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## DIRECTORS, SENIOR MANAGEMENT AND STAFF

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### DIRECTORS AND SENIOR MANAGEMENT

The table below sets forth information regarding our Directors:

Name	Age	Position
Liu Hongwei	44	Chairman and an executive Director
Sun Jinli	44	Deputy Chairman, deputy general manager of sales and marketing of Zhuhai Singyes, and an executive Director
Xie Wen	43	Deputy general manager of technology of Zhuhai Singyes and an executive Director
Lin Xiaofeng	36	non-executive Director
Shi Yu	34	non-executive Director
Wang Ching	53	Independent non-executive Director
Yick Wing Fat, Simon	50	Independent non-executive Director
Cheng Jinshu	56	Independent non-executive Director

### EXECUTIVE DIRECTORS

**Liu Hongwei** (劉紅維) aged 44, is the **Chairman and an executive Director of our Group**. He joined our Group since August 1995. He is responsible for the formulation and execution of our Group's overall business strategies and policies as well as the overall management of our Group. Mr. Liu has more than nine years' experience in the glass manufacturing sector and more than 13 years' experience in the curtain wall engineering sector. After obtaining a bachelor's degree in engineering in July 1986 from Wuhan Industrial University (武漢工業大學), now known as Wuhan University of Technology (武漢理工大學), majoring in inorganic materials engineering, Mr. Liu worked at a state-owned glass manufacturing enterprise, Shaanxi Glass Factory (陝西玻璃廠), as a technician until 1989. From 1989 to 1991, Mr. Liu was the director of production department at another glass manufacturing enterprise, Zhuhai Glass Factory (珠海玻璃廠). From 1991 to 1995, Mr. Liu Hongwei was the manager of the operation department of Zhuhai Singyes Safety Glass. In 1995, Zhuhai Singyes Safety Glass jointly established Zhuhai Singyes with Zhuhai City Township Enterprise. Since November 2003, Mr. Liu has been an executive Director of our Company. From August 1995 to October 2007, Mr. Liu was appointed as Zhuhai Singyes's general manager, taking charge of general supervising and controlling on technologies. In December 2000, Mr. Liu was certified as a Level 1 Project Manager by the Guangdong Province Construction Bureau (廣東省建設廳). In January 2001, Mr. Liu was certified as a Senior Engineer in respect of construction materials by the Guangdong Province Personnel Bureau (廣東省人事廳). In 2003, Mr. Liu became an adjunct professor of Wuhan University of Technology (武漢理工大學). In August 2004, Mr. Liu was appointed as one of the experts to the Standardisation Technical Committee of the PRC Ministry of Construction for Curtain Walls, Doors and Windows (中國建設部幕牆門窗標準化技術委員會). Mr. Liu is currently a member of the Zhuhai Committee of the Chinese People's Political Consultative Conference.

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**Sun Jinli (孫金禮)** aged 44, is our **Deputy Chairman and an executive Director**. He joined our Group in August 1995. He is responsible for formulating the overall sales and marketing strategies of our Group. Mr. Sun has more than six years' experience in the glass manufacturing sector and more than 13 years' experience in the curtain wall engineering sector. After obtaining a bachelor's degree in engineering in July 1986 from Wuhan Industrial University (武漢工業大學), now known as Wuhan University of Technology (武漢理工大學), majoring in inorganic materials engineering, Mr. Sun worked at Beijing Electronics Factory (北京電子管廠) as a technician until 1989. From 1989 to 1995, Mr. Sun was the manager of the production department of Zhuhai Singyes Safety Glass. From August 1995 to January 2001, Mr. Sun was a project manager of Zhuhai Singyes, responsible for the development and management of business projects. From January 2001 to October 2007, Mr. Sun was the deputy general manager of Zhuhai Singyes, responsible for planning the overall sales and marketing strategy of Zhuhai Singyes and our Group. Since March 2005, Mr. Sun has been an executive Director of our Company. Since 2007, Mr. Sun has also been working as the general manager of Singyes Renewable Energy. In December 1994, Mr. Sun was certified as an engineer by the Guangdong Province Zhuhai Designation Reform Committee (廣東省珠海市職稱改革領導小組). In March 2002, Mr. Sun was certified as a Level 1 Project Manager by the PRC Ministry of Construction. In December 2007, Mr. Sun was registered as a constructor (一級建造師) by the Ministry of Construction.

