
DIRECTORS, SENIOR MANAGEMENT AND STAFF

DIRECTORS

Executive Directors

Mr. XU Jihua (徐吉華), aged 53, is the chairman of the Company and an executive Director. Mr. XU is mainly responsible for the Group's overall business strategic development. Mr. XU has more than 18 years of management and operation experience in the logistics and coal operation industries. In 1996, Mr. XU acquired Qinhuangdao Trading, a member of China Qinfa Group, and thereafter, has led the Group to become one of the leading non-state-owned coal operation companies in China in terms of annual coal trading volume. Prior to joining the Group in 1996, Mr. XU was a manager in the Trading Department of 秦皇島物資交易中心 (Qinhuangdao Goods Exchange Center) from 1992 to 1994. During the period from 1989 to 1991, Mr. XU was the deputy head of 物資局 (Materials Bureau) of Haigang District, Qinhuangdao City, the PRC. Mr. XU did not hold any directorship in any listed companies during the Track Record Period. Mr. XU was appointed as a Director on 4 March 2008 and was re-designated as an executive Director on 6 May 2008.

Ms. WANG Jianfei (王劍飛), aged 39, is the chief executive officer of the Company and an executive Director. Ms. WANG is mainly responsible for the Group's overall management and operation. Ms. WANG is also a member of the remuneration committee and nomination committee of the Board. Before her appointment as the chief executive officer, Ms. WANG was in charge of the finance department, human resources department, international trading department, investment management department and shipping transportation department of the Group. Ms. WANG was awarded an associate degree in Computer Science by Angeles University Foundation in consortium with Hebei Business College in 1995. Ms. WANG subsequently completed an Executive MBA Programme sponsored by the 中國人民大學風險資本與網絡經濟研究中心 (Risk Capital and Network Economy Research Center of China Renmin University) and 中國企業管理培訓中心 (China Enterprise Management Training Center) from 2001 to 2002. Ms. WANG has more than 12 years of enterprise management and operation experience. Before joining the Group in 2000, Ms. WANG worked in 中糧麵業鵬泰(秦皇島)有限公司 (COFCO Industry (Qinhuangdao) Pangthai Co., Ltd.) from 1995 to 2000. Ms. WANG did not hold any directorship in any listed companies during the Track Record Period. Ms. WANG was appointed as an executive Director on 6 May 2008.

Ms. LIU Xiaomei (劉曉梅), aged 41, is an executive Director. Ms. LIU is principally responsible for the financial and accounting management of the Group. Ms. LIU graduated with a bachelor degree in auditing from 南開大學 (Nankai University) in 1991, and subsequently completed a practical finance officer programme from 清華大學 (Tsinghua University) in 2006. Ms. LIU has more than 14 years of experience in the accounting and finance field. Prior to joining the Group in 2005, Ms. LIU worked as an auditor in 秦皇島正源會計師事務所有限責任公司 (Qinhuangdao Zhengyuan Certified Public Accountants Co. Ltd.) from 2001 to 2002. From 1995 to 2001, Ms. LIU worked as the manager at the finance audit department of 河北衡信會計師事務所有限公司 (Hebei Hengxin Certified Public Accountants Limited Office), formerly known as 秦皇島審計師事務所 (Qinhuangdao Audit

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Firm). From 1991 to 1995, Ms. LIU worked in 秦皇島市審計局 (Qinhuangdao City Audit Bureau). Ms. LIU did not hold any directorship in any listed companies during the Track Record Period. Ms. LIU was appointed as an executive Director on 6 May 2008.

Mr. WENG Li (翁立), aged 33, is an executive Director. Mr. WENG is mainly responsible for investment management of the Group. Mr. WENG graduated with a bachelor degree in economics major in international finance from 武漢大學 (Wuhan University) in June 1998. Mr. WENG subsequently studied a graduate program in finance from 武漢大學研究生學院 (Graduate School of Wuhan University) during the period from May 2004 to December 2005. Mr. WENG further obtained a master degree in economics from 武漢大學 (Wuhan University) in December 2008. Mr. WENG holds a PRC Securities Practising Certificate (中國證券業執業證書) since 2004. Mr. WENG has more than 10 years of assets management and investment experience. Mr. WENG joined the Group in November 2005, and worked as deputy general manager and general manager of the investment management department, and president assistant. Before joining the Group, Mr. WENG worked as an investment assistant and later as an investment manager in the assets management department of Changjiang Securities Company Limited (長江證券股份有限公司), a company listed in the PRC with the stock code: 000783, during the period from June 1998 to October 2005. Mr. WENG did not hold any directorship in any listed companies during the Track Record Period. Mr. WENG was appointed as an executive Director on 21 April 2009.

Independent non-executive Directors

Dr. CHEN Wenjing (陳文敬), aged 58, was appointed as an independent non-executive Director on 10 June 2009. Dr. CHEN is also a member of the audit committee, nomination committee and remuneration committee of the Board. Dr. CHEN graduated from 北京大學 (Peking University) majoring in world economics in 1977 and he subsequently received his doctoral degree in economics from 南開大學 (Nankai University) in 2006. Dr. CHEN is currently a doctoral supervisor at the 對外經濟貿易大學 (University of International Business and Economics). Dr. CHEN now works in the 商務部國際貿易經濟合作研究院 (Chinese Academy of International Trade and Economic Cooperation) as an Associate Dean and a researcher. In 1996, Dr. CHEN was granted a special government allowance by the State Council for his outstanding contribution in social science affairs for the nation. Dr. CHEN did not hold any directorship in any listed companies during the Track Record Period.

Mr. HUANG Guosheng (黃國勝), aged 66, was appointed as an independent non-executive Director on 10 June 2009. Mr. HUANG is also a member of the audit committee and the chairperson of the nomination committee and remuneration committee of the Board. Mr. HUANG graduated from 中南大學 (Zhong Nan University), formerly known as 長沙鐵道學院 (Chang Sha Railway College) majoring in railway transportation in 1965. Mr. HUANG has been appointed as the legal representative of 廣東省交通運輸協會 (Guangdong Traffic Transportation Association) since 2007. Mr. HUANG served as the head of 廣州港務局 (Guangzhou Port Authority) in 1994. Mr. HUANG was appointed as a visiting professor by 上海海事大學 (Shanghai Maritime University), formerly known as 上海海運學院 (Shanghai Maritime Transportation College), in 1996. Mr. HUANG is also a senior engineer in railway transportation and has enjoyed a special government allowance granted by the

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State Council since 1992 for his outstanding contribution in engineering technology for the nation. Mr. HUANG did not hold any directorship in any listed companies during the Track Record Period.

Mr. LAU Sik Yuen (劉錫源), aged 42, was appointed as an independent non-executive Director on 10 June 2009. Mr. LAU is also the chairman of the audit committee of the Board. Mr. LAU graduated with a bachelor degree of science in Business Administration from Oregon State University in 1989. Mr. LAU is a member of the Hong Kong Institute of Certified Public Accountants as well as a member of the American Institute of Certified Public Accountants. Mr. LAU has been serving as the chief financial officer and company secretary of Xinyi Glass Holdings Limited, a company listed on the Main Board, since April 2003. Prior to joining Xinyi Glass Holdings Limited in 2003, Mr. LAU was the financial controller of a subsidiary of NWS Holdings Limited, a company listed on the Main Board, for over three years and had worked with an international accounting firm in Hong Kong for five years. Mr. LAU did not hold any directorship in any listed companies during the Track Record Period.

SENIOR MANAGEMENT

Company Secretary

Mr. MAK King Pui, Ricky (麥景培), aged 39, is company secretary of the Company. Mr. MAK has over 14 years of experience in auditing and financial management. Mr. MAK graduated from The Hong Kong Polytechnic University (香港理工大學) (formerly known as Hong Kong Polytechnic (香港理工學院)) with a bachelor degree of Arts in accountancy. Mr. MAK is a non-practicing member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. Prior to joining the Group, Mr. MAK has worked for China Aoyuan Property Group Limited, a company listed on the Main Board with the stock code: 3883; a subsidiary of TOM Group Limited, a company listed on the Main Board with the stock code: 2383; and an international accounting firm in Hong Kong. Mr. MAK joined the Group in April 2008.

Other senior management

Mr. SHEN Hongwu (沈洪武), aged 37, is the manager of the purchase and sale department of the Group. Mr. SHEN is mainly responsible for the sale and marketing operation of the Group. Mr. SHEN graduated with a bachelor degree in economics from 中山大學 (Zhongshan University) in 1995 and he subsequently completed an extensive Business Administration curriculum presented by the University of Cincinnati (辛辛那提大學) in 2001. Mr. SHEN has more than 12 years of working experience. Before joining the Group in 2006, Mr. SHEN worked in management-related areas in a number of companies, including 廣州發展油品銷售有限公司 (Guangzhou Development Oil Product Sales Company Limited) and 廣州珠江電力燃料有限公司 (Guangzhou Zhujiang Electric Energy Company Limited) from 1996 to 2006.

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Mr. LI Yong (李勇), aged 36, is the standing deputy general manager of Zhuhai Qinfa Shipping, and is mainly responsible for the domestic shipping transportation business of the Group. Mr. LI graduated with a bachelor degree in timber processing from Nanjing Forestry University (南京林業大學) in June 1997. He subsequently obtained a master degree in management from Tianjin Normal University (天津師範大學) in June 2004. Mr. LI has more than 10 years of working experience. Mr. LI was appointed as the standing deputy general manager of Zhuhai Qinfa Shipping in February 2008. During the period from June 2004 to February 2008, Mr. LI worked as a project manager in Qinfa Industry, a connected person of the Group. Mr. LI worked as a business manager in Qinhuangdao Huasheng Trading Co., Ltd. (秦皇島華盛貿易有限公司) during the period from August 1997 to April 2004.

INTERNAL CONTROLS

Under the Articles, the Board has the authority to determine its internal management organisation and corporate governance. The Group has clearly defined the responsibility and authority of the Board and its senior management through the Articles and internal policies.

The Group has adopted certain internal control policies to manage and minimise financial and other risks, to ensure timely and accurate preparation and reporting of financial information, and to monitor compliance with laws by the senior management of the Group in the performance of their duties.

The Group has also established an audit committee under the Board, which has the functions of monitoring compliance with laws by the Group's senior management and in its daily operations, and of carrying out investigations for suspected breaches of law.

However, certain control procedures, which are new and were introduced after Reorganisation, may need further adjustment and development to operate effectively. The Directors are in the process of establishing additional policies and procedures.

CORPORATE GOVERNANCE MEASURES

The Group is aware that, upon the [●], it will be required to comply with stringent requirements concerning internal controls and corporate governance. In this regard, the Company has resolved to undertake the following steps to improve its protection of minority shareholders, to ensure that the management of the Company will adhere to the Listing Rules, as well as other applicable laws and regulations for a company listed on the Stock Exchange, and to enhance internal controls:

- a) The Company adopted the new Articles by shareholders' resolutions dated 12 June 2009, in compliance with requirements of the Companies Law and the Listing Rules. The Articles prohibit any Director from voting (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his associate(s) has/have a material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution). The Company has established a balanced system to protect the interests of the minority Shareholders.

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- b) The Controlling Shareholders undertake with the Company to defer or pass to the independent non-executive Directors all matters to which the Group has or may have a conflict of interest for consideration and decision. Such matters include, but are not limited to, (i) the exercise of option(s) which relate(s) to any connected persons (as defined in the Listing Rules) of the Company; and (ii) any connected transactions with the Company and its connected persons; and provide all information necessary for the Company and the independent non-executive Directors to enforce the non-competition undertaking given under the deed of non-competition dated 10 June 2009 or to assess whether or not there is a breach of such non-competition undertaking.
- c) The executive Directors undertake with the Company to increase the transparency in disclosure of decisions on matters considered or reviewed by the independent non-executive Directors in the annual report or by way of announcement, as appropriate, after the [●], in compliance with the corporate governance measures and internal control systems as adopted by the Company.
- d) The Company's legal adviser as to Hong Kong law provided training to the Directors and senior management of the Group concerning the requirements of, amongst others, the Listing Rules.
- e) By the Shareholders' written resolutions dated 12 June 2009, the Company appointed three independent non-executive Directors who will make autonomous determinations on matters which may affect the minority Shareholders' interests. Any conflicts in the interests of minority and majority Shareholders will be reported in both Board and Shareholder meetings, thus preventing the Controlling Shareholders from adversely affecting the legal rights of other Shareholders in voting.
- f) The Group intends to appoint [●] as its compliance adviser, particulars of the terms of appointment are set forth under "Compliance Adviser" in this document.

AUDIT COMMITTEE

An audit committee was established by the Board on 12 June 2009 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and approve the Group's financial reporting process and internal control system.

REMUNERATION COMMITTEE

A remuneration committee was established by the Board on 12 June 2009 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee of the Board are to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management of the Group.

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NOMINATION COMMITTEE

A nomination committee was established by the Board on 12 June 2009 with written terms of reference. The primary duties of the nomination committee of the Board are to make recommendations to the Board on the appointment of Directors and senior management of the Group.

EMPLOYEES

As of 31 December 2006, 2007 and 2008, the Group had approximately 271, 321 and [348] employees, respectively. The table below set forth the number of the Group's employees by their functions:

	2006		At 31 December 2007		2008	
	<i>Number of employees</i>	<i>% of total</i>	<i>Number of employees</i>	<i>% of total</i>	<i>Number of employees</i>	<i>% of total</i>
Management	9	3.3	9	2.8	[9]	[2.6]
Procurement and logistics	169	62.4	176	54.8	[198]	[57.1]
Inventory management	43	15.9	63	19.6	[57]	[16.4]
Finance and investment	26	9.6	32	10.0	[38]	[11.0]
Sale and marketing	8	2.9	18	5.6	[21]	[6.1]
International trading	9	3.3	9	2.8	[8]	[2.3]
Shipping and/or coal terminal	3	1.1	9	2.8	[10]	[2.6]
Administration	4	1.5	5	1.6	[7]	[2.0]
Total	<u>271</u>	<u>100.0</u>	<u>321</u>	<u>100.0</u>	<u>[348]</u>	<u>[100.0]</u>

The Group's employees are working at different locations and for different members of the Group from time to time.

The Group has implemented a number of initiatives in recent years to enhance the productivity of the employees. The employees of the Group are selected through a competitive process. The Group conducts periodic performance reviews for the employees and their salaries and bonuses are performance-based. In addition, the Groups implements training programs for different job requirements. The Directors believe such initiatives have contributed to increased employee productivity.

The Group has [not] experienced any strikes or other labour disturbances which have interfered with its operations, and the Directors believe that the Group has positive relations with its employees.

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EMPLOYEES’ BENEFITS PROVIDED BY THE GROUP

The Group complies in all material aspects with all statutory requirements on retirement contribution in the jurisdictions where the Group operates.

The Group has established various welfare plans including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by the Group pursuant to the PRC rules and regulations and the existing policy requirements of the local government. In addition, the Group also provides housing allowance to its senior management.

In Hong Kong, the Group has participated in a mandatory provident fund scheme for the Group’s employees in Hong Kong in accordance with the applicable Hong Kong laws and regulations.

Trust Scheme

Fortune Pearl has implemented the Trust Scheme whereby an aggregate of 209,333 Shares were initially placed in trust for the benefit of Ms. WANG Jianfei, Mr. XU Da, Mr. WENG Li, Mr. LIU Jingwei and Ms. ZHOU Lusha. [●]

The Trust Scheme has been established to hold certain Shares for and to provide incentive to the participants to continue their contribution to the success of the Group. The purpose of the Trust Scheme is to streamline the shareholding structure of the Company without allocating relatively small number of Shares to each participant. Each of the participants under the Trust Scheme is a Controlling Shareholder, but none of them has any relationship with Mr. XU, except that Mr. XU Da is the son of Mr. XU.

[●]

Share Option Scheme

The Company has conditionally adopted the Share Option Scheme pursuant to which selected participants may be granted options to subscribe for Shares as incentives or rewards for their service rendered to the Group. A summary of the principal terms of the Share Option Scheme is set forth in the paragraphs under “Share Option Schemes” in Appendix V to this document.

COMPLIANCE WITH LABOUR AND EMPLOYMENT REGULATIONS

[The Group has complied with all material applicable labour and employment regulations in Hong Kong and the PRC as of the Latest Practicable Date. As advised by the PRC Legal Advisers, the new Employment Contract Law (《勞動合同法》), which mainly governs the employment contracts, became effective on 1 January 2008. The Directors confirm that the Group’s employment contracts have complied with the new Employment Contract Law.]

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DIRECTORS' REMUNERATION

During the Track Record Period, the total remuneration (comprising fees, salaries and allowances, discretionary bonuses and pension scheme contributions) and benefits in kind of the Directors were approximately RMB[171,000], RMB[947,000] and RMB[1,095,000], respectively.

During the financial year ended 31 December 2006, most of the senior management of the Group was residing in Qinhuangdao and as such, the compensation package was consistent with the prevailing living standards. The increase in the amount of the remuneration during the financial year ended 31 December 2007 was attributed to the relocation of the principal offices of the Group to Guangzhou. Following the [●], the remuneration committee of the Board will review on a regular basis and determine the compensation package of each Director and senior management of the Group.

In determining the amount of remuneration of the Directors, the remuneration committee will consider the compensation levels adopted by companies of similar size engaging in similar business. Under arrangements currently in force, the aggregate remuneration of the Directors (including the independent non-executive Directors) payable in respect of the year ending 31 December 2009 is estimated to be approximately RMB[1.3] million. The executive Directors will also be entitled to a discretionary bonus of not exceeding [1]% of the audited consolidated net profit after taxation but before extraordinary items of the Group for the relevant year (and before deducting such discretionary bonus, salary and benefits).

In respect of the Track Record Period, no remuneration was paid to the Directors as an inducement to join or upon joining the Group. No compensation was paid to, or receivable by, the Directors or past Directors for the loss of office as director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group. None of the Directors has waived any emoluments. Further information about the service agreements entered into between the Company and the Directors is set out in the section headed "Further information about Directors and Substantial Shareholders" in Appendix V to this document.

COMPLIANCE ADVISER

The Company intends to appoint [●] as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules. The material terms of the compliance adviser's agreement to be entered into by the Company with [●] include the following:

1. the compliance adviser for the purpose of Rule 3A.19 of the Listing Rules will be appointed for a period commencing on [●] and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full year commencing after [●]; and

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2. pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise the Company on the following circumstances:
 - (a) before the publication of any regulatory announcement, circular or financial report;
 - (b) where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated including share issues and share repurchases;
 - (c) [●]
 - (d) where the Stock Exchange makes an inquiry of the Company under Rule 13.10 of the Listing Rules.