeting during the year.

3. SEGREGATION OF THE COMPANY AND THE COMPANY SHAREHOLDERS

ON THE OPERATIONS, PERSONNEL, ASSETS, STRUCTURE AND FINANCE

- (1) Operations: The Company's operations are completely independent of the holding company and there are no areas of operation which overlap.
- (2) Personnel: The human resources and payroll management of the Company and its shareholders are completely independent. No operational staff received emoluments from the shareholders' unit.
- (3) Assets: The relationship between the Company and its shareholders are identical and the Company assets are independent and the ownership of these assets are completely owned by the Company.
- (4) Structure: The Company's functional departments operate independently nor is there any relationship along the lines of leading and being led between the Company and the shareholders.
- (5) Finance: The Company has set up an independent finance department and independent systems for accounting and finance management together with the operating of separate bank accounts.

4. SENIOR MANAGEMENT SALARY AND BONUS REVIEW

The remunerations and salaries of the senior management staff are assessed by the Board of Directors and the evaluation committee based on the review of operations and attainment of results, operations budget and their management effectiveness during the year.