
DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Directors

Our Board currently consists of nine Directors, comprising three executive directors, three non-executive directors and three independent non-executive directors. The powers and duties of the Board include convening shareholders' meetings, determining our Group's business plans and investment plans, formulating our Group's annual budget and final accounts, formulating proposals for profit distributions and for the increase or reduction of registered capital as well as exercising other powers, functions and duties as conferred by our Articles of Association.

The table below shows certain information in respect of members of our Board:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Executive Directors		
ZHOU Junqing	55	Chairman and Executive Director
ZHOU Longshan	49	Executive Director and Chief Executive Officer
LAU Chung Kwok Robert	53	Executive Director and Chief Financial Officer
Non-executive Directors		
LI Fuzuo	45	Non-executive Director
DU Wenmin	45	Non-executive Director
WEI Bin	40	Non-executive Director
Independent non-executive Directors		
IP Shu Kwan Stephen	57	Independent non-executive Director
ZENG Xuemin	65	Independent non-executive Director
LAM Chi Yuen	41	Independent non-executive Director

Executive Directors

Madam ZHOU Junqing (周俊卿), aged 55, was appointed as an Executive Director and a deputy general manager of our Company on June 19, 2003 and was the General Manager of our Cement Business Division. Madam ZHOU was the Chief Executive Officer of our Company from September 2006 to August 2008 and she is now the Chairman and Executive Director of our Company. She joined China Resources Holdings in 1986 and also has been a director of Guigang Cement, Nanning Cement, Pingnan Cement and Hongshuihe Cement since January 2004, September 2004, October 2003 and December 2001, respectively. Madam ZHOU earned a bachelor's degree in wireless technology from Tsinghua University, China in 1979 and has 22 years of experience in international trade and corporate management. She is the Vice Chairman of the China Cement Association and the Vice Chairman of the 4th Session of the Guangdong Province Cement Industry Association.

Mr. ZHOU Longshan (周龍山), aged 49, was appointed as an Executive Director and a deputy general manager of our Company on March 13, 2003 and was the General Manager of our Concrete Business Division. He is now an executive director and was appointed as the Chief Executive Officer of our Company in August 2008. Mr. ZHOU also has been a director of Dongguan Cement since April 2008 and was the Chairman, Chief Executive Officer and an executive director of China Resources Gas Group Limited from March 2008 to November 2008. Mr. ZHOU earned a bachelor's degree in economics from the Jilin Finance and Trade Institute, China in 1983. He joined China Resources Holdings in 1984 and has 24 years of experience in international trade and corporate management. He is the Vice Chairman of the 5th Session of the Guangdong Province Cement Industry Association and Executive Member of the 1st Session of the Ready Mixed Concrete sub-council of China Concrete and Cement Products Association.

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Mr. LAU Chung Kwok Robert (劉忠國), aged 53, joined our Company in May 2003 as the Chief Financial Officer of our Company and was designated as the Finance Director of our Company on April 16, 2008. He was redesignated as Executive Director and Chief Financial Officer in August 2008. Mr. LAU's prior finance experience includes working at BDO, Chartered Accountants (Canada), Kwan Wong Tan & Fong (which merged with Deloitte Touche Tohmatsu in 1997) and China Energine International (Holdings) Limited (formerly known as Casil Telecommunications Holdings Limited), a listed company on the Hong Kong Stock Exchange, where he was Financial Controller and Company Secretary. Mr. LAU earned a bachelor's degree in Social Sciences from the University of Hong Kong in 1979 and has over 20 years of experience in reorganization, assurance and advisory services. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and a member of the Canadian Institute of Chartered Accountants.

Non-executive Directors

Mr. LI Fuzuo (李福祚), aged 45, joined our Company as a non-executive director on August 12, 2008 and is currently an Assistant President of China Resources Holdings and the General Manager of its Strategy Management Department. Mr. LI is also a non-executive director of China Resources Enterprise Limited, China Resources Land Limited, China Resources Microelectronics Limited and China Resources Gas Group Limited since February 2008, August 2007, March 2008 and August 2006, respectively. The above four companies are all listed in Hong Kong. He was also the Vice Chairman and General Manager of China Resources (Jilin) Bio-chemical Co., Ltd, which is listed in China, until March 2006. Mr. LI obtained both his Bachelor's and Master's Degrees in Mechanical Manufacturing Engineering from the Beijing University of Aeronautics and Astronautics, China in 1987 and 1990, respectively, and joined China Resources Group in 1990.

