

**AQUA SPACE
INVESTMENT &
CONSULTING
(SHANGHAI) CO.,LTD**

***EMPLOYEE
HANDBOOK***

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Part 1. Employee Code of Conduct

- 1.1 Employees should observe the company's code of conduct and obey all rules and regulations set forth in this handbook.
- 1.2 Employees should perform duties with a serious and hardworking attitude, be loyal and finish all the work on time.
- 1.3 Employees should obey supervisor's work instruction and command, actively perform their duties. They should be of high sense of responsibility, fulfil duties and finish job efficiently with high quality. Never conduct what beyond their authority and report level to level when problem occurs. They should deal with the work assigned by supervisor in time and without any delay or buckpassing.
- 1.4 Employees are strictly prohibited to conduct non-work activities such as watching online video entertainment, computer games, online chat, online shopping and online stocks.
- 1.5 Personal express will be rejected at the front desk. And employees are forbidden to conduct online shopping and deal with personal express during the working hours.
- 1.6 Take-out delivery man must wait outside the working building if any employee orders meal during the noon. Or take-out food can be delivered to Aqua Club or received by employee himself/herself outside the working building.
- 1.7 Employees should not go outside to buy breakfast or food during working hours, which means from 9:00am to 12:00am and 1:00pm to 6:00pm. Employees also should not stay outside office building after lunch break, which means from 12:00am to 1:00pm.
- 1.8 The workplace and office equipment shall be kept clean and tidy, smoking in the public area and office is forbidden. Talking loudly, horseplay, chat together and disturb public order during working time is strictly prohibited.
- 1.9 Employees should cherish company's properties, use paper in reasonable way and try to do wastepaper recycling. Office supplies (such as printer, copies, paper) cannot be used in things unrelated to work.
- 1.10 Employees should not make private phone call for long time during the working hours. And company phone cannot be used for private call or chatting.
- 1.11 Employees absent from office during working hours should make sure that their cell phone is on so that they can be reached at all times. Any change of working

mail box should inform HR Dept. in time and employees will take the corresponding responsibility if any serious problem occurs caused by personal reason.

- 1.12 Employees are forbidden to leave their post during the working hours without permission and enter office/public area not related to their work.
- 1.13 Employees must have good etiquette. Dress and conduct them in professional manner. Respect each other and behave well in the public area.
- 1.14 Employee should not reveal confidential information concerning company or other person unless disclosure serves a lawful professional purpose. Secret issues should be handled according to relevant law and confidentiality agreements. Any discussion about salary information is strictly prohibited, whether it is in private or in public.
- 1.15 Employees should not violate reasonable work arrangement from their leaders and should report to HR Dept. to solve dispute caused by unreasonable work arrangement instead of contradicting leaders.
- 1.16 Anything not included in this part, please refer to other rules and regulations issued by the company.

Part 2. Personnel Policies

2.1 On Board / Probation

2.1.1 New employees should register on time, if you can't register for personal reasons, then please contact your HR manager and the registration time will be rescheduled.

2.1.2 HR will provide <material list for registration> to new employees, and employees should submit all materials requested on the list, including Identification card and the copy of ID, the original and copy of education certificate and other relevant qualification certificate, the original labor handbook, certificate of relieve the labor contract with previous employer. Three pieces of certificate photo in near date and other materials HR requested. Head of related department will confirm new employee's onboarding date and then new employee will be informed of her/his on-boarding date.

2.1.3 Staff Registration Forms must be completed and filed to HR in time, at which point the employee handbook will be given to new employees. HR will check all information provided by new employee requested by < material list for registration >, then HR will do a short orientation training and introduce heads of departments.

2.1.4 HR will build personnel file for new employee upon checking all the materials. Aquaspace reserves the right to testify the authenticity of those information and can terminate the labor contract anytime with any employee who fraud or hide important information. Furthermore Aquaspace reserves the right to seek legal liability and compensation against the employee.

2.1.5 To ensure that all staff personal records are kept up to date, All Employees are required to notify HR of any changes of his/her personal information on time. If changes weren't notified within one week, employee should undertake all the responsibility for any damages.

2.1.6 Company will sign labor contract with new employee within one month after his/her start date.

2.1.7 Probation period will be regulated according to<Labor Contract law>, The probation period may be shortened in the case of outstanding performance.

2.1.8 After the probation period, HR will fill out the assessment sheet. The assessment sheet evaluates personal ability, work performance, working attitude and morality. This assessment sheet forms the basis for passing the probation period. Employees should submit working summary or internship summary together with <Regulation Application Form> to HR for review. HR will send out probation passing notice upon Managing director's approval.

2.2 Reassignment and transfer

2.2.1 In view of the changing business requirements, the post or the title of the employee is subject to change or adjustment by the company.

Due to changing requirements, the company is entitled to transfer the employee to other departments.

2.2.2 Reassignment and transfer will be based on employees' character, knowledge and the ability to adapt to the new position.

2.2.3 Business training will be given to transferred-employees according to their ability.

2.3 Resignation

2.3.1 Resignation

- 1) An employee is required to submit his/her letter of resignation at least 3 days in advance during probation period, which is based on individual employment contract.
- 2) An employee is required to submit his/her letter of resignation at least 30 days in advance, which is based on individual employment contract. Employees who decide to resign shall hand over all tasks and properties. Any breach of this obligation subjects the employee to pay one month's salary for damage caused to company.
- 3) Resigned employees shall hand over work and follow resignation procedures. An employee can only leave upon approval of both heads of his/her department's as well as approval from the financial department (resignation handover list to financial department is a must). An employee who decides to resign must perform duties to the last working day. Any breach of this obligation may subject the employee to punishments according to labor discipline.

