
DIRECTORS, SENIOR MANAGEMENT AND STAFF

DIRECTORS

The following information sets forth information regarding our Directors. Our existing executive Directors and independent non-executive Directors were appointed to the Board on 17 December 2010.

| Name | Age | Position in our Group |
|--|-----|--|
| <i>Executive Directors</i> | | |
| Lin Qinglin (林慶麟) | 56 | Chairman, executive Director and chief executive officer |
| Wu Shiming (吳世明) | 34 | Executive Director |
| Yin Shouhong (尹壽宏) | 42 | Executive Director |
| <i>Independent non-executive Directors</i> | | |
| Hu Chung Ming(胡宗明) | 38 | Independent non-executive Director |
| Liao Yuan(廖遠) | 36 | Independent non-executive Director |
| Chau On Ta Yuen (周安達源) | 63 | Independent non-executive Director |
| Wei Ji Min (韋冀閩) | 62 | Independent non-executive Director |

Executive Directors

Lin Qinglin (林慶麟), aged 56, became an executive Director, the chairman and the chief executive officer of our Company on 17 December 2010. As at the Latest Practicable Date, he was also (i) the chairman and an executive director of Fujian Sumpo; (ii) an executive director of Sumpo Holdings; (iii) the chairman of Fujian Hetai; and (iv) the chairman and general manager of Fujian Baojiashun.

From January 1985 to June 1998, Mr. Lin was the general manager of Xiamen Xian Wu Modern Office Facilities Operation Company (廈門仙鷺現代辦公室設備經營公司). In late 1990s, the local government of Longyan started to encourage the business community to invest in the chicken processing business. In light of the aforesaid, Mr. Lin decided to explore the same and accumulated his experience through obtaining advice from the experts in such area and his management team from time to time and everyday practice.

Mr. Lin was the chairman of Fujian Sumpo from 1998 to March 2003 and the chairman of Xiamen Sumpo from 1998 to the present. During the period between 1998 and 2003, Mr. Lin mainly focused on the supervision of the chicken meat business of Fujian Sumpo. During the period between March 2003 and July 2007, Mr. Lin mainly focused on running the business of Xiamen Sumpo, and Mr. Lin Qingrong took over the position as chairman of Fujian Sumpo while Mr. Lin continued to participate in and control the business of Fujian Sumpo by remaining as an executive director. From July 2007 onwards, Fujian Sumpo underwent certain corporate reorganization, and Mr. Lin reassumed the position of chairman to regulate corporate governance and prepare for Fujian Sumpo to enter into the capital market. Mr. Lin has refocused his time and effort in the business of Fujian Sumpo thereafter.

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The main roles of Mr. Lin are to formulate the overall development and business strategies of our Group at a strategic level and to oversee major management decisions of our Group and he will not be actively involved in the day-to-day management and operation of our Group.

Mr. Lin has received many honourable titles, including, inter alia, “Most Influential Entrepreneur in China” awarded by the China Economic Development Research Centre (中國經濟發展研究中心), China Reform Forum Magazine (中國改革論壇雜誌社) and the Organizing Committee of the Summit of China’s most Influential Entrepreneurs” (中國最具影響力企業家峰會組委會) and “Top 10 Outstanding Management Individuals of China in 2006-2007” (2006-2007年度中國十大傑出管理人物) awarded by the China Institute of Management Science (中國管理科學研究院), the China Future Research Institution (中國未來研究會) and the Future and Development Magazine Press (未來與發展雜誌社).

Mr. Lin is also a representative of the Fujian Province People’s Congress and a substantial shareholder of the Company.

Wu Shiming (吳世明), aged 34, became an executive Director of our Company on 17 December 2010. He has also been a supervisor of the Xiamen Commercial Bank (廈門市商業銀行) since December 2008. He is a qualified intermediate accountant and he obtained such qualification after he has passed the national examination jointly organized by the Ministry of Finance and the Ministry of Personnel of the PRC. Mr. Wu has over 14 years of experiences in accounting and financial management. Mr. Wu joined Xiamen Sumpo in July 1995 as a cashier. He became an accountant in Xiamen Sumpo in January 1996. From January 1998 to November 2001, he was the financial manager of Xiamen Sumpo. Mr. Wu became the general manager of the Guangzhou branch of Xiamen Sumpo in December 2001 and remained in office until January 2007. In January 2007, Mr. Wu became the deputy general manager of Xiamen Sumpo Electronic until November 2007. From January 2008 onwards, Mr. Wu is a director of Xiamen Sumpo and was the chief financial officer of Xiamen Sumpo up to 1 August 2010.