Mr. DU Wenmin (杜文民), aged 45, joined our Company as a non-executive director on August 12, 2008 and is currently the Chief Audit Executive and the General Manager of the Internal Audit and Supervision Department of China Resources Holdings. Mr. DU also has been a non-executive director of China Resources Enterprise, Limited, China Resources Land Limited, China Resources Microelectronics Limited and China Resources Gas Group Limited since September 2007, August 2007, March 2008 and March 2008, respectively. The above four companies are all listed in Hong Kong. Mr. DU earned an MBA degree in 1993 from the University of San Francisco, USA and joined China Resources Group in 1985.

Mr. WEI Bin (魏斌), aged 40, joined our Company as a non-executive director on August 12, 2008 and is the General Manager of the Finance Department of China Resources Holdings. Mr. WEI is a non-executive director of China Resources Gas Group Limited, a company listed on the Stock Exchange since November 2008. Mr. WEI was a director of Shanghai Worldbest Industry Development Company Limited from December 2006 to November 2007 and Shandong Dongge E-jiao Company Limited from June 2005 to June 2008. The aforesaid two companies are both public companies listed in China. Mr. WEI was also a director of Shanghai Worldbest Company Limited ("SWCL"), a company incorporated in China and listed on the Shanghai Stock Exchange (Stock Code 600094), from March 2007 to November 2007. SWCL had already been in significant financial difficulty when Mr. WEI was appointed. Mr. WEI sat on the board of SWCL as a representative from China Resources National Corporation to assist with the restructuring of SWCL. Mr. WEI resigned from his directorship in SWCL as a result of the decision of China Resources National Corporation to appoint another representative onto the board of SWCL. SWCL is currently subject to bankruptcy proceedings in China. Mr. WEI earned a Bachelor's Degree in Auditing from Zhongnan University of Economics in 1992 and a Master's Degree in Finance from Jinan University in 2001. Mr. WEI is a Senior Accountant accredited by the Beijing Senior Specialized Technique Qualification Evaluation Committee on December 2, 2003 and a Senior Auditor accredited by the National Auditing Office Senior Auditor Evaluation Committee on September 26, 2003. He is also a non-practicing member of The Chinese Institute of Certified Public Accountants and joined the China Resources Group in 2001.

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Independent non-executive Directors

Mr. IP Shu Kwan Stephen (葉樹堃), aged 57, was appointed an independent non-executive director of our Company on August 12, 2008. Mr. IP graduated from the University of Hong Kong with a degree in Social Sciences in 1973. Mr. IP joined the Hong Kong Government in November 1973 and was promoted to the rank of Director of Bureau in April 1997. He worked in the Hong Kong Special Administrative Region Government as a Principal Official from July 1997 to June 2007. Senior positions held by Mr. IP in the past include Commissioner of Insurance, Commissioner for Labor, Secretary for Economic Services and Secretary for Financial Services. Mr. IP took up the position of Secretary for Economic Development and Labor in July 2002. His portfolio in respect of economic development covered air and sea transport, logistics development, tourism, energy, postal services, meteorological services, competition and consumer protection. He was also responsible for labor policies including matters relating to employment services, labor relations and employees rights. In his capacity as Secretary for Economic Development and Labor, Mr. IP was a member of the Hong Kong Airport Authority Board, the Mandatory Provident Fund Authority Board, the Hong Kong International Theme Parks Company Board as well as the Chairman of the Logistics Development Council, Port Development Board, Maritime Industry Council and Aviation Development Advisory Committee. Mr. IP retired from the Hong Kong Government in July 2007. Mr. IP received the Gold Bauhinia Star award from the Hong Kong Government in 2001, and is an unofficial Justice of the Peace. Mr. IP is a director of Yangtze China Investment Ltd, a company listed in the UK, since February 2008 and a director of Synergis Holdings Limited, a company listed in Hong Kong, since September 2008.

Madam ZENG Xuemin (曾學敏), aged 65, was appointed an independent non-executive director of our Company on August 12, 2008. Madam ZENG is a senior engineer at professor level accredited by the State Economic and Trade Commission and a registered consulting engineer (investment) accredited by the National Development and Reform Commission. She studied at Beijing Architecture and Industrial Institute from 1963 to 1968 and started her career and served at Benxi Gongyuan Cement Factory as a technician and director of the laboratory between 1969 and 1983. From 1984 to March 2001, she worked at the Production Division and the Planning Division of the State Building Materials Bureau and served as the deputy director and the director of the various departments and divisions. She has been serving as the Vice President of the China Cement Association from April 2001 to date. Madam ZENG is specialized in managing matters in respect of the development and planning for, and the scientific advancement, policies and laws and regulations, construction investment in connection with as well as setting up the relevant standards and quotas applicable to, the building materials industry. She took the lead in formulating the relevant building materials industry development plans for the Seventh Five-Year Plan, Eighth Five-Year Plan, Ninth Five-Year Plan and Tenth Five-Year Plan and in setting up a wide spectrum of construction standards and quotas for the building materials industry, including the Standards of Design for a Cement Factory. For engineering and construction management, she was awarded with a number of the Grade 1 and Grade 2 prizes at the provincial level.

Mr LAM Chi Yuen (林智遠), aged 41, was appointed an independent non-executive director of our Company on August 12, 2008. He is the sole proprietor of Nelson and Company, Certified Public Accountants which has been in operation since February 2005. He has extensive experience in professional accountancy in Hong Kong, in particular in advising and speaking on issues relating to International and Hong Kong Financial Reporting Standards in Hong Kong and other Asian cities. He has a Bachelor (Hons) degree of Business Administration from the Hong Kong Baptist University (1992), a Master degree of Business Administration from the Hong Kong University of Science and Technology (1998) and a Master of Science in Finance from the Chinese University of Hong Kong (2001).

Mr. LAM is a practicing fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of several professional bodies in Australia, the US and the UK, including CPA Australia, the American Institute of Certified Public Accountants and the Institute of Chartered Accountants of England and Wales. He is also a CFA charter holder and a fellow member of the Hong Kong Institute of Directors. Since 2007, he has been appointed as a Panel Member of the Financial Reporting

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Review Panel by the Chief Executive of the HKSAR Government. In December 2006 Mr. LAM became a Council Member of the Society of Chinese Accountants and Auditors and since January 2009 has served as its Honorary Treasurer. He has also been appointed as Visiting Associate Professor in the Beijing Normal University–Hong Kong Baptist University United International College since October 2008. Mr. LAM, or through his firm, had not provided any advisory services to our Group during the Track Record Period.

Senior Management

Madam SUN Mingquan (孫明權), aged 54, was appointed our Guangdong regional general manager in September 2008 and she has also been a deputy general manager of our Company since May 2006. She joined China Resources Holdings in 1984, and was an executive director of our Company from June 2003 to August 2008 and the Vice Chairman of Hongshuihe Cement since January 2005. She is responsible for the overall management of our Group's precast products business and the management of the cement operations of Hongshuihe Cement during the Track Record Period. Madam SUN earned a bachelor's degree in economics from the University of International Business and Economics, Beijing in 1983. She has more than 20 years' experience in international trade and corporate management.

Mr. PAN Yonghong (潘永紅), aged 39, was appointed our Guangxi regional general manager in September 2008. Mr. PAN is responsible for the financial management of our Group's cement operations during the Track Record Period. Mr. PAN joined our Group as the financial controller of China Resources Cement Company Limited in August 2003 and was formerly an executive Director of CRC Investments from February 2007 to February 2008. Mr. PAN was also the financial controller of Hongshuihe Cement and Dongguan Cement both from September 2003 to January 2005. Mr. PAN obtained his master's degree in finance from Jinan University in 1998. He has 16 years' experience in financial management.

Mr. DONG Bin (董斌), aged 45, joined our Group as the general manager of Guigang Cement in January 2004 and was appointed our Fujian regional general manager in September 2008. Mr. DONG was also the sales and marketing controller of our Company from February 2008 to September 2008. Mr. DONG is responsible for our Group's sales and marketing and the management of Guigang Cement during the Track Record Period. He earned a degree in cement craftwork from the Shandong Institute of Building Materials in 1985. He has 23 years of experience in the cement industry. Prior to joining our Group, Mr. DONG was a director and general manager of Guangxi Yufeng Cement Stock Co., Ltd from 2002 to 2004.

Mr. YU Zhongliang (余忠良), aged 44, joined our Company as a manager of the investment department in July 2003 and was appointed strategic development controller in February 2008 to be responsible for the strategic development of our Group. He earned an MBA from York University, Canada in 2003. He has 20 years of experience in finance accounting and business analysis. Mr. YU was a manager of the investment department of Minmetals Holdings before our Company's previous listing in 2003.