2.3.2 Dismissal

- 1) If an employee is dismissed because of unqualified performance or other qualification reasons, the company has to notify this employee about the dismissal at least 30 days in advance, otherwise the company will pay one month's salary to the dismissed employee as the substitution of 30 days' notice. No notice needs to be given in advance if an employee is dismissed during probation period.
- 2) The dismissed employee can only get his/her salary upon handing over all work clearly, returning all the company property and clearing all the accounts before the end of his/her last working day. Otherwise, the company reserves the right to make a unilateral decision.

2.3.3 Leave without notice

- 1) The following situations would be deemed as leave without notice:
 - (i) The resigning employee is absent from work for 2 days without any reasonable explanation.
 - (ii) Absent from work without explanation for more than 6 days (including 6 days) within one year or absent consecutively for 3 days (including 3 days).
- 2) The company will stop all welfare and will not settle any outstanding salary for employees who leave without notice. If the employee destroy company property or leaves with company capital, we will seek legal action against the employee.

2.4 Additional business restriction

Except for the benefit of the company, the employee shall not by himself or herself or together with third party engage in the business related to his or her post. Employees shall not engage in any activities in direct or indirect competition with the company during the term of employment. Any breach of this obligation may subject the employee to pay for damage caused to company and be dismissed without any severance pay.

2.5 Pay Practices

Finance department will pay salary on the Friday of the first full work week of the following month.

Part 3. Attendance checking system

3.1 Attendance Checking Equipment

The company will use a fingerprint recognition system to check attendance of all employees. The fingerprint recognition system is the company's property and anyone who destroys or moves the scanner intentionally will be deemed in breach of company regulations and punishment with warning will be administered depending on specific conditions.

3.2 Attendance Checking Policies

3.2.1 General Policies

3.2.1.1 Working Hours

- 1) The normal working day is 8 hours, from 9:00am to 18:00pm, with one hour (12:00—13:00) for lunch.
- 2) Employees in specific positions will be on duty according to the relevant company policy.

3.2.1.2 Sign In & Out Policy

- 1) General:

The company adopts the fingerprint record system as the reference of attendance checking. Besides the employees in specific positions, most of the employees are required to take their fingerprint records in the fingerprint recognition system before 9 am in the morning and after 6 pm in the afternoon. And all of us should consciously abide by the working hours.

- 2) Number of sign-ins:

Each employee is required to take his fingerprint record two times one day. That is to say, he should sign in in the morning and sign out in the afternoon.

- 3) Unable to take fingerprint record due to business:

- (i) Any employee is unable to take fingerprint record due to business, he should apply for that to his Department supervisor (or above) via E-mail or application form, illustrating the date, duration and cause as well. After getting the approval, he should submit to the HR department for the record.
- (ii) Any employee can't finish the application procedure ahead of time due to specific circumstances, he should accomplish the application and approval procedure immediately when he comes back to work.
- (iii) Any employee does not accomplish the application and approval procedure,

- as well as not submit to the HR department for the record when he comes back to work, the HR department will regard it as absenteeism.
- 4) Forget to take fingerprint record before 9 am in the morning:
- (i) Each employee has one exemption to forget to take fingerprint record before 9 am in the morning within a month. But he should immediately catch up on the fingerprint record as soon as he realizes that. And after getting the confirmation from his Department supervisor (or above), he should submit to the HR department for the record. If he does not finish the procedure above, the HR department will regard it as late or absenteeism.
 - (ii) Any employee forgets to take fingerprint record twice before 9 am in the morning within a month, he should immediately catch up on the fingerprint record as soon as he realizes that. And after getting the confirmation from his Department supervisor (or above), he should submit to the HR department for the record. The HR department will regard the missing working time as unpaid casual leave according to the fingerprint record. If he does not finish the procedure above, the HR department will regard it as late or absenteeism.
 - (iii) Any employee forgets to take fingerprint record thrice before 9 am in the morning within a month, he should immediately catch up on the fingerprint record as soon as he realizes that. And after getting the confirmation from his department supervisor (or above) via E-mail or application form, he should submit to the HR department for the record. The HR department will regard the missing working time as unpaid casual leave according to the fingerprint record. What's more, he will receive one warning letter. If no department supervisor (or above) can prove his attendance, or he does not submit to the HR department for the record, the HR department will regard it as late or absenteeism and meanwhile give one warning letter to him.
- 5) Forget to take fingerprint record after 6 pm in the afternoon:
- (i) Each employee has two exemptions to forget take fingerprint record after 6 pm in the afternoon within a month. But he should get the confirmation from his department supervisor (or above) and submit to the HR department for the record. If no department supervisor (or above) can prove his attendance, or he does not submit to the HR department for the record, the HR department will regard it as absenteeism
 - (ii) Any employee forgets to take fingerprint record thrice after 6 pm in the afternoon within a month, he should get the confirmation from his department supervisor (or above) via E-mail or application form and submit to the HR department for the record. The HR department will deduct half day pay from his salary. What's more, he will receive one warning letter. If no department supervisor (or above) can prove his attendance, or he does not submit to the HR department for the record, the HR department will regard it as absenteeism and meanwhile give one warning letter to him.

