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## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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### BOARD OF DIRECTORS

Our board consists of 11 directors, of whom four are executive Directors, three are non-executive Directors and four are INEDs. The functions and duties of our Board include: convening Shareholders' meetings, reporting the Board's work at Shareholders' meetings, implementing the resolutions passed at Shareholders' meetings, determining our business plans and investment plans, formulating our annual budget and final accounts, formulating our proposals for profit distributions, the change of registered capital as well as exercising other powers, functions and duties conferred by our Articles of Association.

We have entered into service contracts with each of our executive Directors, non-executive Directors and independent non-executive Directors. The following table presents certain information in respect of our Directors. Each of the service contracts with our Director is for three years from the relevant date of appointment.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of Appointment</u>
Li Lian Ping . . . . .	48	Chairman of the Board, non-executive Director	February 9, 2010
Zhao Hui Ning . . . . .	43	Vice chairman of the Board, non-executive Director	February 9, 2010
Xiao Gang . . . . .	51	Vice chairman, non-executive Director	February 9, 2010
Cao Xin . . . . .	39	Executive Director, president	February 9, 2010
Gao Qing Yu . . . . .	46	Executive Director, vice president	February 9, 2010
Zhao Hui . . . . .	37	Executive Director, vice president, joint company secretary, secretary to the Board	February 9, 2010
Sun Xin Tian . . . . .	45	Executive Director, vice president	June 28, 2010
Qin Hai Yan . . . . .	40	INED	March 5, 2010
Ding Jun . . . . .	47	INED	March 5, 2010
Wang Xiang Jun . . . . .	45	INED	March 5, 2010
Yue Man Yiu Matthew . .	48	INED	June 28, 2010

### DIRECTORS

#### Non-Executive Directors

Dr. Li Lian Ping, aged 48, is a non-executive Director and chairman of the Board of our Company. He was appointed as non-executive Director on February 9, 2010. Since July 2009, he has been the chairman of HECIC. Prior to that, he served as chairman of Handan Iron & Steel Group Co., Ltd. and director and deputy general manager of Hebei Iron & Steel Group Co., Ltd. from June 2008 to July 2009. From January 2006 to June 2008, he was the vice-chairman and general manager of Handan Iron & Steel Group Co., Ltd. Dr. Li graduated from the Hebei College of Electrical and Mechanical Engineering with a bachelor of Engineering degree majoring in hydraulics transmission and control in July 1983, and obtained his master degree in management from Hebei University of Technology and doctorate in materials process engineering from the University of Science and Technology Beijing in August 1999 and June 2005, respectively.

Mr. Zhao Hui Ning, aged 43, is a non-executive Director and vice chairman of the Board of our Company. He was appointed as non-executive Director on February 9, 2010. Since July 2009, he has also been the vice chairman and general manager of HECIC. From January 2005 to July 2009, Mr. Zhao was the executive-director and general manager of Hebei Information Industry Investment Co., Ltd. Prior to that, he was an executive director and general manager of Hebei Economic and Trade Investment Co., Ltd. from November 2001 to January 2005. Mr. Zhao graduated from Northern Jiaotong University in July 1990 with a bachelor's degree in transportation administration.

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He obtained a master's degree from Flinders University in a post-graduate course on international trade relations jointly set up by Nankai University and Flinders University, Australia in October 2004.

Mr. Xiao Gang, aged 51, is a non-executive Director and vice chairman of the Board of our Company. He was appointed as non-executive Director on February 9, 2010. Mr. Xiao Gang has been supervising the overall business development and operation of HECIC New-energy and Hebei Natural Gas during the Track Record Period. He has also been the deputy general manager and manager for Beijing operations of HECIC since June 2007, and was in various positions of HECIC from April 1994 to June 2007, including officer, deputy manager of capital department, manager of agricultural projects, manager for Beijing operations and assistant to the general manager. Mr. Xiao worked for the key development department, industry department and investment department of the Planning and Economics Committee of Hebei Province from December 1990 to April 1994. Mr. Xiao graduated from Hebei Radio And TV University with a diploma in electronics and machinery engineering department of Tianjin University with a bachelor degree majoring in welding technology in July 1982 and 1985, respectively. He obtained a master's degree in business administration (EMBA) from Beijing Jiaotong University in July 2010.