**Xie Wen (謝文)** aged 43, is our **executive Director**. He joined our Group in August 1995. He is responsible for supervision at our work-sites and research and development of BIPV technologies. Mr. Xie has more than 13 years' experience in curtain wall engineering sector. Mr. Xie graduated from Zhengzhou Textile Engineering College (鄭州紡織工學院) majoring in mechanical engineering (textile machinery) (紡織機械專業) in 1987. From 1987 to 1994, Mr. Xie worked at the Equipment Energy Team in Hunan Shaoyang No. 2 Textile Machinery Factory (湖南邵陽第二紡織機械廠). Mr. Xie joined Zhuhai Singyes in August 1995 as a project manager, responsible for the development and management of business projects of Zhuhai Singyes. From January 2003 to September 2007, Mr. Xie was the deputy general manager of Zhuhai Singyes, in charge of technical guidance and supervision at various worksites. In October 2007, Mr. Xie became the general manager of Zhuhai Singyes. In December 2002, Mr. Xie was certified as a Level 1 Project Manager by the PRC Ministry of Construction. In June 2004, Mr. Xie was certified as a senior engineer in respect of machinery by the Guangdong Province Personnel Bureau (廣東省人事廳). In February 2008, Mr. Xie was registered as a constructor (一級建造師) by the PRC Ministry of Construction.

### NON-EXECUTIVE DIRECTORS

**Lin Xiaofeng (林曉峰)** aged 36, is our non-executive Director. He joined our Group in April 2008. From October 2000 to May 2004, Mr. Lin was a partner of Cyberh Science and Technology Investment Co., Ltd. (上海先和科技投資有限公司). From May 2004 to now, Mr. Lin is a director of Shanghai Asset Managers Co., Ltd. (上海亞賽特投資諮詢有限公司) and is a general manager of Asset & Ashe, being a Shareholder of our Company. Mr. Lin obtained his master's degree in business administration from University of South Queensland Australia in September 2007. Mr. Lin has approximately eight years of experience in venture capital investment.

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**Shi Yu (史煜)** aged 34, is our non-executive Director. He joined our Group as non-executive Director in March 2008. Mr. Shi obtained his bachelor's degree from the automatization department of Tsinghua University in July 1997, and his master's degree in business administration from Fordham University in the United States in February 2004. From 1997 to 1998, Mr. Shi worked at CTC Telecommunication Industrial Technology Service Center (中訊郵電工業技術服務中心). From August 1998 to July 2002, Mr. Shi was a product marketing manager of Nokia China Limited. In December 2004, Mr. Shi joined iD Techventures Ltd. (智基創投股份有限公司) as its vice-chairman of investment and became its partner in April 2008. iD Techventures Ltd. is the advisory company of IP Cathay, being a Shareholder of our Company. Mr. Shi has approximately four years of experience in venture capital investment.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Wang Ching (王京)**, aged 53, was appointed as an independent non-executive Director of our Company in December 2008. Dr. Wang has gained 16 years of experience in banking and finance from assuming various senior positions. He was the president of Investment and Proprietary Trading Group for Jih Sun Financial Holding Co. Ltd. in Taiwan, the executive director of JS Cresvale Securities International Limited and JS Cresvale Capital Limited in Hong Kong, the managing director of SinoPac Securities Asia Ltd. in Hong Kong, SEVP of SinoPac Securities Co. Ltd in Taiwan, the director of Investment Banking Department at Standard Chartered Bank Hong Kong and the associate director of Bear Stearns and Co. Inc. New York and Hong Kong. Dr. Wang currently is the managing director of Shanghai International Asset Management (HK) Co. Ltd., an independent non-executive director of Minth Group Limited (a company listed on the Main Board of the Stock Exchange (stock code: 425)), executive director of Shanghai International Shanghai Growth Investment Limited (a company listed on the Main Board of the Stock Exchange, (stock code: 770)). Dr. Wang obtained his master degree in business administration from the University of Houston and Ph.D. in finance from Columbia University in the city of New York.