- 6) Unable to take fingerprint record due to power failure, bad weather, traffic jams or fingerprint recognition system fault:
- (i) Any employee is unable to take fingerprint record due to power failure, bad weather, traffic jam or fingerprint recognition system fault, he should explain to his Department supervisor (or above) about that and apply for confirmation via E-mail or application form. And after getting the confirmation, he should submit to the HR department for the record.

3.2.2 Late Arrival and Early Departure

Any employee takes his fingerprint record after 9 am in the morning or before 6 pm in the afternoon, rather than in the specific time, he will be deemed as late arrival or early departure. Each employee is allowed to have 30 minutes as an exemption every month. The company will deduct RMB 5 per minute if an employee is late more than 30 minutes per month. Penalties will be distributed to employees who routinely arrive late.

3.2.3. Absenteeism

Any employee is off duty or absent without the approval from his department supervisor (or above) via E-mail or application form, his behavior will be deemed as absenteeism. And the following penalties and warning will be given to an employee who is always absent from the office without approval of his/her department supervisor (or above):

- 1) One hour absence without approval → half-day salary fine.
 - 2) Three hours absence without approval → 1 day salary fine.
 - 3) One day absence without approval → 2 days salary fine.
- And warning will be given depending on the circumstance.

3.2.4 Overtime Work

- 1) Identification of overtime work:

Employees who need to work beyond their normal working schedule because of actual needs should get approval from their department supervisor (or above) via E-mail or application form and then submit to HR department for record. Overtime will use half an hour as the calculating unit and less than an hour will be deemed as half an hour.

- 2) Overtime Compensation:

- (i) Due to our special company nature, overtime compensation will be realized by days off. If the overtime occurs on legal holidays, compensation will be realized by allowance. And the allowance standard is referring to the relevant national regulations, paid together with the next month's salary.
- (ii) Any employee using days off should make an application to the company one week in advance. And the approval process of it is the same as casual leave.

3.3 Leaves and Vacations

3.3.1 General

The department supervisor (or above)'s leave must be approved by the managing director and submit to the HR department for the record.

Any employee who asks for leave of less than three days (including 3 days) should get approval from his department supervisor (or above) via E-mail or application form and submit to the HR department for the record.

Any employee who asks for leave of more than three days should get approval from the managing director via E-mail or application form and submit to the HR department for the record.

3.3.1.1 Sick leave

- 1) Any employee who asks for sick leave must submit both hospital invoice and a medical certification from a grade-two hospital (or above) confirming the suggested sick leave days and the reason of the illness. Or it will be deemed as casual leave.
- 2) Any employee who needs long term sick leave (more than one week) must submit a medical certification from a grade-three hospital and submit to HR department to confirm that. After getting approval from his department supervisor (or above) and the managing director, the employee will receive a written notice.
- 3) Each employee enjoys seven days' paid sick leave each year. And if it extends to more than seven days, the company will pay the employee medical treatment period salary according to Regulations of Shanghai Municipality on labor contract and other relevant law and regulations.

3.3.1.2 Casual leave

- 1) Any employee who has casual leave must apply for it to his department supervisor (or above) via E-mail or application form a week in advance. And after getting approval, the employee should submit to HR department for record. If the employee can't finish the procedure due to specific cause, he must reapply procedure and give written explanation to get approval from his department supervisor (or above).
- 2) Any employee who takes French leave from his post, or does not extend his leave after the end of it, it will be deemed as absenteeism.
 - (i) Sick during casual leave will be deemed as casual leave.
 - (ii) Casual leave will use half an hour as the calculating unit and less than half an hour will be deemed as half an hour. Casual leave salary will be calculated as deducting the whole day salary.

3.3.1.3 Work Injury Leave

- 1) The identification of work injury and work injury leave will be based on

regulations on worker's compensation insurance and relevant laws and regulations.

- 2) Any employee need medical treatment of work injury and suspension of work due to suffering accidents and injury during the working time or occupational disease, his benefit package will be paid by the company according to his previous standard during the shutdown leave period.
- 3) The identification of shutdown leave period will be based on the designated hospital as advised by the authorized department. And the shutdown leave usually does not exceed 12 months.
- 4) The company should make an application for work injury to the relevant department within 30 days after the work injury event happened during the working time.

3.3.1.4 Marriage and Bereavement Leave

- 1) Marriage Leave
Any employee who meets legal marriage age according to Chinese marriage law will have three days marriage leave. Male employees (first marriage, 25 years old and above) and female employees (first marriage, 23 years old and above) can have 7 days extra marriage leave. Any employee who has marriage leave must apply for it to his department supervisor (or above), the managing director and the HR department via E-mail or application form one month in advance. And after getting approval, the employee should submit to HR department for record.
- 2) Bereavement Leave
Any employee whose immediate family member (spouse, parents, children, mother-in-law or father-in-law) passes away will have 3 days bereavement leave.
- 3) Marriage or bereavement leave must be used all at once. And overdue will not be available.
- 4) Employees can receive the same salary as working days during the marriage and bereavement leave.

3.3.1.5 Maternity Leave

Employees meet the one-child policy will have the leaves below according to different situations:

- 1) Maternity Leave: The company offers 98 days maternity leave to pregnant female employees (15 days can be used for pre-birth leave and 83days can be used for post-birth leave). Premature birth and post term birth will also have 98 days maternity leave.
- 2) Late Maternity Leave: Late pregnant female employees (24 years old and above, first time pregnant) can enjoy 30 days extra late maternity leave.
- 3) Dystocia and Multiple Births Leave: Dystocia will have 15 days extra leave. Multiple births will have 15 days extra leave for one more children. The standard

of dystocia and eutocia will be subject to medical certification issued by the hospital.

