

CORPORATE GOVERNANCE

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. Details can refer Corporate Management Report.

2. Independent Non-executive Directors and Their Duties

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

Name of Independent Non-executive Directors	Required attendance (times)	Attended in Person (times)	Attended by Representative (times)	Absence (times)	Remarks
Yu Chengting	16	16	0	0	
Tong Yunhuan	16	15	1	0	
Wayne Yu	16	16	0	0	
Dong Jun	9	9	0	0	

(2) Objects raised by Independent Non-executive Directors

There were no objections raised by independent non-executive directors to the Board or other non-board meetings 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 not 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 review of operations and attainment of results, operations budget and their management effectiveness during the year.