**Yick Wing Fat, Simon (易永發)**, aged 50, was appointed as an independent non-executive Director of our Company in December 2008. He graduated from the Chinese University of Hong Kong with a bachelor's degree in business administration majoring in accounting. Mr. Yick has over 25 years of experience in audit, merger and acquisition, investment banking and direct investment. He is a Fellow Member of Hong Kong Institute of Certified Public Accountants and Chartered Association of Certified Accountants in England. He is currently a managing director of Sinovest Capital Limited, principally engaged in direct investment and merger and acquisition of enterprises in Hong Kong and China; the independent non-executive director and chairman of the audit committee of Shanghai International Shanghai Growth Investment Limited (a company listed on the Main Board of the Stock Exchange (stock code: 770)), Travelsky Technology Limited (a company listed on the Main Board of the Stock Exchange (stock code: 696)), Shenzhen Neptunus Interlong Bio-technique Limited (a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8329)), and China-Biotics, Inc., (a company listed on the Nasdaq Global Market in the USA). Mr. Yick has also been appointed as an independent non-executive director and supervisory committee member of the audit committee of Beijing Centergate Technologies (Holding) Co., Ltd. (a company listed on the Shenzhen Stock

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Exchange in PRC). Mr. Yick was also an independent non-executive director of Vitop Bioenergy Holdings Limited (a Company listed on the Main Board of the Stock Exchange (stock code: 1178)) from August 2004 to February 2006.

**Cheng Jinshu** (程金樹), aged 56, was appointed as an independent non-executive Director of our Company in December 2008. Mr. Cheng is the professor director of Science and Technology Division and director of the Green Construction Material & Manufacture Project Research Institute of Ministry of Education of Wuhan University of Technology (武漢理工大學). He was the vice-dean of Material Project Department, vice-dean of Material College and vice-director of Silicate Material Project, key laboratory of the Ministry of Education of Wuhan University of Technology (武漢理工大學). Mr. Cheng graduated from the Hubei Construction Industry College, now known as Wuhan University of Technology (武漢理工大學), majoring in glass fiber in September 1976. Mr. Cheng has at least 30 years' education and academic research experience relating to construction materials.

### SENIOR MANAGEMENT

**Xiong Shi** (熊澁), aged 45, is the Chief Engineer of our Group. He is responsible for the research and development of technology. He has approximately nine years of experience in the glass manufacturing sector and 13 years' experience in the curtain wall engineering sector. Mr. Xiong joined our Group as a project manager in August 1995. From November 2001, Mr. Xiong assumed the position of Chief Engineer of Zhuhai Singyes until August 2007. Prior to joining our Group, Mr. Xiong was the manager of the quality testing department at Zhuhai Singyes Safety Glass from 1988 to 1995. Mr. Xiong also worked as a technical officer at a state-owned glass manufacturing enterprise, Xiangfan City Glass Factory (襄樊市玻璃廠), from 1986 to 1988. Mr. Xiong was certified as a Level 1 Project Manager by the PRC Ministry of Construction (中國建設部) in December 2000. Mr. Xiong was certified as a senior engineer in respect of construction materials by the Guangdong Province Personnel Bureau (廣東省人事廳) in December 2001. Mr. Xiong obtained a bachelor's degree in engineering from Wuhan Industrial University (武漢工業大學), now known as Wuhan University of Technology (武漢理工大學), majoring in inorganic materials engineering in July 1986. In December 2007, Mr. Xiong was registered as a constructor (一級建造師) by the PRC Ministry of Construction.

**Zhuo Jianming** (卓建明), aged 47, is the deputy general manager of Zhuhai Singyes. He has approximately eight years' experience in the curtain wall engineering sector. He joined our Group as project manager in February 2000. From January 2001, Mr. Zhuo assumed the position of deputy general manager of production of Zhuhai Singyes. Prior to joining our Group, Mr. Zhuo was certified as a Level 1 Project Manager by the PRC Ministry of Construction (中國建設部) in March 2002. Mr. Zhuo obtained a bachelor's degree in engineering and construction from Xi'an Jiaotong University (西安交通大學) in 1983.

**Zhao Feng** (趙峰), aged 43, is the deputy general manager of Zhuhai Singyes since August 2007. He is also a director of Zhuhai Singyes. He joined our Group as a sales and marketing manager in December 2002. He has approximately seven years of experience in the construction sector and approximately six years' experience in the curtain wall engineering sector. Prior to joining our Group, Mr. Zhao worked as an engineer of Hubei Province Shashi Construction Materials Scientific Research Institute (湖北省沙市建材科研所)

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from 1987 to 1995. Mr. Zhao was certified as a Senior Engineer in respect of construction materials by the Guangdong Province Personnel Bureau (廣東省人事廳) in December 2004. Mr. Zhao obtained a bachelor's degree in Engineering from Wuhan Industrial University (武漢工業大學), now known as Wuhan University of Technology (武漢理工大學), majoring in materials science in July 1987.

**Wang Zhijun** (王志軍), aged 33, is the chief financial officer of our Company since May 2008. He has 10 years of experience in financial accounting. He joined Zhuhai Singyes as a financial accountant in September 1998 immediately after he graduated from Qingdao University (青島大學). From 2002 to 2006, Mr. Wang acted as the chief accountant (主管會計) of the accounting department of Zhuhai Singyes and became the financial manager (財務經理) of Zhuhai Singyes in June 2006. Mr. Wang qualified as a registered assistant accountant in the PRC in August 1999.

**Zhang Chao** (張超), aged 36, is the deputy general manager of Zhuhai Singyes. Mr. Zhang joined our Group in December 2002 as the manager of the business department of Zhuhai Singyes. He has approximately seven years of experience in the construction sector and approximately six years' experience in the curtain wall engineering sector. Mr. Zhang graduated from Qiqihaer Railway Transportation Employee University (齊齊哈爾鐵路運輸職工大學) majoring in industry and civil construction in July 1995. Prior to joining our Group, Mr. Zhang worked as a construction budgeteer at Heilongjiang Province Hei He City Railway (Group) Company (黑龍江省黑河鐵路集團有限責任公司) from 1995 to 2002. In January 2006, Mr. Zhang was certified as a constructor (一級建造師) by the Guangdong Province Personnel Bureau (廣東省人事廳). Mr. Zhang was also certified as a National Construction Appraiser by the Construction Department in 2003 and construction engineer by Zhuhai Personnel Bureau (珠海市人事局) in 2005. In December 2007, Mr. Zhong was registered as a constructor (一級建造師) by the PRC Ministry of Construction.

**Luo Duo** (羅多), aged 29, is the chief engineer of Zhuhai Singyes. She joined our Group as a designer in July 2001. She has approximately seven years of experience in the curtain wall engineering sector. Ms. Luo worked as the vice-director of design institute of Zhuhai Singyes from November 2004 to December 2006 and the director of design institute from January 2007 to January 2008. In February 2008 she was appointed as the chief engineer of Zhuhai Singyes. Ms. Luo was certified as a Class 2 Registered Structural Engineer by the PRC Ministry of Construction (中國建設部) in January 2005. Ms. Luo was certified as a Plan-Design Engineer by the Zhuhai Personnel Bureau (珠海市人事局) in February 2008. Ms. Luo obtained a bachelor's degree in Construction Engineering from Qingdao Construction Engineering College (青島建築工程學院) in July 2001.

**Liang Bingqiang** (梁炳強), aged 31, is the manager of the photo-electricity business department of Zhuhai Singyes and the deputy general manager of Singyes Renewable Energy. He has more than eight years of experience in the curtain wall engineering sector. He joined our Group as a designer in April 2002. Mr. Liang worked as the director of design department of Zhuhai Singyes Beijing representative office from July 2004 to July 2006 and he worked for Zhongshan Shengxing Curtain Wall Company Ltd (中山盛興幕牆有限公司) from August 2000 to March 2002. In August 2006, he was appointed as the manager of the photo-electricity business department of Zhuhai Singyes. In April 2008, he was appointed as the deputy general manager of Singyes Renewable Energy. Mr. Liang was certified as an

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Assistant Engineer by the Zhongshan Personnel Bureau (中山市人事局) in October 2001. Mr. Liang was certified as a Construction Design Engineer by the Zhuhai Personnel Bureau (珠海市人事局) in January 2006. Mr. Liang obtained a bachelor's degree in construction engineering from Tianjin Institute of Urban Construction (天津城市建設學院) in July 2000.