Mr. Wu joined our Group as deputy chief executive officer in November 2010. He is responsible for overseeing the financial and operational performance of the Group. Given the close relationship between Xiamen Sumpo and the Group, by having a significant management role in Xiamen Sumpo, Mr. Wu has been very familiar with the operation and financial affairs of the Group.

Mr. Wu graduated from a course in foreign economic enterprise financial accounting at Jimei University (集美大學) in 1995.

Yin Shouhong (尹壽宏), aged 42, became an executive Director of our Company on 17 December 2010. Mr. Yin has had over 20 years of experience in the food industry. He commenced his career in the food industry in Anhui Hua Feng Meat and Poultry Joint Venture Company (安徽華豐肉禽聯營公司) as the head of quality control and director of the processing plant from July 1988 to October 2001. Mr. Yin joined Fujian Sumpo in November 2001 as factory manager of the broilers processing plant. From January 2004 to October 2005, Mr. Yin was the assistant to the general manager of Fujian Sumpo, being responsible for the management of broilers processing plant, sales and production

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management. From October 2005 to December 2006, he was the deputy general manager of Fujian Sumpo and headed the broilers project. Mr. Yin was appointed as an executive director of Fujian Sumpo on 18 April 2006. He subsequently resigned as executive director in August 2007. From January 2007 to May 2008, he was the assistant to the general manager of Fujian Sumpo and managed the production and other related departments. From June 2008 onwards, Mr. Yin has been the assistant to chief executive officer and deputy chief executive officer, responsible for managing the broilers business department and production unit.

Mr. Yin has also held the following positions of directorships: (i) executive director of Longyan Baotai since May 2006 and was promoted to chairman in December 2009, (ii) executive director of Fujian Hetai since May 2010, and (iii) executive director of Fujian Baojiashun since July 2010.

Mr. Yin graduated from a course in animal husbandry and veterinary hygiene inspection organized by Anhui Agricultural Technical Education Institute (安徽農業技術師範學院) in 1988 and obtained a manager qualification from the Occupational Skills Appraisal Centre of the Ministry of Labour and Social Security (勞動和社會保障部職業技能鑑定中心) in 2005.

Save as disclosed in this prospectus, each of Mr. Lin, Mr. Wu, and Mr. Yin (collectively, the “Executive Directors”) has confirmed that (i) he has no interests in the Shares within the meaning of Part XV of the SFO, (ii) he is independent from, and is not related to, any other Directors, members of senior management, substantial shareholders or controlling shareholders of our Group, (iii) he has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years and (iv) there is no other information which is required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with their appointments as executive Directors.

Independent non-executive Directors

Hu Chung Ming (胡宗明), aged 38, became an independent non-executive Director of our Company on 17 December 2010. Mr. Hu has been a certified practising accountant of the Australian Society of Certified Practising Accountants since 10 March 2000 and a fellow of the Hong Kong Institute of Certified Public Accountants since January 2010. Mr. Hu worked in Ernst & Young Certified Public Accountants as an accountant from January 1997 to September 1999, and as a senior accountant from October 1999 to March 2000. Mr. Hu has been the chief financial officer of certain other companies, namely Lankom Electronics Limited from 2000 to 2003, China Flexible Packaging Holdings Limited (中國軟包裝控股有限公司) from 2003 to 2007, Yunnan Junfa Real Estate Company Limited (雲南俊發房地產有限責任公司) from 2007 to 2008 and Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Limited (Stock Code: 1938) since 2009 respectively.

Mr. Hu graduated from the University of Queensland with a bachelor’s degree in commerce in December 1996.

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Liao Yuan (廖遠), aged 36, became an independent non-executive Director of our Company on 17 December 2010. Mr. Liao has over 13 years of experience in financial management. Mr. Liao was the branch manager assistant of the Xinyuan Branch of the Shenzhen Ping An Bank (平安銀行深圳分行新園支行) from July 1997 to May 2007. He then became the general manager of Shenzhen Kaishuo Investment Company Limited (深圳市凱碩投資有限公司) in September 2007. In 2008, Mr. Liao also became a director of Shenzhen Ahtong Electricity Holdings Co. Ltd (深圳亞通光電股份有限公司) and Shenzhen Yingfengyuan Investment Company Limited (深圳市盈豐源投資有限公司) respectively. He subsequently became the supervisor of Shenzhen Kangmei Biotechnology Holdings Limited (深圳康美生物科技股份有限公司) in April 2009. Mr. Liao also became a director of Dachen Yinlei Gaoxin (Beijing) Entrepreneurial Investment Limited (達晨銀雷高新(北京)創業投資有限公司) in February 2009.