Mr. JI Youhong (紀友紅), age 44, joined our Group in October 2003 and was appointed our sales and marketing controller in November 2008. Mr. JI is responsible for the management of our Group's concrete operations and our Group's sales and marketing during the Track Record Period. Mr. JI joined the China Resources Holdings group in 2001 and was the general manager of Shenzhen China Resources Wenwei Concrete Limited from 1998 to 2001. He graduated from Nanjing Industrial College (now Southeast University) in 1988 with a master degree in inorganic and non-metallic materials. He has over 20 years of experience in construction material engineering.

Mr. ZENG Fanrong (曾繁榮), aged 46, joined our Group as the general manager of Pingnan Cement in January 2005 and was appointed chief operations controller of our Company since February 2008. Mr. ZENG is responsible for the overall business operations and project development administration of our Company. He earned a degree in electrical automation engineering from the Sichuan Institute of Building Materials in 1984. He

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has more than 20 years’ experience in the cement industry. He was the general manager of Guigang Cement from July 2007 to January 2008. Prior to joining our Group, Mr. ZENG was a director of Guangxi Yufeng Group Ltd and a director and deputy general manager of Guangxi Yufeng Group Cement Company Limited from 2002 to 2005.

Mr. WANG Junxiang (王軍祥), aged 41, joined our Company as senior financial manager in July 2003 and was appointed financial controller of our Company in February 2008 to be responsible for our Group’s financial affairs. He was also appointed procurement controller of our Company in February 2009 to be responsible for the Group’s purchases of raw materials and coal. Mr. WANG joined the China Resources Holdings group in 1989 and was a senior manager of the finance and accounting department of Minmetals Holdings before our Company’s previous listing in 2003. He earned an MBA degree from the University of South Australia in 2004. He has 14 years’ experience in financial management.

Mr. DING Yuankui (丁遠奎), aged 35, joined our Company in April 2008 and was appointed the human resources controller of our Company in November 2008 to be responsible for our Group’s human resources affairs. He earned a BA from Zhongnan University of Economics in 1996 and an MBA from Tsinghua University, China in 2003 and a professional training certificate from American International Training Association in 2004. He has 12 years of experience in corporate human resources management and marketing management. Before joining our Group, Mr. DING was a human capital controller of Mercer Consulting (Shanghai) Co., Ltd. Shenzhen Branch from 2005 to 2008.

Mr. TANG Jun (唐俊), aged 54, joined our Company as the general manager of the human resources and administration department in November 2007 and was appointed as the controller of the CEO’s office in February 2008 to assist the Chief Executive Officer of our Company in discharging his responsibilities. He earned a bachelor’s degree in Chinese language and literature from Sichuan University, China in 1982. He joined China Resources Holdings in 1995 and was the general manager of its Research Department from 2003 to 2007. Mr. TANG was formerly employed at MOFCOM, where he served as a director.

Mr. NG Chong (吳禮), aged 40, was appointed the assistant to the Chief Executive Officer of our Company in August 2008. He graduated from Beijing University of Technology in 1990 with a bachelor’s degree in marketing. Before joining our Group in 2008, he served as assistant to general manager of ChemChina International Holding Company, a wholly-owned subsidiary of China National Chemical Corporation, from 2005 to 2008. Mr. NG has 18 years of experience in international trade and corporate management.

Qualified Accountant

Mr. LAU Chung Kwok Robert (劉志國), Please see “Executive Directors” for the background information of Mr. LAU.

Company Secretary

Mr. LO Chi Lik Peter (羅志力), aged 59, was appointed as the Company Secretary on May 29, 2009. He qualified as a solicitor in Hong Kong in 1976 and has been in continuous practice since qualification. He is currently a partner of Messrs. Woo, Kwan, Lee & Lo.

Board Committees

Audit Committee

We have established an audit committee with written terms of reference in compliance with the relevant rules and regulations. The primary duties of the Audit Committee will be to review and supervise our financial reporting process and internal control of our Company and nominate and monitor external auditors.

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The Audit Committee consists of three members, namely Mr. Lam Chi Yuen, Mr. Ip Shu Kwan Stephen and Madam Zeng Xuemin, who are independent non-executive directors. The chairman of the Audit Committee is Mr. Lam Chi Yuen.

Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with the relevant rules and regulations. The primary duties of the Remuneration Committee are to evaluate the performance and make recommendations on the remuneration package of our Directors and senior management and evaluate and make recommendations on employee benefit arrangements.

The Remuneration Committee consists of five members, namely Madam Zeng Xuemin, Mr. Ip Shu Kwan Stephen, Mr. Lam Chi Yuen, Mr. Zhou Longshan and Mr. Lau Chung Kwok Robert. The chairman of the Remuneration Committee is Madam Zeng Xuemin.

Mr. Zhou Longshan and Mr. Lau Chung Kwok Robert, both being Directors of our Company, shall abstain from voting on any resolutions of the Remuneration Committee for approving their respective remuneration. This will be reflected in the terms of reference of the Remuneration Committee.

Nomination Committee

We have established a nomination committee with written terms of reference as recommended under the relevant rules and regulations. The primary function of the Nomination Committee is to make recommendations to our board of Directors on the appointment and removal of Directors of our Company.

The Nomination Committee consists of four members namely Mr. Ip Shu Kwan Stephen, Madam Zeng Xuemin, Mr. Lam Chi Yuen and Madam Zhou Junqing. The Chairman of the Nomination Committee is Mr. Ip Shu Kwan Stephen.

Compliance Adviser

We have appointed Anglo Chinese Corporate Finance, Limited as our compliance adviser pursuant to the relevant rules and regulations. Pursuant to the relevant rules and regulations, the compliance adviser will advise us in the following circumstances:

- Before the publication of any regulatory announcement, circular or financial report; and
- Where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases.

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Remuneration of Directors

The aggregate amount of salaries, housing allowances, pension scheme contributions, other allowances, benefits-in-kind and bonuses paid by us to our Directors during the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 were approximately HK\$4.3 million, HK\$5.3 million, HK\$7.3 million and HK\$6.0 million, respectively. We have no plan to change the Director's remuneration policy. Please refer to note 9 of the Accountants' Report of the Company set forth in Appendix I in this document for details of our Directors' emoluments, which includes emoluments received by the persons who were Directors during the Track Record Period and resigned before the Latest Practicable Date. Of these resigned Directors, those who were executive Directors were responsible for managing our Group's operations, and those who were non-executive Directors and independent non-executive Directors were not involved in our Group's day to day operations during their term of office. Our Directors confirmed that there is no matter which is required to draw the attention of the investors in relation to the resignation of the persons who were Directors during the Track Record Period but resigned their directorship prior to the Latest Practicable Date. The following table sets out the annual salary of the Directors in 2008:

Range of Annual Salary	Number of Directors ⁽¹⁾ 2008
HK\$2,500,001 – HK\$3,000,000	1
HK\$1,500,001 – HK\$2,000,000	1
HK\$1,000,001 – HK\$1,500,000	2
HK\$1,000,000 and below	9

⁽¹⁾ Ms. Sun Mingquan, Mr. Qiao Shibo, Mr. Jiang Wei and Mr. Song Lin resigned from their directorships of our Company in August 2008, and Mr. Li Fuzuo, Mr. Du Wenmin and Mr. Wei Bin were appointed as non-executive directors of our Company in August 2008.

During the years ended December 31, 2006, 2007 and 2008:

- No remuneration was paid by us to, or receivable by, our Directors as an inducement to join or upon joining us.
- No compensation was paid by us to, or receivable by, our Directors or past Directors for the loss of office as a Director or for loss of any other office in connection with the management of our affairs; and
- None of our Directors waived any emoluments.

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The table below sets out the remuneration of each of the Directors of our Company for the financial year ended December 31, 2008:

<u>Director</u>	<u>Total (including fees)</u>
	<u>HK\$'000</u>
ZHOU Junqing	2,759
ZHOU Longshan	1,961
SUN Mingquan ⁽¹⁾	1,100
LAU Chung Kwok Robert ⁽³⁾	1,275
LI Fuzuo ⁽²⁾	Nil
DU Wenmin ⁽²⁾	Nil
WEI Bin ⁽²⁾	Nil
IP Shu Kwan Stephen	54
ZENG Xuemin	54
LAM Chi Yuen	54
QIAO Shibo ⁽¹⁾	Nil
JIANG Wei ⁽¹⁾	Nil
SONG Lin ⁽¹⁾	Nil
	<u>7,257</u>

⁽¹⁾ Mr. Song Lin, Mr. Qiao Shibo, Mr. Jiang Wei and Ms. Sun Mingquan resigned from their directorships of the Company in August 2008.