**YU Chon Man, Jimmy (余俊敏)**, aged 30, was appointed as the financial controller, qualified accountant and company secretary of our Company in June 2008. He is responsible for financial reporting and general investor affairs of our Company. He has approximately seven years of experience in financial accounting. Mr. Yu is a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Prior to joining us, he had approximately seven years of working experience with international audit firms and was mainly responsible for financial auditing, internal control reporting and compliance advisory. He graduated from the Hong Kong Polytechnic University with a bachelor's degree (Hons) in accountancy in 2001.

### QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

**YU Chon Man, Jimmy (余俊敏)** is our qualified accountant and company secretary. For further details regarding Mr. Yu, please see the paragraph headed "Senior Management" above.

### DIRECTORS' REMUNERATION

We reimburse our Directors for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations. Our executive Directors are also our employees and receive, in their capacity as our employees, compensation in the form of salaries and other allowances and benefits in kind. After Listing, our Remuneration Committee will review and determine the remuneration package (including discretionary bonus) of our Directors with reference to remuneration paid by comparable companies, time commitment and responsibilities of our Directors and the financial performance of our Group.

For each of the three years ended 31 December 2007, the aggregate amount of salaries and other allowances and benefits in kind paid to our Directors was approximately RMB257,000, RMB457,000, and RMB320,000, respectively. Such remuneration of our Directors was determined with reference to remuneration of directors in comparable PRC companies and their experience.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonuses, payable to our Directors for the year ending 31 December 2008 to be approximately RMB842,208. Such increase as compared to that for the three years ended 31 December 2007 is due to the appointment of three independent non-executive Directors and two non-executive Directors, and that the remuneration of the three executive Directors will be adjusted upward after Listing.

Further details of the terms of the above service agreements are set out in the section headed "Further Information about our Directors, Senior Management and Staff – Particulars of service contracts" in Appendix VI to this prospectus.

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### **NON-COMPETITION**

Each of our executive Directors, non-executive Directors and independent non-executive Directors has confirmed that none of them is engaged in, or interested in any business which, directly or indirectly, competes or may compete with the business of our Group.

### **BOARD COMMITTEES**

#### **Audit Committee**

Our Company established an audit committee on 19 December 2008 in compliance with Rules 3.21 and 3.22 and Appendix 14 to the Listing Rules. The primary duties of our audit committee will be to review and supervise our financial reporting process and internal control system and to provide advice and comments to the Board. Our audit committee consists of three members who are all independent non-executive Directors and Mr. Yick Wing Fat, Simon was appointed as the chairman of our audit committee.

#### **Remuneration Committee**

Our Company established a remuneration committee on 19 December 2008 in compliance with the Code of Corporate Governance Practices set out in Appendix 14 of the Listing Rules. Our remuneration committee comprises four members, namely, Mr. Cheng Jinshu (Chairman), Mr. Yick Wing Fat, Simon, Mr. Wang Ching and Mr. Liu Hongwei. Our remuneration committee considers and recommends to the Board the remuneration and other benefits paid to our Directors. The remuneration of our Directors is subject to regular monitoring by our remuneration committee to ensure that the levels of their remuneration and compensation are appropriate.

#### **Nomination Committee**

Our Company established a nomination committee on 19 December 2008 in compliance with the Code of Corporate Governance Practices set out in Appendix 14 of the Listing Rules. Our nomination committee comprises five members, namely, Mr. Liu Hongwei (Chairman), Mr. Xie Wen, Mr. Wang Ching, Mr. Yick Wing Fat, Simon and Mr. Cheng Jinshu. Our nomination committee considers and recommends to the Board on the appointment of executive Directors and senior management staff.