Mr. Liao graduated with a bachelor's degree in economics from Hunan Institute of Finance (湖南財經學院) in 1997. He has obtained an intermediate economics and finance qualification in 2003.

Chau On Ta Yuen (周安達源), aged 63, became an independent non-executive Director of our Company on 17 December 2010.

Mr. Chau currently holds directorship in many other companies. In respect of companies listed in Hong Kong, Mr. Chau was an executive director of Everbest Energy Holdings Limited (恒發世紀控股有限公司) (Stock Code: 0578, the name of that company was subsequently changed to Dynamic Energy Holdings Limited (合動能源控股有限公司) on 23 November 2007), a company listed on the Main Board of the Stock Exchange, from March 2000 to November 2006; an independent non-executive director of Everpride Biopharmaceutical Company Limited (中遠威生物製藥有限公司) (Stock Code: 8019, the name of that company was subsequently changed to Hao Wen Holdings Limited (皓文控股有限公司) in March 2010), a company listed on the Growth Enterprise Market of the Stock Exchange, from June 2003 to August 2009; and an independent non-executive director of Buildmore International Limited (建懋國際有限公司) (Stock Code: 0108) from December 2008 to September 2010. Mr. Chau is currently the chairman of China Ocean Shipbuilding Industry Group Limited (中海船舶重工集團有限公司) (Stock Code: 0651) where his directorship commenced in September 2007. Mr. Chau has also been an independent non-executive director of (i) Good Fellow Resources Limited (金威資源控股有限公司) (Stock Code: 0109) since July 2007 and (ii) Come Sure Group (Holdings) Limited (錦勝集團(控股)有限公司) (Stock Code: 0794) since February 2009, all of which are companies listed on the Main Board on the Stock Exchange.

In respect of private companies, Mr. Chau is currently a director of Wealthy Sea Group (H.K.) Limited (潤海集團(香港)有限公司), a company in which he has been a director since November 2006, a director of Merge Limited (聚合有限公司), and a director of Shanxi Highways Construction Investment Limited (晉通公路建設投資有限公司). He has also been a director of Joycheers Holdings Limited (晉昌集團有限公司) since June 1996 and Everbest Water Treatment Development Company Limited (恒發水務發展有限公司) since November 2002.

Mr. Chau confirmed that he will devote sufficient time to our Group to discharge his duties as an independent non-executive Director.

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Mr. Chau completed a course in Chinese literature at Xiamen University (廈門大學) in August 1968. Mr. Chau is currently a member of the 11th National Committee of the Chinese People's Political Consultative Conference (中華人民政治協商會議第11屆全國委員會). He is also the vice chairman of the 7th board of directors of the Hong Kong Fujian Association (香港福建社團聯會).

Wei Ji Min (韋冀閩), aged 62, became an independent non-executive Director of our Company on 17 December 2010. Mr. Wei has over 32 years of experience in the agricultural and livestock industry. Mr. Wei was the deputy head of the Changting Animal Husbandry and Fishery Bureau (長汀縣畜牧水產局) from November 1982 to January 1983. He was appointed as the deputy county head of the Changting County People's Government (長汀縣人民政府) in April 1985. He was appointed as the deputy head of the Longyan District Animal Husbandry and Fishery Bureau (龍岩地區畜牧水產局) in September 1987. From June 1994 to July 1997 and from July 1997 to June 2007, he was the head of Longyan District Animal Husbandry and Fishery Bureau (龍岩地區畜牧水產局) and the Longyan City Animal Husbandry and Fishery Bureau (龍岩市畜牧水產局) respectively.

Mr. Wei graduated from a livestock veterinarian professional course from Fujian Agricultural College (福建農學院) in 1975. He obtained a senior livestock technician qualification from the Longyan Professional Qualification Management Office (龍岩市職稱管理辦公室) in 1990. He was a member of the Longyan Political Consultative Committee (龍岩市政協委員會) from 1997 to 2007.

Each of Mr. Hu, Mr. Liao, Mr. Chau and Mr. Wei (collectively, the "INEDs") has confirmed that he has no interests in the Shares within the meaning of Part XV of the SFO. The INEDs are independent from, and are not related to, any other Directors, members of senior management, substantial shareholders or controlling shareholders of our Group. Save as disclosed above, the INEDs have not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Save as disclosed above, there is no other information which is required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with their appointments as independent non-executive Directors.

Save as disclosed in the section headed "Relationship with the Controlling Shareholders" of this prospectus, none of our Directors has any interests in any business apart from our Group's business which competes or is likely to compete, whether directly or indirectly, with our Group's business.

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SENIOR MANAGEMENT

Ke Mingxing (柯明星), aged 55, is the deputy chief executive officer of Fujian Sumpo. Mr. Ke had held various positions in the military forces of the PRC during the period between 1974 and 1995. Mr. Ke first joined our Group as an executive director of Fujian Sumpo in 1998. Mr. Ke also joined Xiamen Sumpo in April 1998 and was the deputy general manager, branch deputy secretary and the chairman of the labour union until December 2000. He then became the deputy chief executive officer of Fujian Sumpo since January 2001. Mr. Ke was also the vice chairman of Fujian Sumpo from July to November 2007. Mr. Ke has also been the legal representative and the chairman of Longyan Investment since June 2007 and a director of Fujian Sumhua since April 2005.

Mr. Ke is also the chairman of the labour union of Fujian Sumpo, a committee member of The 3rd Longyan Chinese People's Political Consultative Conference (中國人民政治協商會議第三屆龍岩市委員會), a standing committee member of the Longyan Chambers of Commerce and Industry (龍岩市工商業聯合會), an officer of the Longyan Society of Ideological and Political Work (龍岩市思想政治工作研究會), a member of the Longyan Professional and Social Club (龍岩市專家聯誼會) and a committee member of the Longyan Intermediate Professional and Technical Qualification Assessment Committee (economics stream) (龍岩市非公有制企業專業技術人員中級職務評審委員會(經濟系)). Mr. Ke has been awarded the National Labour Prize (全國五一勞動獎章) by the Chinese National Trade Union (中華全國總工會) in April 2009.

He is also a senior economist. Mr. Ke graduated from a course in business administration from Sichuan University (四川大學) in 2005.

Zhang Xiangyang (張向陽), aged 39, is the deputy general manager of Fujian Sumpo. Mr. Zhang has over 14 years of managerial experiences. During the period between 1995 and 2001, Mr. Zhang was the manager of Xiamen Sumpo. He then became the general manager of the Shanghai Branch of Xiamen Sumpo Electronic in 2001 and remained in office until 2008. From 2008 to 2009, Mr. Zhang was the deputy general manager of Xiamen Sumpo Electronic before joining Fujian Sumpo as executive director and deputy general manager (also called deputy chief executive officer) in November 2009.

Mr. Zhang has been (i) a director of Shanghai Gengsen Trading Company Limited (上海庚森貿易有限公司), a company established in the PRC on 13 December 2006, from December 2006 to December 2009, (ii) a director of Xiamen Zhidian Software Technology Company Limited (廈門支點軟件技術有限公司), a company established in the PRC on 5 September 2000, from May 2008 to August 2009, (iii) a director of Fujian Sumhua since December 2009 and (iv) the chairman of Xiamen Ronghecheng Company Limited (廈門容和盛食品有限公司), a wholly owned subsidiary of Fujian Sumhua established in the PRC on 16 July 2010, since July 2010.

Mr. Zhang graduated from Wuhan University (武漢大學) with a bachelor's degree in electrical automation.

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Chen Dongpei (陳東培), aged 39, is the chief financial officer and the secretary of the board of directors of Fujian Sumpo. Mr. Chen has over 19 years of working experiences in accounting and financial management. He was an accounting clerk in the Xianyou County Administration of Grain (仙游縣糧食局) during the period between September 1991 and March 1993. He joined Xiamen Sumpo as an accounting manager in March 1993 and resigned in January 2000. In February 2000, he joined Fujian Sumpo as a financial manager and worked until March 2002. During the period between March 2002 and January 2008, he was the officer of the financial settlement centre of Fujian Sumpo. From February 2005 onwards, Mr. Chen also became the chief financial officer of Fujian Sumpo. Mr. Chen was appointed as an executive director of Fujian Sumpo in April 2006. Mr. Chen has also been the secretary of the board of directors of Fujian Sumpo since February 2008. Mr. Chen was also the chairman, legal representative, general manager and executive director of Longyan Baotai from September to November 2009.

Mr. Chen is a senior economist, professional manager and elementary accountant. He has also been a supervisor of professional ethics and efficacy, the State Administration of Taxation of the Xiuluo district (新羅區國家稅務局) since 2009 and the social ethics supervisor of the first Longyan branch of China Construction Bank (中國建設銀行龍岩第一支行) since 2009. Mr. Chen is also a supervisor of the in-depth study and practice of science and development activities (深入學習實踐科學發展活動監督員) of the branch committee of the State Administration of Taxation of Longyan Economic Technology Development Region (福建省龍岩經濟技術開發區國家稅務局支部委員會). He graduated from the law school of East China Institute of Political Science and Law (華東政法學院) in 2003 and an accounting professional distance learning course from Zhejiang University Distant Learning College (浙江大學遠程教育學院) in 2007.

COMPANY SECRETARY

Ng Kin Sun (吳建新), aged 41, is the chief financial officer and company secretary of our Company. Mr. Ng is primarily responsible for the financial management of our Company. Mr. Ng graduated from University of Western Sydney – Nepean of Australia with a bachelor degree in Commerce in 1994. Mr. Ng became a member of Hong Kong Institute of Certified Public Accountant in April 1998 and CPA Australia in February 1994 respectively. Mr. Ng was the financial controller and company secretary of Spread Prospects Holdings Limited, a company listed on the main board of the Stock Exchange (Stock Code: 572) from September 2002 to January 2007, during which he was responsible for, inter alia, company secretarial work, regulatory compliance matters and financial management. Mr. Ng has over 16 years of experience in auditing and financial management gained from various international accounting firms and listed companies. Save for being the financial controller and company secretary of Spread Prospects Holdings Limited as aforesaid, he also held the following positions in the past:

| Company name | Period of employment (position) |
|--------------------------|--|
| Wong Brothers & Co | March 1994 to May 1995 |
| BDO Kwan Wong Tan & Fong | June 1995 to October 1996 |
| Ernst & Young | October 1996 to December 1999 |
| Serial System Ltd | December 1999 to June 2001 |

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| Company name | Period of employment (position) |
|---|---|
| Infa Corporation Ltd. | February 2002 to September 2002 |
| Van Shung Chong Holdings Limited (Stock Code: 1001) (<i>Note 1</i>) | January 2007 to October 2007 (financial controller) |
| Zastron Electronic (Shenzhen) Co., Ltd. (<i>Note 2</i>) | October 2007 to November 2009 (financial controller) |

Note 1: This is a company listed on the Stock Exchange.

Note 2: This is a wholly-owned subsidiary of Nam Tai Electronics, Inc., a company listed on the New York Stock Exchange.

DIRECTORS' REMUNERATION

The Directors' remuneration is determined with reference to the prevailing market practice, our Company's remuneration policy and his duties and responsibilities with our Group. During each of the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, the aggregate of the remuneration paid and benefits in kind granted to the Directors by any member of our Group was approximately RMB73,000, RMB140,000, RMB155,000 and RMB198,000 respectively.

Each of the executive Directors has entered into a service agreement with our Company for an initial term of three years commencing from the date of appointment (i.e. 17 December 2010) subject to the early termination provisions contained therein and is renewable for another 1 year upon expiry. Each of the executive Directors is entitled to a basic salary. Under the service agreements, the basic annual remunerations payable by our Group to the executive Directors are set out below:

| Executive Directors | <i>HKD/per year</i> |
|---------------------|---------------------|
| Lin Qinglin | 500,000 |
| Wu Shiming | 300,000 |
| Yin Shouhong | 200,000 |

The salary of each of the executive Directors shall be reviewed at the discretion of the Board (or its designated committee) and decided by the Board (or its designated committee) after the relevant Director has completed 12 months of service or at such other time as the Board (or its designated committee) deems appropriate.

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Each of the independent non-executive Directors has signed an appointment letter with our Company for an initial term of two years commencing from 17 December 2010 subject to the early termination provisions contained therein and is renewable for another 1 year upon expiry. Under the appointment letters, the basic annual remuneration payable by the Group to the independent non-executive Directors after Listing are as follows:

| | <i>HKD/per year</i> |
|--|---------------------|
| Independent non-executive Directors | |
| Hu Chung Ming | 60,000 |
| Liao Yuan | 60,000 |
| Chau On Ta Yuen | 60,000 |
| Wei Ji Min | 60,000 |

The director's fee for each of the independent non-executive Directors during the two year term is initially fixed, subject to the Board's review from time to time in its discretion after taking into account the recommendation of the remuneration committee of our Company.

The remuneration of each Director is determined by reference to market terms, seniority, his experiences, duties and responsibilities within our Group. The Directors are entitled to statutory benefits as required by law from time to time such as pension. Under the present arrangement, the aggregate of the Directors' remuneration in cash and benefits in kind for the year ending 31 December 2010 is estimated to be approximately RMB0.5 million.

COMPLIANCE ADVISOR

Our Company has appointed Kingston Corporate Finance Limited as its compliance advisor pursuant to Rule 3A.19 of the Listing Rules.

We entered into a compliance advisor agreement with the compliance advisor on 29 December 2010 ("Compliance Advisor Agreement"), the material terms of which are as follows:

- (a) The term of the appointment shall commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date (i.e. the date of despatch of the annual reports of our Company in respect of our results for the first full financial year commencing after the Listing Date), subject to early termination;
- (b) The compliance advisor shall provide us with services, including guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws, rules, codes and guidelines, and to act as one of our principal channels of communication with the Stock Exchange; and

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- (c) The appointment of the compliance advisor may be terminated upon, amongst other things, the occurrence of any of the following events:
- (i) either party gives the other party at least three months' prior written notice;
 - (ii) either party shall at any time commit any serious and persistent breach of its obligations; or
 - (iii) the compliance advisor is no longer able to satisfactorily perform its role as compliance advisor to the Company.

AUDIT COMMITTEE

Our Company has established an audit committee on 17 December 2010 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 "Corporate Governance Code"). The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group.

The audit committee comprises four independent non-executive Directors, namely Hu Chung Ming, Liao Yuan, Chau On Ta Yuen and Wei Ji Min. Hu Chung Ming is the chairman of the audit committee.

REMUNERATION COMMITTEE

Our Company has established a remuneration committee pursuant to a resolution of the Directors passed on 17 December 2010 in compliance with the Corporate Governance Code. The primary duties of the remuneration committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and other senior management.

The remuneration committee comprises an executive Director and three independent non-executive Directors, namely Mr. Lin, Liao Yuan, Hu Chung Ming and Wei Ji Min. Liao Yuan is the chairman of the remuneration committee.

In view of Mr. Lin's experience, personal profile and his role in the Group as mentioned in the paragraph headed "Directors" of this section, the Board considers it is beneficial to the business prospect of the Group that upon Listing, Mr. Lin continues to act both as the chairman and the chief executive officer of the Company. This will constitute a deviation from Code Provision A.2.1 of the Corporate Governance Code. The Board considers that the vesting of the roles of both chairman and chief executive officer in Mr. Lin provides the Company with strong and consistent leadership and allows for more efficient and effective planning and execution of long term business strategies. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that the balance of power and authority is ensured by the operations of the Board which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting operations of the Company.

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STAFF

Staff

As at the Latest Practicable Date, the Group had employed a total of 1,210 staff in Hong Kong and the PRC. A breakdown of which by function is as follows:

| | Hong Kong | the PRC | Total |
|----------------------------|-----------|--------------|--------------|
| Management | – | 4 | 4 |
| Administration and Finance | 3 | 80 | 83 |
| Production | – | 1,030 | 1,030 |
| Engineering | – | 8 | 8 |
| Purchases | – | 8 | 8 |
| Quality Control | – | 11 | 11 |
| Research and Development | – | 19 | 19 |
| Inventory Control | – | 12 | 12 |
| Sales and marketing | – | 35 | 35 |
| Total | <u>3</u> | <u>1,207</u> | <u>1,210</u> |

Staff benefits

Some of the employees of our Company's operating subsidiaries in the PRC are members of a state-managed social insurance scheme and a housing fund scheme operated by the local government of the PRC. Under the social insurance scheme, our Group provides retirement, medical, injury and unemployment benefits to our employees in the PRC in accordance with the relevant PRC rules and regulations. Our Group is required to contribute a specified percentage of our payroll costs to the social insurance scheme to fund the benefits. The only obligation of our Group with respect to the social insurance scheme is to make the required contributions. During each of the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, our Group contributed approximately RMB1.2 million, RMB1.3 million, RMB1.5 million and RMB0.7 million to the scheme respectively. Our Group's PRC legal advisors confirmed that our Group has complied with the relevant requirements in relation to the contributions to the social insurance scheme and the housing fund scheme.

SHARE OPTION SCHEME

Our Group has conditionally adopted the Share Option Scheme under which certain employees of our Group including the executive Directors may be granted options to subscribe for Shares. The principal terms of the Share Option Scheme are summarized in the section headed "Share Option Scheme" in Appendix VI to this prospectus.