### Executive Directors

Dr. Cao Xin, aged 39, is an executive Director and president of our Company. He was appointed as executive Director on February 9, 2010. He has been the general manager of HECIC New-energy since June 2006. Dr. Cao was the assistant to the general manager of HECIC from May 2008 to July 2010. He was manager for the second public utilities department of HECIC from February 2004 to October 2009. He worked for HECIC and its subsidiaries at various posts from July 1992 to February 2004. Dr. Cao graduated from Huazhong University of Science and Technology with a bachelor degree in engineering majoring in management information systems in July 1992. He obtained his master degree and doctorate degree in economics majoring in national economic management from the Renmin University of China in July 1999 and July 2003, respectively.

Mr. Gao Qing Yu, aged 46, is an executive Director and vice president of our Company. He was appointed as executive Director on February 9, 2010. He has served as the general manager of Hebei Natural Gas since April 2010 and chairman of the labour union of Hebei Natural Gas since October 2004. From October 2004 to April 2010, he was the deputy general manager of Hebei Natural Gas. He held various posts of Hebei Natural Gas from July 2000 to September 2004. Mr. Gao graduated from Hebei College of Chemistry with a diploma in chemical engineering and machinery and Hebei Radio and TV University with a diploma in human resources management in July 1985 and 1989, respectively. Mr. Gao pursued his undergraduate studies (by way of distance learning) in economic management and graduated from Correspondence Institute of Party School of Central Committee of Communist Party of China in 2005. He obtained a master degree in business administration from The Open University of Hong Kong in December 2006.

Mr. Zhao Hui, aged 37, is an executive Director, vice president, secretary to the Board and the joint company secretary of our Company. He was appointed as executive Director on February 9, 2010. Immediately prior to joining the Company, he was the secretary to the board and manager of the investment development department of JEI. He held this position since July 2003 and he resigned from JEI on September 2, 2010. From June 2001 to March 2003, he was the director of the board office of Shijiazhuang International Building (Group) Co., Ltd. of JEI. From July 1995 to June 2001, he held various positions with HECIC. Mr. Zhao graduated from Hebei University of Technology with a bachelor degree in engineering majoring in thermal energy engineering in July 1995. He obtained a master degree in business administration from Nankai University in December 2003.

Mr. Sun Xin Tian, aged 45, is an executive Director and vice president of our Company. He was appointed as executive Director on June 28, 2010. Mr. Sun has been the deputy general manager of HECIC New-energy and the

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general manager of Hebei Jiantou Longyuan Chongli Wind Energy since May 2008 and March 2007, respectively. He was the chief engineer of HECIC New-energy from June 2007 to May 2008, the deputy general manager of HECIC Zhangjiakou Wind Energy from January 2006 to September 2008. Between July 1984 and January 2006, Mr. Sun held various positions at Hebei Xingtai Power Co., Ltd.(formerly known as Xingtai Power Factory), including technician, engineer, deputy director of power engineering branch factory, deputy director of equipment and technology department, and deputy chief engineer. Mr. Sun obtained his master of engineering, majoring in power engineering and bachelor of engineering, majoring in power plant thermal measurement and automation, from Huabei Electricity University in June 2005 and July 1984, respectively. Mr. Sun is a senior engineer conferred by the Senior Engineer Assessment Committee of Hebei Provincial Electricity Industry Bureau (河北電力工業局高級工程師評審委員會).