- 4) Nursing Leave: Male employees can enjoy 3 days nursing leave after his baby is born if he meets the late-childbirth requirements (his wife is 24 years old and above, first time pregnant).
- 5) Abortion Leave: Abortion (including both spontaneous abortion and artificial abortion) within 4 months of pregnancy can receive no less than 15 days leave, More than 4 months of pregnancy can receive no less than 42 days leave.
- 6) Breastfeeding Leave: After childbirth, Female employees can have twice breastfeeding leave in one day with 30 minutes each time if their children are within one year old. And they can also combine them together by using 1 hour breastfeeding leave in one day till their children reaching the age of one.

All the leaves mentioned above about maternity leave will be executed according to Labor contract regulation of Shanghai Municipality.

3.3.1.6 Annual Leave

- 1) Any employee asks for annual leave should apply to the department supervisor (or above) in advance. Applying for 1 to 2 days (including 2 days) annual leave needs 1 week in advance via Email or application form to the HR department for reviewing and the department supervisor (or above) for approval. And after getting the approval, he should submit to the HR department for the record. And applying for more than 3 days (including 3 days) annual leave needs 1 month in advance via Email or application form to the HR department for reviewing and the department supervisor (or above) and the managing director for approval. And after getting the approval, he should submit to the HR department for the record.
- 2) The statistic basis of annual leave is one year, from January,01st to December 31th
 - (i) Employees can apply for annual leave from the first day after he worked for a full year consecutively; including worked for one employer and worked consecutively for different employers.
 - (ii) If employees worked for our company consecutively less than one year, then certification like social insurance payment history documents is a must for your application of annual leave.
 - (iii) Any employee being in our company for more than one year consecutively can apply for annual leave. Annual leave will be pro-rated based on the number of working months left in the year. As for decimal part, less than 0.5 day will be deemed as half day, more than 0.5 day but less than 1 day will be deemed as 1 day. Formular: Annual leave = (Working days left in the year/365)*5
 - (iv) Application for annual leave during the probation period will not be approved, but company will make it up once employee passed the probation.
- 3) Legal holidays will not be counted as annual leave.

- 4) Employees in the following situations may not enjoy annual leave:
 - (i) Receive more than 20 days paid personal leave during the year.
 - (ii) Employees who have worked more than one year but less than ten years and have taken more than 2 months sick leave.
 - (iii) Employees who work more than 10 years but less than 20 years and take more than 3 months sick leave.
 - (iv) Employees who work more than 20 years and take more than 4 months sick leave.
- 5) During annual leave, employees can enjoy the same salary as working days.
- 6) Other matters not included will be handled according to Regulations on paid Annual Leave.

3.4 Others

- 1) HR department will appoint one specially-assigned person to be in charge of attendance records for each department. The attendance form will be submitted to HR as record. This form will be reviewed for annual performance assessment. The HR department is only responsible for recording notes and doing statistics at the beginning of each month. Any application or confirmation via E-mail or application form should be sent to the department supervisor (or above) to get approval before submitted to the HR department for the record.
- 2) The department supervisor (or above) should take working shift of his department into consideration when he approves all kinds of leave of his subordinates to make sure that the staffing meets the requirement of company's policy and the smooth operation of the department. If the leaves of employees do not meet the requirement of company's policy and cause influence on the operation of the department, the department supervisor (or above) via E-mail or application form will take the consequences of that and will receive a warning from the HR department, except for force majeure factors.

Part 4. Performance evaluation

4.1. Performance Evaluation System

The company uses assessment forms to assess employee's performance. There are two kinds of assessments:

1) Mid-Year Assessment

Time: 30th June to 23rd July every year; (Assessment date is subject to change according to circumstances)

Objective: To assess all employees' performance in the first 6 months of the year

Assessor: Managing director will assess department supervisors; department supervisors will assess their employees.

2) Year-End Assessment

Time: 31st December to 23rd January the following year; (Assessment date is subject to change according to circumstances) Objective: To assess all employees' performance throughout the year

Assessor: Managing director will assess department supervisors; department supervisors will assess their employees.

4.2 Evaluation indicator

Evaluation indicators are: job knowledge, work quality, work quantity, co-operation, initiative, judgment, external contacts and organization.

4.3 Rewards and punishment

4.3.1 We will record all feedback based on the indicators above. There are five grades of feedback.

- i . Grade A → Clearly satisfied on all aspects
- ii . Grade B → Satisfied on all important aspects of work/behavior
- iii . Grade C → Generally satisfied.
- iv . Grade D → Not satisfied on important aspects of work/behavior
- v . Grade E → Not satisfied at all

4.3.2 Employee's performance salary is based on their assessment feedback.

Employees who rank in grade A can get a chance to increase their salary. Employees who rank in grade E will get a written warning. The company will dismiss employees who rank in grade E if they cannot improve their work performance in the next assessment.

4.3.3 The result of the annual assessment will be an important factor in determining whether employees will receive a year-end bonus and promotion. The company will use the assessment results to help determine whether the employee should receive a job transfer, promotion or demotion. Employee whose assessment ranks in grade E will not be eligible for a year-end bonus.

4.4 Compliance and Grievance

4.4.1 An employee who is dissatisfied with the results of an assessment can submit an appeal form to the HR department within three working days upon receiving the assessment results. The contents of the form should include employees name, department, compliance issue and reason for appeal.

4.4.2 The HR department will let the employee know whether they accept the appeal or not within one working day upon receiving the appeal form. Any appeal which is not based on facts or sound judgment will be rejected.

4.4.3 If the application is accepted, HR department will review the appeals content and communicate with the employees' department supervisor.

4.3.4 HR department will reply to all appeals in written within ten working days.

Part 5. Training Plan

5.1 Orientation Training

New employees will receive orientation training about the company's overview and development. There is a variety of training for new employees all of which is held during the probation period. If the employee is found to be unqualified during the probation assessment, the employee will not be offered a full-time contract.

5.2 Business Training

In order to improve employees' job skills and fit the fast development of the company, Aquaspace will arrange a variety of training seminars. The appointed employees cannot be absent without reasonable explanation. If they can't participate in the training they must ask for leave in advance.

5.3 Education fund

5.3.1 The Company encourages employees to take training in their spare time. The support policy includes reimbursement for full amount or part amount of tuition and other educational programs.

5.3.2 Employees can receive an education fund allowance according to the length of their service with the company. The fund can only be used for education.

5.3.3 Employees should apply to use the fund in written and provide the invoice. Approval must be given in written by the company managing director. When a study course is approved, then payments will be made directly from the Educational Fund by the Finance department.

5.3.4 The company can sign a service agreement with employees. If an employee terminates their contract with the company during their service term, the company reserves the right to ask for compensation.

5.3.5 If the employee leaves voluntarily, or is dismissed for misconduct, they will automatically lose all remaining benefits in the Educational Fund.

Part 6. Rewards and Punishment Policies

All employees must follow the company's labor contract, abide by all regulations, cherish all company property, make every effort to acquire the necessary professional skills, and complete their work duties with a cooperative attitude.

6.1 Reward

There are three kinds of reward:

6.1.1 Commendation

The department supervisor makes the decision, and the reward is less than RMB 500 or a gift.

Employees can receive commendation in the following situations:

- 1) Work hard, behave honorably and finish important or special work.
- 2) Participate and excel in the training organized by the company.
- 3) Cut expenses for company and directly improve the bottom line.
- 4) Report or prohibit behavior that is harmful to the company.
- 5) Discover a hidden danger which is not one's duty and report or prohibit said danger.

6.1.2 Praise

An employee who receives praise should be recommended by department supervisor and approved by Managing director. The reward is less than RMB 1000 or a gift.

Employees will be praised in the following situations:

- 1) Give suggestions to company's management for improvement which are eventually adopted by the company.
- 2) Protect company's best interests when encountering an accident.
- 3) Protect company and employees' properties.
- 4) Avoid serious damage to the company

6.1.3 Special Award

Awards are recommended by department supervisors and approved by Managing director. HR will keep a record of all rewards. The employee will get a certain amount of money and a certificate.

Employees can get special award in the following situations:

- 1) Creative work receives unanimous praise.
- 2) Outstanding performance in project management and follow-up investment.

- 3) Make important suggestion to company's development
- 4) Other outstanding contributions to the company

6.2 Punishment

There are four kinds of punishment:

6.2.1 Warning

Compensation will be asked from those who cause damage to company. HR will keep record of all warnings.

Employees will get a warning in the following situations:

- 1) Make slight mistake because of personal negligence.
- 2) Disobey work or team order.
- 3) Can't finish important or special task on time.
- 4) Noisy in working place and interfere others.
- 5) Insult, frame or produce false evidence to colleagues.
- 6) Drunken behavior.

6.2.2 Recording of Demerit

Compensation will be asked from those who cause damage to the company.

The following situations will require the recording of a demerit:

- 1) Absent without asking for leave and causing damage to company.
- 2) Damage company's property and cause losses.
- 3) Receive more than three warnings within one month.
- 4) Absent one day without any notice.
- 5) Working slowly intentionally and refusing to correct after warning.
- 6) Behavior doesn't match social standards and causes a negative impact on the company.

6.2.3 Demotion

Department supervisor suggests a demotion; the employee submits written self-criticism. And the HR department keeps a record and cancels the employee's welfare. Demotions are subject to Managing director's approval.

The following are situations in which a demotion will be given:

- 1) Work part time with another company without permission.
- 2) Get two recorded demerits within one year.
- 3) Spread a rumor which is disadvantageous to the company, or foment a negative relationship between the company and its employees.

6.2.4 Dismissed because of serious disciplinary offence.

Company will dismiss any employee who breaches the disciplinary codes within

30 days. Department supervisor suggest the breach behavior, Managing director approves, and HR will keep a record.

Employees in the following situations will be dismissed according item two, rule 39 of Labor Contract Law:

- 1) Threaten colleagues, disturb office order.
- 2) Steal company's or other's property.
- 3) Damage company's property and cause serious loss or alter significant documents.
- 4) Commit crime during the period of working for the company.
- 5) Demotion twice in one year or recorded demerit three times in six months.
- 6) Absent 3 days consecutively, or absent 4 days totally in half a year, or absent 6 days totally in one year without notice.
- 7) Counterfeit or embezzle company's stamp and cause damage to company.
- 8) Break confidential contract and reveal secret information intentionally, causing serious loss to the company or damage to the company's image.
- 9) Convert public money to own use or take bribes.
- 10) Cheating and lying under company's name.
- 11) Participate in any illegal organization.
- 12) Moral corruption and damage the company's image.
- 13) Fabricate facts to destroy company's reputation.
- 14) Dishonesty such as cheating for education fund, hiding facts about work status and so on.
- 15) Other performances such as disturbing the normal office order and other ill behaviors.
- 16) Other matters stipulated in labor contract and other regulations.