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### COMPLIANCE ADVISOR

We will appoint ICBCIC as our compliance advisor upon listing of the Shares on the Stock Exchange in compliance with Rule 3A.19 of the Listing Rules. We will enter into a compliance advisors's agreement with ICBCIC, the material terms of which are summarised as follows:

- (1) we will appoint ICBCIC as our compliance advisor for the purpose of Rule 3A.19 of the Listing Rules for a period commencing on the date of listing of our Shares on the Stock Exchange and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after such listing date, or until the agreement is terminated, whichever is earlier;
- (2) ICBCIC shall provide us with services, including guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws, rules, codes and guidelines;
- (3) we shall consult with and, if necessary, seek advice from ICBCIC on a timely basis in the following circumstances:
  1. before the publication of any regulatory announcement, circular or financial report;
  2. where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
  3. where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Group deviate from any forecast, estimate, or other information in this prospectus;
  4. where the Stock Exchange makes an inquiry of the listed issuer under Rule 13.10 of the Listing Rules;
- (4) we may indemnify ICBCIC for certain actions against it and losses incurred by it arising out of or in connection with the performance by ICBCIC of its duties under the agreement; and
- (5) we may terminate the appointment of ICBCIC as our compliance advisors only if its work is of an unacceptable standard or if there is a material dispute (which cannot be resolved within 30 days) over fees payable to it as permitted by Rule 3A.26 of the Listing Rules. ICBCIC will have the right to resign or terminate its appointment by service of a three-month notice to us.



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### EMPLOYEES

#### Overview

As at 30 June 2008, we had a total headcount of 297 full-time employees. None of our employees are unionised. The relationship and co-operation between our management and employees have always been good and this is expected to continue. There has not been any incidence of work stoppages or labour disputes which affected our operations.

We do not experience any significant seasonal fluctuations in the number of employees. The number of our Group's full-time employees by function as at 30 June 2008 was as follows:

	<b>Number of staff</b>
Sales and marketing	28
Engineering	122
Senior management	13
Design and research and development	96
Finance and administration	30
Quality assurance	<u>8</u>
Total	<u><u>297</u></u>

#### Staff Training

We believe that our employees are our most important asset. It is our policy to encourage the development and training of our employees in order to maximise their potential. We firmly believe that motivating our employees will help to align their interests with ours which ultimately benefits our Group and enables both our employees and our Group to develop concurrently.

We provide training to all our employees to equip them with the relevant technical skills and knowledge necessary for their respective job functions. Accordingly, the nature of staff training that we provide varies with the appointment of our staff.

Generally, all our new employees would go through an orientation programme to familiarise them with our Group's background, culture, business operations and policies. The in-house orientation programme includes training specific to each of their designations, employees' discipline, safety and environmental awareness, our quality management system, regulations and laws relating to the operation of our Group. The duration of our orientation programme is generally one week.

Our staff training can be classified into internal training and external training. Internal training of our staff involves an orientation programme for our new employees, on-the-job training and internal training sessions. Part of our internal training is conducted on a regular

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basis four times a year for all our employees while the other part of our internal training is conducted by each of the departments on an ad-hoc basis for the employees in that department. This usually involves training specific to their job functions.

In respect of our external training, we invite local as well as foreign industry experts at least four times a year to provide training to our staff in respect of curtain wall designs and materials. From time to time, we also send our senior engineers and other key technical personnel to Europe and Japan to study the latest technology and curtain wall designs. In addition, we also encourage and provide partial subsidies to our senior staff to attend external training courses such as the Master of Business Administration (MBA) courses and other technical courses.

The expenses incurred on our staff training for the last three financial years were RMB179,000 for 2005, RMB58,000 for 2006, RMB55,000 for 2007 and RMB19,000 for the six months ended 30 June 2008 respectively.

### **Professionals**

As at the Latest Practicable Date, over 200 members of our staff have professional qualifications such as professional engineer, builder, surveyor, accountant and company secretary.