### Independent Non-Executive Directors

Mr. Ding Jun, aged 47, is an INED of the Board of our Company. He was appointed as INED on March 5, 2010. Mr. Ding is an associate researcher of Beijing Academy of Social Sciences Economics Research Institute, which he joined in 1992. Mr. Ding graduated from Department of Mechanical Engineering Tongji University with a bachelor degree majoring in Urban Gas Energy Supply Engineering in December 1983 and from the Graduate School of China Academy of Social Sciences with a master degree in economics in August 1990.

Mr. Qin Hai Yan, aged 40, is an INED of the Board of our Company. He was appointed as INED on March 5, 2010. He has also been an independent non-executive director of Huaneng Renewables Corporation Limited since August 6, 2010. Mr. Qin is the deputy director of Chinese meteorological Society Climatic Resources Utilization Research Institute (中國氣象學會氣候資源應用研究委員會), the deputy secretary-general of China Resource Recycle Technology & Equipment Committee of China Association of Resource Comprehensive Utilization (中國資源綜合利用協會可再生能源專業委員會) and the honorary director-general of Wind Energy Association of Huishan District, Wuxi City (無錫市惠山區風能行業協會). He is also an executive councilor of the eighth China Renewable Energy Society (第八屆中國可再生能源學會), the Second Solar Energy Committee (第二屆太陽能專業委員會) and the Forth Solar Energy Utilization Committee (第四屆太陽能熱能利用專業委員會). Mr. Qin is a part-time professor of Nanjing University of Technology, specially-invited expert of Expert Committee of New Energy Development of Chengdu City (成都市科學技術顧問團) and consultant of New Alliance of Wind Power Technology Innovation of Jiangsu Province (江蘇省風電產業技術創新聯盟). In addition, he is a member of various organizations and committees, including China Wind Mechanical Standardization Organization (全國風力機械標準化技術委員會), National Technical Committee on Fuel Cell of Standardization Administration of China (全國燃料電池標準化技術委員會), National Technical Committee on Domestic Automatic Controller of Standardization Administration of China (全國家用自動控制器標準化技術委員會) and Editing Committee of “Electricity Power System Equipment” of Machinery & Electronics Business (機電商報之「電力系統裝備」編輯委員會). Mr. Qin was conferred his bachelor degree in engineering by Shanghai Jiaotong University in July 1994 and obtained his master degree in business management from Renmin University in July 2002.

Mr. Wang Xiang Jun, aged 45, is an INED of the Board of our Company. He was appointed as INED on March 5, 2010. Mr. Wang has been an associate professor of Hebei University of Economics and Business since November 2005 and a part-time teacher of Hebei Finance Bureau Accountant Service Centre (河北省財政廳會計人員服務中心). He is currently also a financial consultant of Hebei Information Industry and Accounting Association (河北省信息產業會計學會), Hebei Grain Group Co., Ltd., China Construction Bank (Hebei Branch), Finance Department of Hebei Publishing Group and Hebei Products (Group) Co., Ltd.. Mr. Wang

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performed, and continues to perform, functions similar to that of a financial controller, including advising on macro-economic as well as internal control matters in these roles. He obtained a bachelor's degree in economics from Central University of Finance and Economics in June 1989. The Board of Directors considers such experience as relevant financial management experience as required under Rule 3.10(2) of the Listing Rules.

Mr. Yue Man Yiu Matthew, aged 48, is an independent non-executive Director of our Company. He was appointed as INED on June 28, 2010. Mr. Yue has been the chief financial officer of Ko Shi Wai Holdings Limited since September 2009. He has been a director of China-Link Capital Management Limited since September 2009 and was the chief financial officer of the same firm from August 2005 to August 2009. Mr. Yue is currently an independent non-executive director of two Hong Kong listed companies, China Financial Leasing Group Limited (Stock Code: 2312) and Asia Cassava Resources Holdings Limited (Stock Code: 841). He graduated from the Chinese University of Hong Kong with a bachelor's degree in business administration in 1984. He is a Fellow of the Association of Chartered Certified Accountants, a Fellow of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Securities Institute. He has extensive experience in financial control, project analysis and management functions and has the related financial expertise as required under Rule 3.10(2) of the Listing Rules.