Part 7. Reimbursement

7.1 Daily Reimbursement

7.1.1 Our daily reimbursement is subject to approval of managing director and signature of authorizer.

7.1.2 All reimbursement business should provide materials as below:

- 1) Expense reimbursement form;
- 2) Respective operator's claim, signature of management or his authorization;
- 3) Formal invoice;
- 4) Other materials. If purchase expensive goods valued more than ten thousand such as fixed assets or business trips, contracts as an appendix must be provided.

7.1.3 Any employee who asks for a loan from the company must complete the loan application form, with specific reason and signature of borrower. The loan is lent out and recovered by the finance department. Amount more than 10,000 RMB is subject to signature of Managing director or his authorization. The company has the right to deduct the loan from the staff's salary by installments or lump-sum.

7.1.4 All invoices and receipts must obey the Measures of the PRC for the Control of Invoices and relevant Implementing Rules. Original company stamp is a must for those invoices which are from other companies. Additionally abstracts or illustrations in the original certificate are a must. If the original certificate is from a specific person, the company seal is a must, Finance seal is a must for debt-collections.

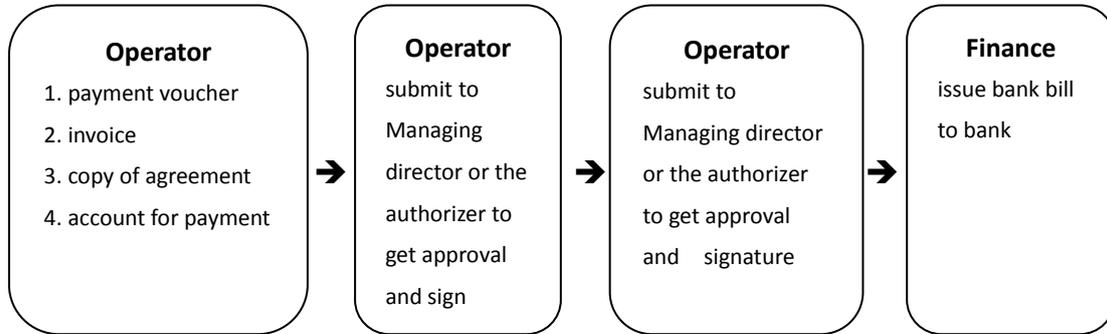
7.1.5 Receipts without the signature of Managing director or his authorization can't get reimbursement.

7.1.6 All reimbursement affairs, in the company, if the pre-payment hasn't been paid in full, the after payment will not be borrowed on general rule

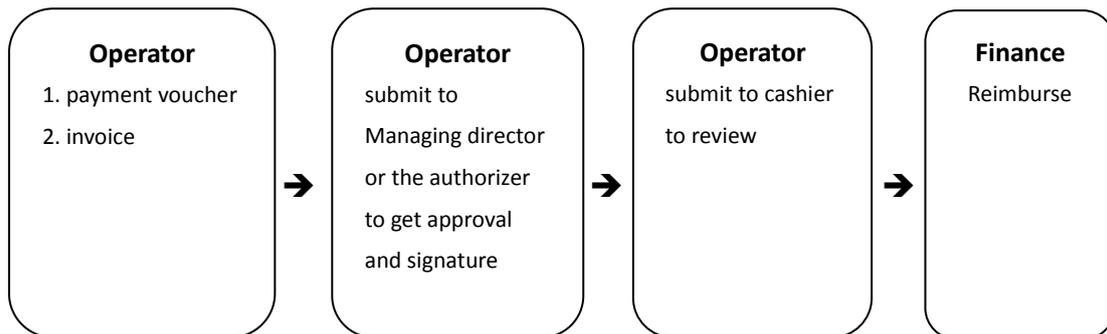
7.2 Reimbursement procedures

7.2.1 For bank payment:

Bank payment vouchers are accepted on 1st and 15th every month (if it is a public holiday or weekend payments will be made on the following work day). Exceptions for rental payment will be made in order to meet deadlines.



7.2.2 Cash payment reimbursements are accepted on Tuesday and Thursday. Exceptions will be made with head of department and financial manager's approval.



7.2.3 All reimbursements except for large-scale expense should be applied for within two months of the expense.

Part 8. Additional Policies

8.1 Safety

8.1.1 HR will hand office keys, door cards, and security numbers to new employees. These items must be protected appropriately. And any lost items must be reported to HR. No employee can reveal security numbers to the third parties.

8.1.2 Employees must use office appliances safely, don't use dangerous appliances without authorization. All electricity should be turned off after work.

8.2 Anti-theft

8.2.1 Lock doors, drawers and close windows to protect documents and other properties before leaving office.

8.2.2 Please don't bring expensive goods to the work place.

8.2.3 Department supervisors have liability to urge employees to take measures to prevent company's property from theft.

8.3 Fire security

8.3.1 Please dial fire alarm number as soon as possible and notice Property Company in the case of a fire.

8.3.2 Use stairs not elevators in the case of a fire.

8.3.3 Don't take flammable materials to the office. If you have bring them for work, put them in pointed areas and get HR department's approval in advance.

8.3.4 Employees must know where the fire extinguishers are located and how to use them in case of emergency.

Addendum

The purpose of this handbook is to provide information to employees to help them be more familiar with our working environment and company.

The handbook reviews common affairs in the workplace. If you have further questions, please contact your HR manager.

The contents that this handbook are meant for internal use only, don't disclose any information to others.

Please sign and keep one copy of handbook when joining the company and return it to HR when you leave.

The handbook is an effective supplementary document to the Labor Contract and has equal authority with the Labor Contract.

This handbook will take effect from August 1st 2011.

This handbook was last updated on August 1st 2013.

Appendix I Management Rules on the Use of Company Chops

(14th Aug, 2013)

1. In order to make sure the properly use of the company chops, and to strengthen the management of company chops, this Rule is formulated.
2. The Company Chops are under the charge of Finance Director, and without CEO's written approval, the Company Chops can't be given to any third party.
3. Only the documents with authorities' signature(s) can be chopped.
4. When this Rule is formulated, the authorities refer to:
 - 4.1 Long-term lease documents can be chopped upon Paul or Karen's signature;
 - 4.2 Short-term lease documents can be chopped upon ST manager's signature;
 - 4.3 Purchase Contract can be chopped upon Paul or Karen's signatures, and the purchase price shall be double checked by Cost Control Officer (Eleven).
 - 4.4 Media relevant documents can be chopped upon Juliet' signature;
 - 4.5 HR Department relevant documents can be chopped upon Lydia' signature;
 - 4.6 Finance Department relevant documents can be chopped upon Christine's signature;
 - 4.7 Legal Department relevant documents can be chopped upon Ying's signature.
5. The Company Chops shall not be used on black letter of introduction, black paper or black transaction record.
6. The Company Chops shall not be taken out of the office. In case of special needs, one must get approval from authorities and such approval shall be in written.
7. All the employees shall strictly abide by this Rule, violating which the Company shall be entitled to claim its damages from the improper use of the Company Chops
8. This regulation shall be implemented from the issuance date.

Appendix II Apartment Key Management

(27th Sep, 2013)

1. Any employee is only allowed to borrow one set of keys for each apartment at the same time. The receptionists should respond to keep all keys' records.
2. Any employee who borrows the keys should be aware of room's circumstances. If any tenant complains about any employee's entering his/her apartment without permission, the employee will receive a warning.
3. No employee is allowed to take keys from the cabinet except the two receptionists. Otherwise, he/she will receive a warning.
4. Any employee wants to borrow keys, he/she must go to reception desk to explain his/her apartment information and reason. Only after receptionists make the record and the employee signs his/her name by himself/herself, keys can be taken away. Otherwise, receptionists can refuse to provide the keys.
5. Any employee wants to borrow keys early in the morning, he/she has to make a reservation with receptionists one day in advance.
6. Any employee wants to borrow keys one day in advance for special reasons, he/she has to apply for it one day in advance. And after getting approval and signature of the related person in charge, he/she can take the keys away. Meanwhile, keys must be returned at the same day.
7. Any employee who borrows the keys should be responsible for them and returns them by himself/herself at the same day. It's not allowed to privately make subtenancy. Otherwise, he/she will receive a warning.
8. Any employee who borrows the keys will get RMB 200/set/time penalty if the keys are lost. Meanwhile, he/she will bear the cost of lock if it needs to be changed.

9. Receptionists should check keys' records every day and make phone calls to remind those who haven't return them yet before 17:30.
10. Any employee returns keys, he/she has to hand over the keys and tell receptionists the apartment number. If he/she leaves the keys on the desk without any notice, he/she will receive a warning.
11. Any employee who borrows the keys should be responsible for them and returns them by himself/herself at the same day. If not, he/she will get RMB 100/set/time penalty.
12. Any employee wants to return keys after working hour, he/she has to return them to concierge desk at Aqua Bar. After keeping the record, concierge officers should place them in the steel safe and notice receptionists to make handover the following day. No one except the two receptionists can do the handover. Otherwise, the concierge officer who hands over keys will receive a warning
13. Keys borrowed by ST must be returned at the same day. It is allowed for ST to borrow 3 sets of keys (plus 1 black key) on the day guests check in. In case of special circumstances, additional application can be made. Keys for check out must be returned at the same day.
14. Construction team of our company must return the keys they borrow at the same day. Outsourcing construction team can keep the keys for long time after getting the approval of the related person in charge. But they must return keys as soon as project is completed.
15. The rights of explanation, modification and abolishment belong to the Customer Care Department and HR Department.
16. This policy will take effect from the date of release.

Appendix III Staff Traveling Expenditure Claim Policy

(8th Nov, 2013)

This policy is related to only traveling outside Shanghai in order to claim transportation, accommodation, and meal allowance.

1. Transportation Arrangement

Intercity transportation should be arranged directly by Aqua Travel and approved by Managing Director.

<1> Flight ticket booking: Economic class only and always chooses the low price package after considering other matters (Urgency/Timing/Ticket availability).

<2> Train ticket booking: 2nd class only, otherwise the difference should be borne by the staff.

<3> Traffic fee: Daily maximum claim is RMB 50 for one person based on actual amount with business purpose only. No taxi fee is claimed for going to or back from airport unless it is mid-night after 11pm. (Subway or Airport bus only)

2. Accommodation Arrangement

<1> Accommodation should be booked directly by Aqua Travel and approved by Managing Director.