⁽²⁾ Mr. Li Fuzuo, Mr. Du Wenmin and Mr. Wei Bin were appointed as non-executive directors of the Company in August 2008.

⁽³⁾ Mr. Lau Chung Kwok Robert was appointed as Finance Director in April 2008 and was redesignated as Executive Director and Chief Financial Officer in August 2008.

Employees

We had 8,928 employees as at June 30, 2009. The remuneration payable to the employees includes salaries and allowances.

Our Group recognizes the importance of a good relationship with our employees. Our Group has not experienced any significant problems with its employees or disruption to its operations due to labor disputes, nor has it experienced any difficulties in its recruitment and retention of experienced staff. Our Directors believe that our Group has a good working relationship with our employees.

Compensation of Employees

Compensation of our employees includes basic salary and bonuses. Bonuses are determined on a yearly basis based on performance reviews. Compensation of sales staff primarily comprises commissions linked to sales performance.

We believe in incentivizing, retaining and rewarding employees, and attracting new talent, through share-based incentives which will align their interests with that of our Company. To this end, we have adopted a share award scheme that will take effect upon [●]. The Board may, from time to time, at its absolute discretion select any eligible employee for participation in the share award scheme as a selected grantee. For more details, please see the section headed "Statutory and General Information — 6. Further Information About Our Directors, Management and Employees" in this document.

We incurred staff costs (comprising sales commission, staff salaries and welfare expenses, contributions to retirement benefit schemes and staff and workers' bonus and welfare fund) of approximately HK\$374.2 million for the year ended December 31, 2008 representing approximately 6.47% of our turnover from continuing operations for those periods.

We confirm that no compensation was paid by us to, or receivable by, such employees for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 for loss of office in connection with the management of our affairs, or as an inducement to join or upon joining us.

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Our employees in China participate in various social security plans, which cover pension, medical and other welfare benefits. We are required to make contributions to the plans calculated based on percentage of the monthly compensation of employees, subject to a certain ceiling, and are paid to the respective labor and social welfare authorities. The local government is responsible for the planning, management and supervision of the scheme, including collecting and investing the contributions, and paying out the pensions to the retired employees.

In particular, we are required to provide housing funds for our employees. However, some of our subsidiaries were unable to pay housing fund contributions for our employees due to (i) the reluctance of our employees: some of our employees are reluctant to participate in the housing provident fund scheme as making contributions lowers their disposable income and in most of time, they cannot keep this benefits when they change jobs, primarily because the employees are unable to withdraw the contributions they and the employers make when they move to a new region for a new job; (ii) the short-term employment of some of our employees: some of our employees are under short-term contract or new joiners under probation, which made us difficult to make contributions for them; and (iii) the residence rules in Shenzhen: as some of our employees are without Shenzhen permanent residence, our subsidiaries in Shenzhen were unable to contribute the housing funds for them under the relevant regulations in Shenzhen. We estimate the total amount of underpayment for the period from the establishment of the relevant subsidiaries to June 30, 2009 is approximately RMB1.06 million. We, however, have sufficient funds for this underpayment and have taken steps to liaise and work with the relevant employees with a view to satisfy the requirements as much as practicable and permitted under applicable laws. Furthermore, should detailed rules regarding the implementation of the requirements for housing fund contributions in Shenzhen be promulgated, we will endeavor to comply with them. Thus, on the basis of the relatively small amount of the underpayment and the actions we have already taken, we do not believe that this non-compliance is likely to have any material adverse effect on our business or financial results.

We participate in a provident fund scheme, or the Scheme, registered under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all our employees in Hong Kong. Voluntary Contributions are vested in our employees over a period of time. Subject to limited exceptions, all benefits derived from the mandatory contributions must be preserved until the employee reaches the retirement age of 65 or ceases employment and attains the age of 60. Our contributions to the Scheme can be used to offset any long service payments or severance payments payable and are deductible for income tax purposes.

COMPLIANCE ADVISOR

We have appointed Anglo Chinese Corporate Finance, Limited as our compliance advisor pursuant to the relevant rules and regulations. Pursuant to the relevant rules and regulations, the compliance advisor will advise us on the following matters:

- (i) the publication of any regulatory announcement, circular or financial report; and
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases.