

DIRECTORS, SENIOR MANAGEMENT AND STAFF

DIRECTORS

Executive Directors

Mr. Li Xinghao (李興浩), aged 54 is the founder of the Group. He was appointed as an executive Director on 24 April 2006. Mr. Li is also the Chairman and Chief Executive Officer of the Company and is primarily responsible for the formulation of the Group's development strategies, as well as supervising the Group's overall business and operation management. He is one of the founders of Nanhai Chigo Factory, the predecessor of Guangdong Chigo, established in 1994 and has over 15 years of experience in the air-conditioning industry. He holds a senior engineer certificate issued by Hong Kong International Hitech Investment Development Centre. Mr. Li graduated from the Party School of the Central Committee of C.P.C. (中共中央黨校) in 2000. He obtained a masters degree in Western Economics Studies from Nankai University (南開大學) in July 2004.

Mr. Lei Jianghang (雷江杭), aged 55, was appointed as an executive Director on 15 February 2008 and is the vice Chairman of the Company. He joined the Group in January 1995 as a senior engineer of Guangdong Chigo. Mr. Lei is responsible for overseeing the operation of commercial air-conditioning products of the Group. He graduated from Jiangxi Radio & TV University (江西廣播電視大學) in June 1982. Mr. Lei served as an engineer in Foshan Huahao Chemical Co., Ltd. (佛山市華昊化工有限公司電化廠) from September 1991 to December 1994.

Mr. Huang Guoshen (黃國深), aged 45, was appointed as an executive Director of the Company on 15 February 2008. He joined the Group in January 1994 and has over 15 years of experience in the air-conditioning industry. Mr. Huang is responsible for the planning and construction of the Group's production facilities. Mr. Huang is also a director of Guangdong Join-Share Guarantee Investment Co., Ltd. (廣東中盈盛達擔保投資有限公司) since May 2003.

Dr. Ding Xiaojiang (丁小江), aged 44, was appointed as an executive Director of the Company on 15 February 2008. He joined the Group in January 1998 and has held positions as supervisor of the technology department and the procurement department, head of commercial department and the chief engineer of the Group. He is primary responsible for procurement management of the Group. Dr. Ding graduated from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) (formerly known as 南京航空學院) in 1985, received a masters degree in engineering from the same university in 1988 and a doctorate degree in engineering from Chongqing University (重慶大學) in 1992. He joined Guangdong Meidi Refrigerating Research Centre (廣東美的股份有限公司空調研究所) as a senior engineer from November 1992 to May 1995.

Independent non-executive Directors

Mr. Wan Junchu (萬君初), aged 43, was appointed as an independent non-executive Director on 26 August 2008. Mr. Wan had been working as a part-time chief editor of China Business Update (《中國經貿》雜誌社) from January 2005 to December 2005, and assistant to the secretary of China Association for Quality Promotion (中國質量萬里行促進會) since July 1999. He had conducted researches on famous Chinese brands and published more than three books on management including brand management.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. Zhang Xiaoming (張小明), aged 55, was appointed as an independent non-executive Director on 26 August 2008. He graduated from South China Normal University (華南師範大學) majoring in economic and management in August 1992. He has over 35 years of working experience in the household electrical appliance industry in the PRC and held various positions including technician, senior chief economist and general manager of several household electrical appliances company in Guangdong. Mr. Zhang has also participated in the research, planning and formulation of the development strategy in the household electrical appliance industry in Guangdong. He is the chairman of Guangdong Household Electrical Appliances Trade Association (廣東省家用電器行業協會).

Mr. Fu Xiaosi (傅孝思), aged 49, was appointed as an independent non-executive Director on 26 August 2008. He graduated from Huazhong University of Science and Technology (華中科技大學) (formerly known as 華中工學院) in July 1986. He obtained a bachelor degree in economics from Zhongnan University of Economics and Law (中南財經大學) in 1999. He qualified as an assistant engineer in 1987 and as an accountant in 1991. Mr. Fu obtained the relevant qualification as a registered accountant from the Chinese Institute of Certified Public Accountants in the PRC in 1994. He has been promoted as a senior accountant while working at China State Ship Building Corporation (中國船舶工業總公司) in 1997. Mr. Fu has completed the training course for independent non-executive directors of the listed companies organised by Fudan University (復旦大學) in 2002. From November 2000 to May 2006, he worked at Beijing Zhong Qin Wan Xin Accounting Firm (北京中勤萬信會計師事務所) and he was responsible for auditing financial statements for various listed companies and he has experience working as a senior manager, department manager, vice chief accountant and senior partner of the above accounting firm. From May 2006 to the present, he served as a chief accountant at Hubei Sanhuan Development Corp. Ltd. (湖北三環股份有限公司, a company whose shares are listed on the Shenzhen Stock Exchange).

As of the Latest Practicable Date, save as disclosed under the section headed “C. Further information about Directors and substantial Shareholders” in Appendix V to this prospectus, the Directors do not have any interest or short positions in the shares or underlying shares in the Company within the meaning of Part XV of the SFO.

Please refer to the section headed “C. Further information about Directors and substantial Shareholders” in Appendix V to this prospectus for the amount of the Directors’ emoluments and the basis of determining such emoluments.

Save as disclosed above, there is no other information in respect of the Directors to be disclosed pursuant to rules 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

SENIOR MANAGEMENT

Dr. Zheng Zuyi (鄭祖義), aged 53, is a vice president of the Group. He joined the Group on 1 October 2005 and is responsible for technology, quality, procurement and manufacturing of air-conditioning products of the Group. Dr. Zheng is also responsible for the assessment and approval of research and development projects. Dr. Zheng received a doctorate degree in engineering from Huazhong University of Science and Technology (華中理工大學) in December 1994 and completed the post-doctorate research studies in Tsinghua University in May 1996. Before joining the Group, Dr. Zheng was the head of the research department of Gree Electric Appliances, Inc. (珠海市格力電器股份有限公司) from

DIRECTORS, SENIOR MANAGEMENT AND STAFF

1997 to 2001 and he resigned from Guangdong Kelon Electrical Holdings Co. Ltd. (廣東科龍電器股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange and the Stock Exchange in October 2005.

Mr. Hu Zhengfu (胡正富), aged 44, is a vice president of the Group. He is responsible for overseeing the corporate governance and financial matters of the Group. He joined the Group on 7 September 2001 and has held positions within the Group including head of the auditing department, the manager of the finance department and assistant to the general manager. Mr. Hu graduated from Zhongnan University of Economics and Law (中南財經大學) majoring in accounting in 1992. Before joining the Group, Mr. Hu worked for the Finance Department of Hubei Province Supply and Marketing Cooperative (湖北省供銷社財務處) from 1986 to 1992 and the manager of the financial department of Zhuhai Fenghai Industrial & Commercial Company (珠海豐海工貿公司) from 1992 to 1995. From August 1995 to August 2001, he rejoined as the supervisor of the Audit Division in the Finance Department of Hubei Province Supply and Marketing Cooperative (湖北省供銷社財務處審計).

Mr. Leung Hon Man (梁漢文), aged 43, joined the Company as the Chief Financial Officer since 18 December 2007 and was appointed as the company secretary of the Company on 26 August 2008. He has over 14 years of experience in company management, accounting and company secretarial matters. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, Certified Practising Accountant of CPA Australia. Mr. Leung received a Professional Diploma in Business (Banking) at the Hong Kong Polytechnic University in 1990 and a master degree in Business Administration at Andrews University in 1996 and a master degree in Accounting at Central Queensland University in 1999. From 1990 to 1994, he had experience working as a senior officer in the Hong Kong Branch of the Kwangtung Provincial Bank, which is now known as Bank of China (Hong Kong) Limited after consolidation. From May 1994 to August 2000, he had experience working as a finance manager in Soundwill Holdings Limited (878), a company listed on the Stock Exchange. Since 2000, he has worked in Sanyuan Group Limited (140), a company listed on the Stock Exchange, where he held various positions including company secretary, financial controller and executive director.

COMPANY SECRETARY

Mr. Leung Hon Man (梁漢文), aged 43, joined the Company as the Chief Financial Officer since 18 December 2007 and was appointed as the Company Secretary on 26 August 2008. For details regarding Mr. Leung's experience, see "Senior Management" above.

BOARD COMMITTEES

Audit committee

The Company established an audit committee on 19 June 2009 with written terms of reference in compliance with the Code of Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

The audit committee comprises the three independent non-executive Directors, namely, Fu Xiaosi, Zhang Xiaoming and Wan Junchu. Fu Xiaosi is the chairman of the audit committee.

Remuneration committee

The Company established a remuneration committee on 19 June 2009 with written terms of reference in compliance with the Code of Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to make recommendations to the Board on the remuneration policies and structure of the remuneration for the Directors and senior management and to set up a formal and transparent procedure for determination of such remuneration policies.

The remuneration committee comprises the three independent non-executive Directors, namely, Wan Junchu, Fu Xiaosi and Zhang Xiaoming. Wan Junchu is the chairman of the remuneration committee.

Nomination committee

The Company established a nomination committee on 19 June 2009 with written terms of reference in compliance with the Code of Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duty of the nomination committee is to make recommendations to the Board on the appointment of Directors and senior management.

The nomination committee comprises the three independent non-executive Directors, namely, Zhang Xiaoming, Fu Xiaosi and Wan Junchu. Zhang Xiaoming is the chairman of the nomination committee.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of fees, salaries, housing allowances, other allowances, benefits in kind (including contribution to the pension scheme on behalf of the Directors) or any bonuses paid by the Group to the Directors for the three years ended 31 December 2008 were approximately RMB1,186,000, RMB1,182,000 and RMB1,182,000, respectively.

The aggregate of fees, salaries, housing allowances, other allowances, benefits in kind (including contribution to the Group's pension scheme on behalf of the five highest paid individuals) or any bonuses paid by the Group to the five highest paid individuals (including Directors) for the three years ended 31 December 2008 were approximately RMB1,559,000, RMB2,006,000 and RMB2,266,000, respectively.

During the Track Record Period, no remuneration was paid by the Group to, or receivable by, the Directors or the five largest paid individuals as an inducement to join or upon joining the Group. No compensation was paid by the Group to, or receivable by, the Directors, past Directors or the five highest paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of the Group. None of the Directors waived any emoluments for any of the last three years.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Save as disclosed above, no other payments have been paid, or are payable, by the Company or any subsidiary of the Company to the Directors and the five highest paid individuals during the Track Record Period.

Under the arrangements currently in force, the aggregate remuneration of the Directors payable in respect of the year ending 31 December 2009 is estimated to be approximately RMB1,520,000.

Particulars of Directors' service contracts

None of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the Company within one year without the payment of compensation (other than statutory compensation)).

Further information about the service contracts entered into between the Company and the executive Directors is set out in the section headed "Further information about Directors and substantial Shareholders" in Appendix V to this prospectus.

STAFF

As of 31 December 2008, the Group employed a total of 9,204 employees. A breakdown by functions is tabulated below:

	Approximate number of employees
Management	545
Production	5,248
Sales, marketing and customer services	1,888
Procurement	82
Quality control	303
Finance and accounting	270
Research and development	244
Warehousing and logistics	594
Human resources and office management	21
Advertising and public relations	<u>9</u>
Total	<u><u>9,204</u></u>

Relationship with staff

The Directors believe that successful implementation of the growth and business strategies of the Group relies on a team of experienced, motivated and well-trained management and employees at all levels. Members of the senior management team have extensive operating expertise and in-depth understanding of the air-conditioners products market, or the retail and logistics industries generally.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

In order to enhance the morale and productivity of the employees, employees are remunerated based on their performance, experience and prevailing industry practices. Compensation policies and packages of management staff and functional head are being reviewed on a yearly basis. In addition to basic salary, performance-related salary may also be awarded to employees based on internal performance evaluation. The Group also provides its employees with other welfare benefits including medical care, meal subsidies, education subsidies, housing, transportation and other retirement benefits in accordance with applicable regulations and the internal policies of the Group.

The Group invests in continuing education and training programmes for the management staff and other employees with a view to upgrade their skills and knowledge. These training courses include internal courses run by the Group's management and external courses provided by professional trainers. They range from technical training to the production staff, to financial and administrative trainings to the management staff.

The Group entered into confidentiality agreements with employees who are likely to be in possession of confidential information or make inventions or create other industrial or intellectual property in the course of the performance of their duties. Non-compete undertakings may also be entered into upon the departure of an employee depending on his position with the Group.

In accordance with applicable PRC laws and regulations, as well as compulsory requirements of the local authorities where the branch of the Group is located, the Group participates in a pension contribution plan, a work-related injury insurance plan, an unemployment insurance plan, a medical insurance plan and an accident insurance plan for the employees. The contributions paid for the three years ended 31 December 2008 were approximately RMB2.3 million, RMB11.2 million, and RMB14.1 million, respectively.

As required by the relevant PRC regulations, the Group has a workers' union which protects employees' rights and welfare benefits, encourages employee participation in management decisions, and assists in mediating disputes between the Group and individual employees. The constitution and operation of such workers' union are in compliance with relevant PRC regulations. The Group has not experienced any strike or other labour disturbance which has interfered with the Group's operations, and the Directors believe that the Group has good relationships with its employees.

Share Option Scheme

Employees and directors of the Group are entitled to participate in the Share Option Scheme at the discretion of the Board. The principal terms of the Share Option Scheme are summarised in the section headed "Share Option Scheme" in Appendix V to this prospectus.

COMPLIANCE ADVISER

The Company is expected to appoint Access Capital Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise the Company in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;

DIRECTORS, SENIOR MANAGEMENT AND STAFF

- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated;
- (c) where the Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the Group's business activities, developments or results of operation deviate from any forecast, estimate or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry regarding unusual movements in the price or trading volume of the Shares.

The term of the appointment will commence on the Listing Date and end 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 financial year commencing after the Listing.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong and, in normal circumstances, at least two of the issuer's executive Directors must be ordinarily resident in Hong Kong.

The headquarters of the Group is located in Guangdong province, the PRC. The Company does not have and, for the foreseeable future, expects that it will not have sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, the Company has applied to the Stock Exchange for a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, the Company will put in place the following measures:

- (i) the Company will appoint two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as the Company's principal channel of communication with the Stock Exchange. The two authorised representatives to be appointed are Mr. Li Xinghao, an executive Director, and Mr. Leung Hon Man, the company secretary and the Chief Financial Officer of the Company. Mr. Leung Hon Man is ordinarily resident in Hong Kong. Each of the authorised representatives will be available to meet with the Stock Exchange within a short notice upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the two authorised representatives is authorised to communicate on behalf of the Company with the Stock Exchange;
- (ii) both the authorised representatives have means to contact all members of the Board (including the independent non-executive Directors) and of the senior management team of the Company promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. To enhance the communication between the Stock Exchange, the authorised representatives and the Directors, the Company will implement a policy that (a) each executive Director and independent non-executive Director will have to provide their respective office phone numbers, mobile phone numbers, residential phone numbers, fax numbers and email addresses to the authorised representatives

DIRECTORS, SENIOR MANAGEMENT AND STAFF

and his or her respective alternates; (b) in the event that an executive Director or independent non-executive Director expects to travel and be out of office, he/she will have to provide the phone number of the place of his/her accommodation to the authorised representatives; and (c) all the executive Directors, independent non-executive Directors and authorised representatives will provide their office phone numbers, mobile phone numbers, residential phone numbers, fax numbers and email addresses to the Stock Exchange;

- (iii) all executive Directors have confirmed that they possess valid travel documents to visit Hong Kong for business purpose and would be able to come to Hong Kong and meet the Stock Exchange upon short notice; and
- (iv) the Company will appoint Access Capital Limited as compliance adviser to act as the alternate channel of communication with the Stock Exchange for the period commencing on the date of the initial listing of the shares of the Company on the Main Board of the Stock Exchange 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 financial year commencing after the date of its initial listing.

In light of the above arrangements, the Company believes that all members of the Board can be promptly informed of any matters raised by the Stock Exchange and that there is an effective communication channel with the Stock Exchange.