<2> The maximum budget for one boom is Within RMB 300, and always shared by two female or two male staff.

3. Meal Allowance

Company will give RMB 80 for daily meal allowance based on No. of travelling days unless company has paid all expenditure directly.

This policy is applied to all staff of Aqua Group; and effective immediately.

Appendix IV Notice about Leisure Area Management in Aqua Club

(27th Nov, 2013)

Due to frequent breakdown of audio equipment in Aqua Club and some of our staff playing billiards during their working hours, we have to issue this notice to manage leisure area assets of Aqua Club in a better way and to provide a higher quality recreational environment for our customers and our staff.

Notice is as follows:

1. All leisure equipment, such as billiard table, piano, audio equipment, etc. belongs to Aqua Club assets and no employee is allowed to arbitrarily touch or use it.
2. Any employee should get approval from head of security, and fill in the registration form before he/she uses any equipment in Aqua Club.
3. No employee is allowed to use/play billiard table and other related equipment except during their rest hour (from 12:00 to 13:00).
4. No employee is allowed to arbitrarily touch or use audio equipment except the one appointed by head of security.
5. Any employee will receive a warning letter with RMB 200 each time as a fine if he/she arbitrarily touches or uses any equipment in Aqua Club without head of security's approval.
6. If any malicious damage happens during their use, the employee will receive corresponding punishment according to the actual situation and Aqua Club has the right to require him/her for compensation.

Appendix V IT Asset Management Policy

(5th Dec, 2013)

In order to improve and standardize company's IT asset management, IT asset management policy is adopted.

1. Employee On-board Procedure:

<1> IT department will prepare the corresponding computer and telephone in advance and allocate them to the employee on his/her on board day.

<2> After confirmation of the asset and equipment number, the employee should sign his/her name before receiving it.

2. Employee In-service Period:

<1> Please protect IT equipment during the work.

<2> Any equipment change request or application should send e-mail to IT Department and cc to line manager.

<3> Any equipment change with others without permission is forbidden.

<4> In no case IT equipment such as laptop is allowed to be taken out of office except for work.

<5> It is strictly prohibited to provide password of company system to others.

<6> Employee will receive warning punishment according to the company policy if there is any violation.

3. Employee Departure Procedure:

<1> IT department will check employee's IT equipment according to the asset management form.

<2> IT department manager will sign on the letter of disclaimer after confirmation.

4. This policy will take effect from the date of release. Any question, please contact IT and HR department.

Appendix VI Business Card Printing Management Policy

(24th Feb, 2014)

1. Responsibility of Related Department

1.1 HR Department — mainly for coordination

- 1.1.1 Review the business card application from other departments
- 1.1.2 Submit the reviewed business card information to specified designer
- 1.1.3 Deliver the printed business card to applicants
- 1.1.4 Supervise and perfect the business card printing management policy

1.2 AGM & Media Editorial Team — mainly for design

- 1.2.1 AGM design staff business card of all companies belong to AQUASPACE GROUP SHANGHAI (except Media Company)
- 1.2.2 Media Editorial Team design staff business card of Media Company
- 1.2.3 All business cards' format should be reviewed by Managing Director
- 1.2.4 Submit designed business card format and other requirement to Purchasing Department after receiving the card information from HR Dept.

1.3 Purchasing Department — mainly for purchasing

- 1.3.1 Communicate with designer about the paper quality and colour of business card.
- 1.3.2 Submit the designed business card to printing supplier according to designer's requirement
- 1.3.3 Control the printing cost at RMB 20/box
- 1.3.4 Send completed business card to HR Department

1.4 Finance Department — mainly for audit

- 1.4.1 Be responsible for audit of business card printing cost

2. Business card application process

- 2.1 Department Manager should fill out the <business card application form> and make sure of the information according to the actual need before submitting to HR

Department for reviewing. HR department submit the reviewed card information to the specified designer.

2.2 Business card designer should submit the designed version to Purchase Department within one day after receiving the application from HR Department. Purchase Department should finish the business card printing and deliver it to HR Department within one week after receiving the designed version. HR Department will give out the business card to the staff uniformly.

3. Relevant provisions

3.1 Application time of business card according to position and job natures:

3.1.1 For manager and above level, HR should apply business card immediately for new staff

3.1.2 For marketing, sales, customer care departments, HR should apply business card

immediately for new staff as well

3.1.3 Except above mentioned, application for new staff should be delayed to one month upon joining date if really needed

3.2 Application quantity according to position and job natures:

3.2.1 Two boxes for manager or above level every time;

3.2.2 Two boxes for new staff of marketing, sales, customer care departments;

3.2.3 One box for others if no mentioned above.

4. The rights of explanation, modification and abolishment belong to the HR Department.

5. This policy will take effect from the date of release.

Employee Handbook Receipt

I hereby acknowledge the receipt of my personal copy of the Employee Handbook. I agree to read and abide by the standards, policies, and procedures defined and referenced in this document, including:

Appendix I Management Rules on the Use of Company Chops

Appendix II Apartment Key Management

Appendix III Staff Traveling Expenditure Claim Policy

Appendix IV Notice about Leisure Area Management in Aqua Club

Appendix V IT Asset Management Policy

Appendix VI Business Card Printing Management Policy

I understand that I should take company's disposition or legal responsibility for any breach of this handbook or any policy and notice above.

Department:

Position:

Signature:

Date: