

## **Board Practices**

Overall responsibility for the oversight of the management of our company rests with our Board of Directors. Our Board of Directors currently consists of seven directors. The Board of Directors maintains a majority of independent directors who are deemed to be independent under the definition of independence under Rule 5605(c)(2) of the Nasdaq Stock Market Rules. Our independent directors are Xuanhua Xi, Christopher Renn, Jing Sang and Brian Su.

There are no membership qualifications for directors. Further, there are no share ownership qualifications for directors unless so fixed by us in a general meeting. A director may vote with respect to any contract, proposed contract or arrangement in which he or she is materially interested provided (i) such director, if his or her interest in such contract or arrangement is material, has declared the nature of his or her interest at the earliest meeting of the board at which it is practicable for him or her to do so, either specifically or by way of a general notice, (ii) such director has not been disqualified by the chairman of the relevant board meeting, and (iii) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee in accordance with the Nasdaq rules. There are no other arrangements or understandings pursuant to which our directors are appointed or nominated. We do not have any service contracts with our directors that provide for benefits upon termination of employment.

Our Board of Directors plays a significant role in our risk oversight. The Board of Directors makes all relevant company decisions. Under the laws of the Cayman Islands, our directors have a fiduciary duty to act honestly in good faith with a view to the company's best interests. Our directors also have a duty to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. A shareholder has the right to seek damages if a duty owed by the directors is breached.

Our directors may be appointed by an ordinary resolution of our shareholders. In addition, our Board of Directors may, by the affirmative vote of a simple majority of the directors present and voting at a board meeting appoint any person as a director either to fill a casual vacancy on our Board or as an addition to the existing board. Unless otherwise determined by our company in general meeting, we shall have no less than three (3) directors. A director will cease to be a director automatically if the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing to our company; or (iv) is removed from office pursuant to any other provisions of our memorandum and articles of association.

## **Committees of the Board of Directors**

We have three board committees: the audit committee, the nominating committee and the compensation committee. The composition of each committee is described below:

- Audit Committee: Xuanhua Xi (Chairperson), Christopher Renn, and Jing Sang;

- Nominating Committee: Christopher Renn (Chairperson);
- Compensation Committee: Brian Su (Chairperson) and Jing Sang.

The audit committee, which is established in accordance with Section 3(a)(58)(A) of the Exchange Act, engages with our independent accountants, reviewing their independence and performance; reviews our accounting and financial reporting processes and the integrity of its financial statements; the audits of our financial statements and the appointment, compensation, qualifications, independence and performance of our independent auditors; our compliance with legal and regulatory requirements; and the performance of our internal control over financial reporting.

The nominating committee is responsible for overseeing the selection of persons to be nominated to serve on our Board. Specifically, the nominating committee makes recommendations to our Board regarding the size and composition of the Board, establishes procedures for the director nomination process and screens and recommends candidates for election to our Board. On an annual basis, the nominating committee recommends for approval by the Board certain desired qualifications and characteristics for board membership. Additionally, the nominating committee establishes and administers a periodic assessment procedure relating to the performance of our Board as a whole and its individual members. The nominating committee will consider a number of qualifications relating to management and leadership experience, background and integrity and professionalism in evaluating a person's candidacy for membership on our Board. The nominating committee may require certain skills or attributes, such as financial or accounting experience, to meet specific board needs that arise from time to time and will also consider the overall experience and makeup of its members to obtain a broad and diverse mix of board members. The nominating committee does not distinguish among nominees recommended by shareholders and other persons.

The compensation committee reviews annually our corporate goals and objectives relevant to the officers' compensation, evaluates the officers' performance in light of such goals and objectives, determines and approves the officers' compensation level based on this evaluation; makes recommendations to the Board regarding approval, disapproval, modification, or termination of existing or proposed employee benefit plans, makes recommendations to the Board with respect to employee compensation and administers our incentive-compensation plan. The compensation committee has the authority to delegate any of its responsibilities to subcommittees as it may deem appropriate in its sole discretion. Our Chief Executive Officer may not be present during voting or deliberations of the compensation committee with respect to his compensation. Our executive officers do not play a role in suggesting their own salaries. Neither the Board nor the compensation committee has engaged any compensation consultant who has a role in determining or recommending the amount or form of executive or director compensation.