### BOARD OF SUPERVISORS

The board of Supervisors of the Company consists of three members. Except for the employee representative supervisor elected by employees, the Supervisors are elected by our Shareholders for a term of three years, which is renewable upon re-election and re-appointment. The functions and duties of the board of Supervisors include, but not limited to: reviewing and verifying financial reports, business reports and profit distribution proposals prepared by the Board; and, if in doubt, appointing certified public accountants and practicing auditors to re-examine the Company's financial information; monitoring the financial activities of the Company; supervising the performance of Directors, president and other senior management members, and monitoring as to whether they had acted in violation of the law, administrative stipulations and Articles of Association in the execution of their duties; requesting Directors, president and senior management members to rectify and actions which are damaging to the Company's interests; and exercising other rights given to them under the Articles of Association.

All of our existing supervisors were elected to their current term to the Board of Supervisors by our Shareholders on February 9, 2010.

### SUPERVISORS

<u>Name</u>	<u>Age</u>	<u>Position</u>
Yang Hong Chi . . . . .	53	Chairman of the board of Supervisors
Qiao Guo Jie . . . . .	48	Employee Representative Supervisor
Mi Xian Wei . . . . .	44	Supervisor

Mr. Yang Hong Chi, aged 53, is a Supervisor of our Company. Since January 2006, Mr. Yang has served as chairman of HECIC's labour union. From July 2000 January to 2006, he served as director of the general office of the Organization Department of the Hebei Provincial Committee. Mr. Yang graduated in September 1977 from Tianjin University.

Mr. Qiao Guo Jie, aged 48, is a Supervisor of our Company. He has served as the chairman of the labour union of HECIC New-energy since September 2007. He was deputy manager for the second public utilities department of HECIC from February 2004 to October 2009. Mr. Qiao was also a director of Tangshan Sanyou Chemical Industries Co., Ltd. from December 2005 to September 2008. Mr. Qiao graduated from the Agricultural University of Hebei

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with a bachelor's degree in agricultural machinery engineering in July 1984, and obtained his master's degree in business administration from Tianjin University in July 2007.

Mr. Mi Xian Wei, aged 44, is a Supervisor of our Company. Since June 2008, he has been the deputy general manager of HECIC Water. Prior to that, Mr. Mi served as the deputy manager of the business management department from March 2007 to June 2008 and the finance department of HECIC from March 2005 to March 2007. Mr. Mi obtained his bachelor and master of science degrees from Hebei Normal University in June 1986 and July 1989, respectively.

### SENIOR MANAGEMENT

<u>Name</u>	<u>Age</u>	<u>Position</u>
Cao Xin . . . . .	39	President
Gao Qing Yu . . . . .	46	Vice president
Zhao Hui . . . . .	37	Vice president, joint company secretary
Sun Xin Tian . . . . .	45	Vice president
Feng Chun Xiao . . . . .	47	Financial controller

Dr. Cao Xin is the president of the Company. Mr. Gao Qing Yu, Mr. Zhao Hui and Mr. Sun Xin Tian are the vice presidents of the Company. For details of Dr. Cao, Mr. Gao, Mr. Zhao Hui and Mr. Sun Xin Tian, please see the sub-section headed "Executive Directors" above.

Mr. Feng Chun Xiao, aged 47, is the financial controller of the Group responsible for the overall financial management of the Group. Mr. Feng was appointed as the financial controller on March 5, 2010. He first became involved in HECIC New-energy in September 2006 when he was appointed the financial controller of the company. Before joining the Group, he held various positions in the HECIC Group from August 2002, including the chief financial officer of Hebei International Investments Limited and Hebei Enterprise Limited as appointed in September 2005. Prior to joining the HECIC Group, Mr. Feng was the assistant to general manager of Shijiazhuang Jinshi Accounting Firm from June 1998 to July 2002. Prior to that, Mr. Feng worked as the accountant-in-charge at Shijiazhuang Mian'Er Jinhong Textile Co., Ltd. from September 1994 to February 1997. Mr. Feng obtained a master's degree in business administration from Beijing Jiaotong University and a diploma in financial accounting from Central University of Finance & Economics in July 2010 and June 1985 respectively. Further, his research and development on the MECK Computing Financial Information Management System was awarded the third Progress Prize in Science and Technology by Ministry of Textile Industry of China in December 1990. Mr. Feng is a member of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會). He is also a senior accountant conferred by The Title Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室) and a certified assets appraiser conferred jointly by the MOF and Ministry of Personnel of PRC (中華人民共和國人事部).

### JOINT COMPANY SECRETARIES

Mr. Zhao Hui is one of the Company's joint company secretaries. Mr. Zhao has substantial knowledge and understanding of the PRC power industry and abundant operational and management experience. For Mr. Zhao's biography, please see the sub-section headed "Executive Directors" above.

Ms. Lam Yuen Ling, Eva, aged 43, was appointed as the joint company secretary of our Company on April 1, 2010. Ms Lam has worked in Norcola Company Limited as a senior company secretary since September 2005. Prior to that, she was a senior company secretary of Premier Corporate Services Limited from May 2005 to August 2005 and worked at Ho and Ho & Company as assistant company secretary from April 1993 to May 2005. Ms. Lam



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obtained a Higher Certificate in Company Secretaryship and Administration from the Hong Kong Polytechnic University in 1993. Ms. Lam is an associate of The Hong Kong Institute of Chartered Secretaries and also an associate of The Institute of Chartered Secretaries and Administrators.

According to Rule 8.17 of the Listing Rules, the secretary of our Company must be a person who ordinarily resides in Hong Kong, has the requisite knowledge and experience to discharge the functions of a company secretary and is either (i) a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister (as defined in the Legal Practitioners Ordinance) or a professional accountant, or (ii) an individual who, by virtue of his academic or professional qualifications or relevant experiences, is in the opinion of the Stock Exchange capable of discharging those functions. Rule 19A.16 of the Listing Rules provides that the secretary of a PRC issuer, such as our Company, need not be an ordinary resident in Hong Kong, provided that such person can meet the other requirements of Rule 8.17 of the Listing Rules.

Our Company has appointed Mr. Zhao Hui as one of the joint company secretaries. Mr. Zhao is experienced in administering board and shareholder meetings and handling corporate affairs for JEI, a company listed on Shenzhen Stock Exchange, and has a thorough understanding of the operations of the Board and our Company. However, Mr. Zhao does not possess a qualification as stipulated in Rule 8.17 of the Listing Rules and may not be able to solely fulfill the requirements as stipulated under Rule 8.17 and Rule 19A.16 of the Listing Rules. As such, our Company has appointed Ms. Lam Yuen Ling, Eva as another joint company secretary who is an associate of the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators and is able to fully comply with the requirements set out under Rule 8.17 of the Listing Rules. Over a period of three years from the Listing Date, our Company proposes to implement the following measures to assist Mr. Zhao to become a joint company secretary who possesses all the requisite qualifications as required under the Listing Rules:

- Ms. Lam Yuen Ling, Eva will assist and guide Mr. Zhao in his discharge of duties as a joint company secretary and in gaining the relevant experience as required by the Listing Rules; and
- our Company will ensure Mr. Zhao has access to the relevant training and support to enable him to familiarize himself with the Listing Rules and the duties required for a company secretary of a PRC issuer listed on the Stock Exchange.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under and in respect of Rule 8.17 and Rule 19A.16 of the Listing Rules. The waiver is valid for an initial period of three years from the Listing Date. Upon the expiry of such three-year period, our Company will re-evaluate the qualifications and experience of Mr. Zhao to consider whether the requirements stipulated in Rule 8.17 and Rule 19A.16 of the Listing Rules can be satisfied.

### **MANAGEMENT PRESENCE IN HONG KONG: RULE 8.12 AND RULE 19A.15 REQUIREMENTS**

According to Rule 8.12 and Rule 19A.15 of the Listing Rules, a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong, which typically means that at least two of its executive Directors must be ordinarily residing in Hong Kong. Since substantially all of the Company's business operations and management are located in the PRC, there is no business need to appoint executive Directors based in Hong Kong. As all of our executive Directors currently reside in the PRC, the Company does not contemplate in the foreseeable future that it will have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 and Rule 19A.15 of the Listing Rules. An application has been made to the Stock Exchange for a waiver from strict compliance with the requirement to have a sufficient management presence in Hong Kong under Rule 8.12 and Rule 19A.15 of the Listing Rules and such waiver has been granted by the Stock Exchange. The arrangements proposed by the Company for maintaining regular and

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effective communication with the Stock Exchange for the purpose of Rule 8.12 and Rule 19A.15 of the Listing Rules are:

- (i) the Company has one INED who ordinarily resides in Hong Kong;
- (ii) one of our authorized representatives, Ms. Lam Yuen Ling, Eva ordinarily resides in Hong Kong. The Directors who do not ordinarily reside in Hong Kong will be readily contactable through Ms. Lam by telephone, facsimile or email. Ms. Lam Yuen Ling, Eva together with Mr. Zhao Hui, our another authorized representative, will act as the principal channel of communication between the Company and the Stock Exchange. Each of the authorized representatives will be able to meet with the relevant members of the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange. The authorized representatives will provide their usual contact details to the Stock Exchange and will be readily contactable by the Stock Exchange by telephone, facsimile and email, if necessary. The Company will be registered as a non-Hong Kong company under the Companies Ordinance. Ms. Lam has also been authorized to accept service of legal process and notices in Hong Kong on behalf of the Company;
- (iii) each of the authorized representatives has the means to contact all members of the Board of Directors (including the non-executive Directors and the INEDs) and of the senior management promptly at all times as and when the Stock Exchange wishes to contact them for any matters. To enhance the communication between the Stock Exchange, the authorized representatives and the Directors, the Company has implemented a policy that (i) each executive Director, non-executive Director and INED has to provide his respective office phone numbers, mobile phone numbers, fax numbers and email addresses (if applicable) to the authorized representatives; and (ii) all the executive Directors, non-executive Directors and INEDs and authorized representatives have to provide their office phone numbers, mobile phone numbers, fax numbers and email addresses (if applicable) to the Stock Exchange;
- (iv) the Company will retain Hong Kong legal advisers to advise on ongoing compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the Global Offering;
- (v) all Directors who do not ordinarily residents in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable notice;
- (vi) the Company will retain a compliance adviser acceptable to the Stock Exchange to advise on corporate finance matters after listing for the period commencing on the Listing Date and ending on the date on which it 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 Date pursuant to Rule 3A.19 and Rule 19A.05 of the Listing Rules. The compliance adviser will act as the Company's additional channel of communication with the Stock Exchange; and
- (vii) the compliance adviser shall have access at all times to our authorized representatives, our Directors and other officers of our Company to ensure that it is in a position to provide prompt responses to any queries or requests from the Stock Exchange in respect of our Company and the compliance adviser will advise on the on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after Listing.

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## **DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES**

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### **EMPLOYEES**

As of December 31, 2007, 2008 and 2009 and March 31, 2010, we had 237, 373, 516 and 526 full-time employees, respectively.

### **BOARD OF DIRECTORS COMMITTEES**

#### **Nomination Committee**

The nomination committee of the Company consists of three Directors: Dr. Li Lian Ping (non-executive Director), Mr. Zhao Hui Ning (non-executive Director) and Mr. Ding Jun (INED). Dr. Li currently serves as the chairman of the nomination committee. The primary responsibilities of the Company's nomination committee are to formulate the nomination procedures and standards for candidates for Directors and senior management, to conduct preliminary reviews of the qualifications and other credentials of the candidates for Directors and senior management.

#### **Strategic and Investment Committee**

The strategic and investment committee of the Company consists of three Directors: Dr. Li Lian Ping (non-executive Director), Mr. Zhao Hui Ning (non-executive Director) and Dr. Cao Xin (executive Director). Dr. Li currently serves as the chairman of the strategic and investment committee. The primary responsibilities of the strategic and investment committee are to formulate our overall development plans and investment decision-making procedures, including, among other things:

- reviewing the Company's long-term development strategies;
- reviewing the Company's strategic investment and implementing reports; and
- reviewing significant capital expenditures.

#### **Remuneration and Assessment Committee**

The remuneration and assessment committee of the Company consists of three Directors: Dr. Li Lian Ping (non-executive Director), Mr. Qian Hai Yan (independent non-executive Director) and Mr. Ding Jun (INED). Dr. Li currently serves as the chairman of the Company's remuneration and assessment committee. The primary responsibilities of the remuneration and assessment committee are to formulate the evaluation standards and conduct evaluation of the Directors and senior management, and to determine and review the compensation policies and schemes for the Directors and senior management, including, among other things:

- approving and overseeing the total compensation package for the Directors and senior management, evaluating the performance of and determining and approving the compensation to be paid to the senior management;
- reviewing and making recommendations to the Board with respect to the Directors' compensation; and
- reviewing and making recommendations to the Board regarding compensation philosophy, strategy and principles of Directors and senior management.

#### **Audit Committee**

The audit committee of the Company consists of three Directors: Mr. Wang Xiang Jun (independent non-executive Director), Mr. Xiao Gang (non-executive Director) and Mr. Yue Man Yiu Matthew (INED). Mr. Wang



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currently serves as the chairman of the audit committee. The primary responsibilities of the audit committee are to review and supervise our financial reporting process, which include, among other things:

- appointing and supervising the work of our independent auditors and pre-approving all non-audit services to be provided by our independent auditors;
- reviewing our annual and interim financial statements, earnings releases, critical accounting policies and practices used to prepare financial statements, alternative treatments of financial information, the effectiveness of our disclosure controls and procedures and important trends and developments in financial reporting practices and requirements;
- reviewing the planning and staffing of internal audits, the organization, responsibilities, plans, results, budget and staffing of our internal audit team and the quality and effectiveness of our internal controls;
- reviewing our risk assessment and management policies; and
- establishing procedures for the treatment of complaints received by us regarding accounting, internal accounting controls, auditing matters, potential violations of law and questionable accounting or auditing matters

### **COMPENSATION OF THE DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

The Directors, Supervisors and senior management receive compensation in the form of salaries, bonuses, allowances and other benefits-in-kind, including the Company's contribution to the pension plan on their behalf. Total compensation paid to the Directors, Supervisors and senior management for the years ended December 31, 2007, 2008 and 2009 and the three months ended March 31, 2010 was approximately RMB0.4 million, RMB0.8 million, RMB0.8 million and RMB0.1 million respectively. As required by PRC regulations, we participate in various defined pension schemes for our employees, including those organized by provincial or municipal governments as well as supplemental pension schemes. The employees covered by such schemes include our Directors, Supervisors and management personnel. The Company did not contribute any benefits as post-employment benefits for the Directors, Supervisors and senior management for each of the three years ended December 31, 2009. The aggregate amount of compensation the Company paid to the five highest paid individual employees during the years ended December 31, 2007, 2008 and 2009 and the three months ended March 31, 2010 were approximately RMB1.0 million, RMB2.6 million, RMB2.5 million and RMB0.2 million, respectively.

Under the existing arrangements currently in force, the aggregate remuneration (excluding performance related bonuses) payable to and benefits-in-kind receivable by the Directors (including four independent non-executive Directors) and Supervisors in respect of the year ending December 31, 2010 are estimated to be approximately RMB0.9 million (including RMB0.3 million to be received by the INEDs) and nil, respectively.