### **Staff benefits**

The remuneration package of our employees includes basic salary, allowances and bonuses. The various allowances cover meals, holidays and social security. We make contributions to all mandatory social security funds including pension funds, medical insurance funds, unemployment insurance funds and work-related injury funds for our employees. These contributions, which are funded from our internal financial resources, are in compliance with the requirements of the PRC laws and regulations. Our Company's PRC legal counsel has advised that according to the certificate issued by Labour Zhuhai and Social Security Bureau, our Company had fully paid all social security up to now, and complied with the relevant PRC requirements in relation to the social security. The aforesaid bonuses include annual bonus and/or double payment for the last month of the year, and encouragement payment which is subject to the performance of the staff and paid monthly. Usually, the encouragement payment would be around 30% of the staff's salary.

We are required by the relevant PRC regulations to register with the competent housing provident fund management centre and make contributions to the housing provident funds for our employees. We had not made such contribution in the past because (i) the implementation rules in relation to such requirements were not strictly enforced by the relevant authorities in Zhuhai; (ii) our management understands that it is not customary for enterprises in Zhuhai to make contributions to the housing provident funds for their respective employees; (iii) we had not been requested by the local authority to register and contribute to the housing provident fund for our employees; (iv) none of our employees had requested us to register with the housing provident fund due to their general reluctance to make the necessary employee contributions which would reduce their cash receipts and; (v) no administrative actions have been taken by the relevant PRC authorities against us in

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relation to such non-compliance. Before Zhuhai Singyes registered with the housing provident fund, we paid the gross amount of total wage (including the amount of housing provident fund contribution) to our employees.

We have taken the following actions to rectify the previous non-compliance:

- (i) Zhuhai Singyes, being the only subsidiary in our Group which has employees currently in the PRC, has completed registration with the local management centre of housing provident fund in May 2008 and has commenced making contributions to the fund for its employees in accordance with the relevant PRC laws and regulations since May 2008. Singyes Renewable Energy will register with the local management centre of housing provident fund and make relevant contributions after it has employed any staff.
- (ii) We have made provisions of RMB1.9 million in respect of the outstanding housing provident fund contribution for the period from the establishment of Zhuhai Singyes to April 2008.
- (iii) In respect of the outstanding housing provident fund contribution, our Directors decided to leave it to the discretion of the existing employees whether to pay the outstanding sum mainly because our employees may not be willing and/or financially capable to pay the outstanding employee contribution accumulated during their employment with Zhuhai Singyes. In this connection, Zhuhai Singyes has issued to its existing employees a notice in August 2008 to inform them that it will make matching contribution to the housing provident fund for those employees who so wish and pay their respective portion of outstanding accumulated employee contribution. Zhuhai Singyes agreed to make the contribution for those employees who responded to the notice positively. As at the Latest Practicable Date, none of our employees have responded to the notice, nor have they claimed against us for the outstanding contribution.
- (iv) Our Controlling Shareholders have agreed to indemnify our Group for any losses, costs or fines which our Group may suffer or accrue, directly or indirectly, as a result of or in connection with any non-compliance with the applicable laws, rules and regulations in respect of housing provident funds for its employees by any members of our Group prior to the Listing.
- (v) We have obtained a written confirmation dated 3 July 2008 from the Zhuhai Housing Provident Fund Administrative Centre, and we have been advised by our PRC legal advisors that, we will not be penalized for the failure to make housing provident fund contribution prior to the date of our registration. Upon obtaining the written confirmation, we had not been requested by the relevant authority to repay the outstanding contribution. As advised by our PRC legal advisors, the Zhuhai Housing Provident Fund Administrative Centre is the relevant and competent authority to issue such confirmation. Although the local management centre of housing provident fund has issued the confirmation, we cannot assure that government authority of a higher level will agree with the treatment and may impose penalty on our Group. As such, although the potential penalty will not be

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imposed by the Zhuhai Housing Provident Fund Administrative Centre, we cannot assure that government authority of a higher level will not impose such penalty on us. However, as advised by our PRC legal advisors, since the local management centre is responsible for managing housing provident fund in Zhuhai, the possibility of higher level of government authority imposing penalty on us is low. Our PRC legal advisors further advised that in the event that penalty is to be imposed on us, the amount for such penalty will be more than RMB10,000 but less than RMB50,000 according to Regulation 37 of the Housing Provident Funds Management Regulations (住房公積金管理條例). In addition, as advised by our PRC legal advisors, in case our Group is demanded to make up for the outstanding housing provident funds contributions and fails to make such payments on a timely basis, it may be subject to a daily overdue penalty of 0.5% of the total amount of housing provident funds contributions which is due to be paid. The maximum amount of fines and penalties arising from the non-compliance covering the period from April 1999 (when the relevant regulation became effective) to May 2008 (when Zhuhai Singyes registered with the relevant authority) is estimated to be approximately RMB9.9 million. As further advised by our PRC legal advisors, in the event that the relevant authority demands for the outstanding employee contribution from our employees involved and that such employees fail to make such payments, our Group will not be subject to any legal liability in this regard.

In light of the above, the likelihood of imposition of penalty on us arising from the above non-compliance by the relevant PRC authority is low. Even if such penalty is imposed, the penalty will be indemnified by our Controlling Shareholders. Hence the imposition of the fines and penalties would not materially affect our business operation. As such, no provision has been made in our financial statements for the potential penalty.

We have also taken the following measures to enhance our internal control system:

- (i) We have designated Mr. Yu Chon Man, Jimmy who is our financial controller, qualified accountant and company secretary to oversee our Group's compliance with the relevant housing provident fund regulations.
- (ii) Our PRC legal advisors had provided an one-hour training to the executive Directors, Mr. Wang Zhi Jun (the Chief Financial Officer) and Mr. Yu Chon Man, Jimmy on the rules and regulations and general requirements of housing provident fund contribution in August 2008. The content of the training included an introduction of the relevant housing provident fund regulations, the mandatory requirements to make contribution to such fund, the amount and ratio of the fund contribution, the procedures of registration to the fund and the potential penalty for non-compliance. Our Company has also circulated an announcement to its staff on the relevant rules and regulations of housing provident fund contribution, obligations of employers and employees to make contribution. Should there be any amendment to the relevant regulations or promulgation of new regulations, our PRC legal advisors will inform us of the details of the changes and we shall update our employees of such changes by way of announcements.

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- (iii) Our PRC legal advisors will provide training to our Directors and other relevant staff of our Group annually for a term of two years on the applicable PRC rules and regulations relevant to our operations, including the applicable rules and regulations relating to housing provident fund contribution and any changes to the relevant regulations or promulgation of new regulations.
- (v) Our Audit Committee shall review annually our internal control system to ensure, inter alia, that we fully comply with the relevant housing provident fund regulation. Our Audit Committee shall report to the Board on any suspected non-compliance.

During the Track Record Period, no employee bonus and welfare fund was appropriated by Zhuhai Singyes. As advised by our PRC legal advisors, the appropriation of employee bonus and welfare fund is subject to the discretion of the board of Zhuhai Singyes and it complies with the relevant PRC laws and regulations.

In addition, we have also enrolled on a mandatory fund scheme for our employees in Hong Kong in accordance with the applicable Hong Kong laws and regulations.

### **The Law of Labour Contract of the PRC**

The Law of Labour Contract of the PRC was implemented on 1st January 2008. A brief summary of its content is set out in the paragraph headed “Supervision Regarding Labour” in the “Regulatory Review” section of this prospectus.

As advised by our PRC legal advisors, prior to 1 January 2008, Zhuhai Singyes has made corresponding amendments to its staff manual and after 1 January 2008, the labour contracts entered into between Zhuhai Singyes and its employees are prepared based on the Law of Labour Contract of the PRC.

Our Directors consider that the Law of Labour Contract of the PRC does not have any material impact on our Group’s business and operations. Our Directors confirm that such law would not affect the results of our Track Record Period in any material respect.

### **Management Presence**

Since the operations of our Group are managed and conducted principally in the PRC and no business activity is carried out or managed in Hong Kong, and all our executive Directors ordinarily reside in the PRC, we consider that it would be practically difficult and commercially unnecessary for us to either relocate two executive Directors to Hong Kong or to appoint two additional executive Directors who are Hong Kong residents. We do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules.

In this regard, the Stock Exchange has granted a waiver to our Company from strict compliance with the requirements under Rule 8.12 of the Listing Rules. For details, please refer to the section headed “Waivers from Strict Compliance with the Listing Rules”.