
DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

BOARD OF DIRECTORS

Our Board of Directors consists of six Directors including three executive Directors and three independent non-executive Directors.

Name	Age	Position	Date of re-designation/ appointment
Mr. Ng Qing Hai (黃清海)	55	Executive Director	20 December 2011
Mr. Li Chi Kong (李志剛)	58	Executive Director	20 December 2011
Mr. Yu Zhong (余忠)	49	Executive Director	20 December 2011
Mr. Chan Sze Chung (陳思聰)	41	Independent Non-Executive Director	20 December 2011
Mr. Cheng Kin Chung (鄭建中)	49	Independent Non-Executive Director	20 December 2011
Ms. Yang Yan Tung Doris (楊紉桐)	42	Independent Non-Executive Director	20 December 2011

Executive Directors

Mr. Ng Qing Hai (黃清海) was appointed a Director of our Company on 21 March 2011 and re-designated as an executive Director of our Company on 20 December 2011. Mr. Ng is also the Managing Director of the Group. Mr. Ng completed a three years' course in Finance and Accounting in Building Materials Industry (建材工業財務會計專業) in Faculty of Enterprises Management (企業管理系) at Shanghai Institute of Building Materials Industry (上海建築材料工業專科學校) in 1983 and also completed a course in management consultancy at GROUPE ESSEC of France in 1988. Mr. Ng has been a non-practising member of The Chinese Institute of Certified Public Accountants of the PRC (中國註冊會計師協會) since 1994. Mr. Ng is the 6th vice chairman of China Building Materials Enterprises Management Association (中國建築材料企業管理協會) and of Shanghai Cement Industrial Association (上海市水泥行業協會) of the PRC, and was a fellow member of Asian Knowledge Management Association for the period from November 2005 to November 2006. Mr. Ng has extensive experience in managing enterprises and in the cement industry in the PRC. He was appointed as an executive director of Tian An on 1 April 2003 and became the managing director of Tian An in October 2003 and thereafter, with effect from 1 December 2005, Mr. Ng relinquished his role as the managing director of Tian An due to his increasing work commitment in ChinaVision Media and was re-designated the deputy managing director of Tian An. Mr. Ng was the chief executive officer of ChinaVision Media and ceased to act as its chief executive officer with effect from 20 April 2010. Mr. Ng is currently the president and an executive director of ChinaVision Media, and is the chief executive officer of SAC Holdings. Mr. Ng is also currently an executive director of Tian An and will be re-designated as its non-executive director upon Listing of our Group. Mr. Ng will be responsible for the overall management of our Group. Mr. Ng is a younger brother of Mr. Huang Wu Hu (a senior management of our Group). Mr. Ng is the chairman of our executive and share dealing committees and a member of our credit and risks management and nomination committees.

Mr. Ng has entered into an employment contract with our Company for a term of employment commencing on the Listing Date.

Mr. Li Chi Kong (李志剛) was appointed a Director of the Company on 21 March 2011 and re-designated as an executive Director of our Company on 20 December 2011. Mr. Li graduated from the University of Edinburgh in Scotland, United Kingdom with a Bachelor's Degree of Science and obtained a Post-graduate Diploma in Accounting from Heriot-Watt University in Edinburgh. He is a member of the Institute of Chartered Accountants of Scotland and a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Li has extensive experience in finance and accounting. Prior to joining our Group, Mr. Li worked for two major audit firms and acted as the group financial controller for several

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listed companies in Hong Kong. Mr. Li is currently the financial controller and an executive director of Allied Properties as well as the group financial controller of Allied Group Limited whose shares are also listed on the Stock Exchange (stock code: 373). In addition, Mr. Li was an executive director of Tian An during the period from February 2004 to October 2009. Mr. Li is a member of our credit and risks management, executive and share dealing committees.

Mr. Li has entered into an employment contract with our Company for a term of employment commencing on the Listing Date.

Mr. Li has confirmed that he will devote sufficient time to the matters of our Company. Considering this and Mr. Li's extensive management experience as described above, the Directors, including the independent non-executive Directors, are of the view that Mr. Li will be able to allocate sufficient time to discharge his duties as an executive Director of our Company.

Mr. Yu Zhong (余忠) was appointed a Director of our Company on 21 March 2011 and re-designated as an executive Director of our Company on 20 December 2011. Mr. Yu is principally responsible for our sales and marketing operations. He joined Shanghai SAC in December 1993 and is currently a director and the vice general manager of Shanghai SAC, and has been a director of Allied Wangchao since December 2003. Mr. Yu served as the deputy general manager of Shandong SAC for the period from June 2001 to July 2004. Mr. Yu completed a two and a half years' course in cement craftsmanship (水泥工藝) at Shanghai School of Building Materials (上海市建築材料學校) in 1982 and in 1988, Mr. Yu graduated from Shanghai Light Industry Authority Workers College (上海市輕工業局職工大學) in Industrial Enterprise Management (工業企業管理). In 1993, Shanghai Building Material Authority (上海市建材局) certified that Mr. Yu was qualified as an Economist. Mr. Yu has extensive experience in cement industry and in operation management, marketing and production management. Mr. Yu is a member of our executive and share dealing committees.

Mr. Yu has entered into an employment contract with our Company for a term of employment commencing on the Listing Date.

Independent Non-Executive Directors

Mr. Chan Sze Chung (陳思聰) was appointed an independent non-executive Director of our Company on 20 December 2011. He graduated from the University of Wales with Bachelor of Arts in Accounting and Finance in 1991 and obtained Master of Arts in Accounting and Finance of the University of Lancaster in 1992. Mr. Chan is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a member of American Institute of Certified Public Accountants of the United States of America. Besides, he was also recognised as Chartered Financial Analyst by CFA Institute of the United States of America. Mr. Chan has extensive experience in accounting and finance. Prior to joining our Group, Mr. Chan acted as the chief financial officer of Coolpoint Energy Limited (now known as Viva China Holdings Limited) whose shares are listed on the Stock Exchange (stock code: 8032) and was the acting chief financial officer of Nam Tai Electronic and Electrical Products Limited whose shares were previously listed on the Stock Exchange (stock code: 2633), and acted as vice chief financial officer of Nam Tai Electronics, Inc. whose shares are listed on the New York Stock Exchange with symbol NTE. During the period from January 1993 to August 1997, Mr. Chan was employed by Deloitte Touche Tohmatsu and served as Senior Accountant at the time of his resignation. Mr. Chan is a member of our audit, credit and risks management, nomination and remuneration committees.

Mr. Chan has entered into an appointment letter with our Company for a term of service of two years commencing on the Listing Date.

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Mr. Cheng Kin Chung (鄭建中) was appointed an independent non-executive Director of our Company on 20 December 2011. He is a fellow of the Hong Kong Institute of Certified Public Accountants and a committee member of its Practice Review Committee, and also a fellow of The Association of International Accountants. Besides, Mr. Cheng was admitted as an Associate of The Institute of Chartered Accountants in England and Wales in 2005, a member of the Hong Kong Securities Institute in 1999 and a member of American Institute of Certified Public Accountants in 1993. Mr. Cheng obtained his Master of Professional Accounting and Master of Arts in English for the Professions in 2000 and in 2009 respectively, from The Hong Kong Polytechnic University.

Mr. Cheng is experienced in auditing, accounting, and financial management and consultation. Mr. Cheng had been a partner of Deloitte Touche Tohmatsu, certified public accountants, for the period from 2001 to 2004. Thereafter, Mr. Cheng joined Skyworth Digital Holdings Limited, shares of which are listed on the Stock Exchange (stock code:751), and served as an executive director for the period from September 2004 to December 2004 and as the Chief Financial Officer since July 2004 until he had been re-designated from the Chief Financial Officer to Chief Information & Investment Officer in January 2007, responsible for the evaluation and management of investments of the group. Mr. Cheng is currently the sole director of his own consultancy firm, namely Poly Genius Consulting Limited, a private company incorporated in Hong Kong, mainly engaged in providing financial advisory service and is also the sole director and chief executive officer of another private company incorporated in Hong Kong, namely QEE Technology (HK) Company Limited, which is engaged in Light-Emitting Diode (LED) lighting business. Mr. Cheng is the chairman of our audit, credit and risks management, nomination and remuneration committees.

Mr. Cheng has entered into an appointment letter with our Company for a service term of two years commencing on the Listing Date.

Ms. Yang Yan Tung Doris (楊紉桐) was appointed an independent non-executive Director of our Company on 20 December 2011. Ms. Yang graduated from University of Leicester, England with a Bachelor of Science (Economics) in 1993. She then obtained her Master of Science from The Chinese University of Hong Kong in 2003. Ms. Yang is an associate of The Hong Kong Institute of Chartered Secretaries with practitioner's endorsement and is also an associate of The Institute of Chartered Secretaries and Administrators. Ms. Yang is currently a director of Bloomy Corporate Consultant Limited, a company incorporated in Hong Kong mainly engaged in providing company secretarial services. Ms. Yang is experienced in handling company secretarial and internal control matters of listed companies in Hong Kong. Prior to joining our Group, Ms. Yang was the company secretary of ChinaVision Media for the period from June 2001 to June 2002. Thereafter, she served as company secretary of Greater China Holdings Limited, shares of which are listed on the Stock Exchange (stock code: 431), for the period from July 2002 to August 2005, and served as company secretary of China Gas Holdings Limited, shares of which are also listed on the Stock Exchange (stock code: 384), for the period from November 2002 to April 2011.

During the period from June 2001 to June 2002 while Ms. Yang was the company secretary of ChinaVision Media, she also served as a director of AII-Shanghai, which was then a subsidiary of ChinaVision Media as disclosed in the section headed "Corporate reorganisation and group structure". Ms. Yang is a member of our audit, credit and risks management, nomination and remuneration committees.

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Ms. Yang has entered into an appointment letter with our Company for a service term of two years commencing on the Listing Date.

Save as disclosed above, each of the Directors confirms with respect to him or her that: (i) he or she has not held any directorships in the three years preceding the date of this prospectus in any companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he or she does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company; (iii) he or she does not hold any positions in the Company or other members of our Group; (iv) he or she does not have any interests in the Shares within the meaning of Part XV of SFO; (v) there is no other information that should be disclosed for him or her pursuant to the requirements under Rules 13.51(2)(h) to 13.51(2)(v); and (vi) there are no other matters that need to be brought to the attention of Shareholders.

SENIOR MANAGEMENT

Mr. Huang Wu Hu (黃五湖), aged 58, joined our Group in June 2001 and has been the general manager of Shandong SAC since his joining our Group and is currently a director and the general manager of Allied Wangchao. Prior to joining the Group, Mr. Huang worked for various Credit Unions (信用社) in Nan'an City of Fujian Province (福建省南安市), currently known as Fujian Nan'an Rural Cooperative Bank (福建南安農村合作銀行), for about 20 years and his last position was supervisor (主任). Mr. Huang was conferred a qualification as a registered planner of China (中國註冊策劃師) by Devising Qualification Assessment Office of China Institute of Devising (中國策劃研究院策劃資質評審辦公室) in 2003. Mr. Huang was appointed a member to the 8th session of Zaozhuang Municipal Committee of Chinese People's Political Consultative Conference (中國人民政治協商會議山東省棗莊市第八屆委員會委員). Mr. Huang is an elder brother of Mr. Ng Qing Hai (the executive Director). In the three years preceding the date of this prospectus, Mr. Huang has not held any directorship in any listed company.

Mr. Li Chao (李超), aged 48, joined our Group in February 2002. He is currently the financial controller and a director of Shanghai SAC and also a director of Allied Wangchao. Mr. Li completed a 3 years' course in Financial Accounting in Construction Materials Industry (建材工業財務會計) in the Department of Enterprises Management (企業管理系) at Shanghai Institute of Building Materials Industry (上海建築材料工業專科學校) in 1983 and in 2001, Mr. Li completed a three years' part-time post graduate course (在職研究生課程) in Economic Management (經濟管理) at Party School of Chinese Communist Party of Hubei Province (中共湖北省委黨校). Mr. Li was approved as a senior accountant by Professional Title Reform Office of Hubei Province (湖北省職稱改革辦公室) in 1996. Mr. Li is a member of our credit and risks management committee. In the three years preceding the date of this prospectus, Mr. Li has not held any directorship in any listed company.

Mr. Zhang Shou Tian (張守田), aged 60, joined our Group in June 2005. He has been the financial controller of Shandong SAC and Allied Wangchao since December 2006. Mr. Zhang completed a 2 years course in Finance and Accounting for Infrastructure jointly organised by National Industrial Bureau of Construction Materials and Li Xin Accounting Institute in 1989 and a two and a half years' part time course in Economic Management (經濟管理) at Party School of Chinese Communist Party of Shandong Province (中共山東省委黨校) in 1996. Prior to joining our Group, Mr. Zhang served as finance officer at Tengzhou Water Resources Bureau (滕州市水利局) for more than 10 years, and was the deputy head of finance department and head of audit division of China United Cement Lunan Co., Ltd. (魯南中聯水泥有限公司) for about five years respectively. Mr. Zhang was appointed a member

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of the 6th council of Construction Materials Society, Accounting Society of China (中國會計學會建材分會) in 2008. In the three years preceding the date of this prospectus, Mr. Zhang has not held any directorship in any listed company.

COMPANY SECRETARY

Ms. Wong Ka Hang (王嘉恆), aged 29, was appointed the Company Secretary of our Company on 21 November 2011. Ms. Wong is currently the company secretarial manager of the Tian An Group. She is an associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Ms. Wong graduated from The University of Hong Kong with Bachelor of Laws in 2004 and subsequently obtained her Master of Arts in Humanities from The Hong Kong University of Science and Technology in 2006. Ms. Wong has about 5 years' experience in handling general legal matters and in performing company secretarial functions of various listed companies in Hong Kong. While Ms. Wong holds concurrent position in Tian An, the Controlling Shareholder, Ms. Wong will devote most of her time in the company secretarial matters of our Company by virtue of her position as the Company Secretary of our Company. In the three years preceding the date of this prospectus, Ms. Wong has not held any directorship in any listed company.

EMPLOYEES

As of the Latest Practicable Date, we employed a total of approximately 398 full time employees, with approximately 5 in Hong Kong, 40 in Shanghai branch and 353 in the branch of Shandong Province. Of the 40 employees in Shanghai, 30 of them are engaged under contract arrangement with an independent third party labour agency. 28 out of these 30 employees are required to contribute to social insurance and housing provident fund which are paid by the labour agency. There has been no dispute between us and the aforesaid labour agency.

During the Track Record Period, Shandong SAC and Allied Wangchao had not contributed to the housing provident fund for their employees. According to the Directors, this was due to low acceptance level of Shandong employees towards making such contributions, and our previous lack of understanding of the implementation in Taierzhuang District. Both Shandong SAC and Allied Wangchao had commenced contribution to housing provident fund for all qualified employees since April 2011. For details, please refer to the paragraph headed "Housing Provident Fund" in "Business" section.

A breakdown of our employees by function is shown below:

<u>Employee Function</u>	<u>Number of Employees</u>
General and administration	26
Finance	17
Production/technical	276
Quality control	29
Sales and marketing	21
Procurement	10
Others	19
Total	<u>398</u>

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We offer competitive compensation packages to our employees which include basic wages, variable wages, bonuses and other staff benefits.

THE COMPANY'S RELATIONSHIP WITH EMPLOYEES

The Company recognises the importance of maintaining good relationships with its employees. The remuneration package for employees includes salaries, allowances and performance bonus under the sales incentive schemes, where applicable, adopted by Shanghai SAC, Allied Wangchao and Shandong SAC. Criterion of the sales incentive schemes include, *inter alia*, amount of profits, sales volume, average cost of production, quantities of cement and clinker produced, electricity and coal consumption and aggregate amount of aging debts. Each of the companies bases on its annual budgeted performance to set out its targets. If pre-set targets are achieved in a particular month, the staff will be entitled to performance related bonus based on each target level and individual's assessed performance during the subject month.

We value our people and offer ample opportunities for them to develop and grow within our Group. We offer our staff, including trainees, comprehensive training in negotiation skills, leadership, business etiquette, problem-solving, decision-making, business ethics and corporate social responsibility.

The Company has not experienced any significant problems with its employees or disruption to its operations due to labour disputes, nor has it experienced any difficulties in recruitment and retention of experienced staff except an accident happened in August 2005 whereby a worker was injured. For details, please refer to the paragraph headed "Legal Proceedings" under "Business" section. The Directors believe that the Company has a good working relationship with its employees.

AUDIT COMMITTEE

We have established an audit committee on 20 December 2011. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and removal of external auditor, review and supervise the financial reporting process and internal control procedure of our Company. We have adopted written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules ("CG Code") for our audit committee except with deviations from the code provision of the audit committee's responsibility to:

- (i) implement policy on the engagement of the external auditors to supply non-audit services;
- (ii) ensure the management has discharged its duty to have an effective internal control system;
and
- (iii) ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the listed company.

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The Board considers that our audit committee shall recommend (as opposed to implement) the policy on the engagement of the external auditors to supply non-audit services for the following reasons:

- (i) it is proper and appropriate for the Board and its committees to develop policy and make appropriate recommendations;
- (ii) the proper and appropriate mechanism for implementation of such policy and recommendations is through the executive Directors and management; and
- (iii) the independent non-executive Directors are not in an effective position to implement policy and follow up the same on a day-to-day basis.

Further, the Board considers that our audit committee only possesses the effective ability to scrutinise (as opposed to ensure) whether management has discharged its duty to have an effective internal control system. Our audit committee is not equipped to ensure that the same is in place as this would involve day-to-day supervision and the employment of permanent experts. Our audit committee is not in a position either to ensure co-ordination between the internal and external auditors but it can promote the same. Similarly, our audit committee is not in a position to ensure that the internal audit function is adequately resourced but it can check whether it is adequately resourced.

To observe and examine the internal control of the Group, our audit committee has included the following measures in its terms of reference:

- (a) to review the effectiveness and adequacy of the internal control system of the Group from time to time to scrutinise whether the management has discharged its duty to have an adequate internal control system to meet its obligations under the Listing Rules and the relevant laws, rules and regulations applicable to our Group;
- (b) to review, on an annual basis, the internal control reports submitted by the management as to whether they have been proceeded in accordance with the relevant laws, rules and regulations applicable to our Group with supporting documents (the “Internal Control Report”); and
- (c) to report the findings during its review of the Internal Control Report to the Board and to give recommendation to the Board as to improvement and ratification (if necessary).

Our audit committee consists of three members, being Mr. Cheng Kin Chung, Mr. Chan Sze Chung and Ms. Yang Yan Tung Doris. Mr. Cheng Kin Chung currently serves as the chairman of our audit committee.

CREDIT AND RISKS MANAGEMENT COMMITTEE (“CRM COMMITTEE”)

We have established a CRM committee on 20 December 2011 with its written terms of reference in compliance with the CG Code. The primary functions of the CRM committee include, *inter alia*, managing risk among the Group and ensuring our strict compliance with all relevant rules and regulations applicable to our business.

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CRM committee has been established by the Board with definite terms of reference and details of the measures taken up to manage risk and ensure compliance of the Group are as follow:

- (a) to perform credit risk management functions and ensure that appropriate measures are in place at all times to control the major risks arising from our Group's activities, including operational risk, credit risk, liquidity risk, capital risk, interest rate risk, foreign exchange risk and market risk;
- (b) to devise and review detailed rules and guidelines from time to time for the management and employees to follow in order to ensure that our operation is in compliance with the relevant laws, rules and regulations applicable to our business;
- (c) to review regularly the validity of all our licences necessary for our business operation as well as production facilities and to ensure all the licences be renewed before expiry so that the Group is, at all times, in possession of the necessary licences to operate our business. In view of our application for the new production facilities at Bailonggang, Shanghai, special care will be placed on ensuring all necessary procedures and applications have been conducted;
- (d) to review the ongoing production progress of our production facilities from time to time and to confirm they are in full compliance with the relevant laws, rules and regulations applicable to our Group, including but not limited to environmental laws and regulations; and
- (e) to review the rules and regulations in respect of any of our new projects including joint ventures, acquisitions and expansion plans.

The CRM committee holds meetings on an annual basis or as and when necessary to perform the functions set out above. Should the CRM committee considers necessary and appropriate, it may, at the cost of our Company, engage independent professional(s) to assist in reviewing our operation. In particular, if necessary and appropriate, our Group will engage legal adviser of relevant jurisdictions to advise our Group on relevant legal issues relating to the Group's business, who shall keep the committee members, senior management and relevant staff abreast of any update on the laws and regulations applicable to our Group's business to enable them to perform their functions effectively.

In respect of compliance issues or any uncertainty on legal aspects of our business on a day-to-day basis, our management will engage legal advisers and/or additional independent professionals for advice as and when necessary to ensure compliance with the rules and regulations, and will report the case to the CRM committee as soon as practicable. For effective monitoring, external independent professionals will be engaged to conduct review on our internal control system and its implementation effectiveness if considered necessary by the CRM committee.

Currently, the CRM committee consists of six members, namely Mr. Cheng Kin Chung, Mr. Chan Sze Chung and Ms. Yang Yan Tung Doris (all three of which are independent non-executive Directors), Mr. Ng Qing Hai and Mr. Li Chi Kong (both of which are executive Directors) and Mr. Li Chao (a senior management). Three out of the six members are not involved in the day-to-day operations in our business and are therefore able to achieve check and balance purpose. Mr. Cheng Kin Chung serves as the chairman of our CRM committee.

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EXECUTIVE COMMITTEE

We have established an executive committee on 20 December 2011 with specific written terms of reference in compliance with the CG Code. Our executive committee is mainly responsible for undertaking and supervising the day-to-day management of our Company and is empowered to (i) formulate and implement policies for the business activities, internal control and administration of our Group; and (ii) plan and decide on strategies to be adopted for the business activities of our Group within the overall strategy of our Group as determined by the Board.

Our executive committee consists of three members, comprising Mr. Ng Qing Hai, Mr. Li Chi Kong and Mr. Yu Zhong. Mr. Ng Qing Hai currently serves as the chairman of our executive committee.

NOMINATION COMMITTEE

We have established a nomination committee on 20 December 2011 with its written terms of reference in compliance with the CG Code. The primary duties of our nomination committee are mainly to at least annually review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board on any proposed changes to the Board to complement our Company's corporate strategy, to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individual(s) nominated for directorship(s), to assess the independence of our independent non-executive Directors, and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

Our nomination committee consists of four members, comprising Mr. Cheng Kin Chung, Mr. Chan Sze Chung, Mr. Ng Qing Hai and Ms. Yang Yan Tung Doris. Mr. Cheng Kin Chung serves as the chairman of our nomination committee.

REMUNERATION COMMITTEE

We have established a remuneration committee on 20 December 2011. The primary duties of the remuneration committee are mainly to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, review performance based remuneration and ensure none of our Directors determine their own remuneration. We have adopted written terms of reference in compliance with the CG Code for our remuneration committee except with a deviation from the code provision in respect of the remuneration committee's responsibilities to determine the specific remuneration packages of all executive Directors and senior management of a listed company. The Board considers that our remuneration committee shall review (as opposed to determine) and make recommendations to the Board on the remuneration packages of executive Directors only and not senior management for the following reasons:

- (i) it believes that our remuneration committee is not properly in a position to evaluate the performance of senior executives and that this evaluation process is more effectively carried out by the executive Directors;

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- (ii) our remuneration committee members only consist of independent non-executive Directors may not be industry skilled and come from differing professions and backgrounds. They may have little direct knowledge of industry practice and standard compensation packages. Our remuneration committee is thus not in a position to determine the remuneration of the executive Directors;
- (iii) our executive Directors must be in a position to supervise and control senior management and thus must be able to control their compensation; and
- (iv) there is no reason for executive Directors to pay senior management more than industry standards and thus shareholders will benefit by reducing costs in the fixing of such compensation packages.

Our remuneration committee consists of three members, being Mr. Cheng Kin Chung, Mr. Chan Sze Chung and Ms. Yang Yan Tung Doris. Mr. Cheng Kin Chung currently serves as the chairman of our remuneration committee.

SHARE DEALING COMMITTEE

We have established a share dealing committee on 20 December 2011 with its written terms of reference in compliance with the CG Code. The primary duties of our share dealing committee are mainly to manage the Company's dealing of listed or non-listed securities and our share dealing committee is empowered to, inter alia, place orders of the acquisition and disposal of any listed or non-listed securities for and on behalf of the Company in accordance with the approval authority with respect to the respective approval limits as set out in its terms of reference.

Our share dealing committee consists of three members, comprising Mr. Ng Qing Hai, Mr. Li Chi Kong and Mr. Yu Zhong. Mr. Ng Qing Hai currently serves as the chairman of our share dealing committee.

CORPORATE GOVERNANCE

The Company noted that certain rules and codes relating to corporate governance under the Listing Rule will come into force on 1 January 2012 or 1 April 2012 (the "New CG Codes"). In the absence of a chairman of the Board, the Company may not be able to comply with certain provisions in the New CG Codes and appropriate disclosures will be made in accordance with the Listing Rules. The Company is identifying an appropriate candidate for the position of the chairman of the Board and plans to elect a chairman as soon as practicable. Save for the deviations as mentioned in this section of this prospectus, the Company will be in compliance with the New CG Codes once they become effective.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

We reimburse the Directors for expenses which are necessarily and reasonably incurred for providing services to the Company or executing their functions in relation to the operations of the Company. The executive Directors are also employees of the Company and receive, in their capacity as employees of the Company, certain compensation.

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Prior to the Listing, the remuneration policy of our Group to reward its employees and directors is based on their performance, qualifications, competence displayed and market comparables. Remuneration package typically comprises salary, housing allowances, contribution to pension schemes and/or central provident funds and bonuses relating to the profit of the relevant company.

Upon and after the Listing, the remuneration package of the executive Directors and the senior management will be linked more closely to the performance of our Group and the return to its Shareholders.

The employee costs of our Group (including Directors' and senior management's remuneration) for the years ended 31 December 2008, 2009 and 2010 and the six months ended 30 June 2010 and 2011 were approximately HK\$28.2 million, HK\$28.0 million, HK\$32.8 million, HK\$15.2 million and HK\$9.5 million respectively.

The aggregate amount of salaries and other allowances and benefits in kind paid by us to our three highest paid individuals for the years ended 31 December 2008, 2009 and 2010 were approximately HK\$1.5 million, HK\$1.7 million, and HK\$2.6 million respectively. Approximately HK\$20,000, HK\$28,000 and HK\$62,000 were paid by the Company as contribution to the pension schemes and/or central provident funds in respect of such individuals for the years ended 31 December 2008, 2009 and 2010 respectively.

The aggregate amount of salaries, bonuses and contributions to pension schemes and/or central provident funds we paid to the relevant Directors in respect of each of the years ended 31 December 2008, 2009 and 2010 were approximately HK\$1.4 million, HK\$1.8 million and HK\$3.8 million respectively. Further information on the remuneration of each Director during the Track Record Period is set out in note 11 of the Accountants' Report of the Company as set out in Appendix I to this prospectus.

Except as disclosed above, no other payments have been made or are payable, in respect of the years ended 31 December 2008, 2009 and 2010 and the six months ended 30 June 2011, by the Company or any of the subsidiaries to or on behalf of any of the Directors.

The aggregate amount of remuneration (excluding commission and discretionary bonus) and benefits in kind payable to the Directors for the year ending 31 December 2011 is estimated to be approximately HK\$1,518,000.

Welfare contributions

We confirm that we comply in all material respects with all statutory pension plan obligations applicable to us under the laws of the respective countries we operate in. In accordance with applicable laws and regulations on pension plans in the jurisdictions we operate in, we contribute to various social insurance plans which are defined contribution plans such as pension contribution plans, medical insurance plans, work related injury insurance plans and unemployment insurance plans for our employees. We also comply with all statutory insurance obligations applicable to us under the laws of the respective jurisdictions. We funded the welfare contributions from our internal financial resources.

Share as disclosed in this prospectus, our PRC legal advisers have confirmed that we comply with all the statutory social insurance obligations applicable to us under the laws and regulations of the PRC.

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COMPLIANCE ADVISER

We shall appoint Altus Capital as our 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 our Company in the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchases;
- (3) where the Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of operation of our Group deviate from any forecast, estimate, or other information in this prospectus; and
- (4) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The term of appointment of the compliance adviser shall commence on the Listing Date and end on the date on which our 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 Date and such appointment may be subject to extension by mutual agreement.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 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. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. At present, Mr. Li Chi Kong, an executive Director is an ordinarily resident in Hong Kong but our remaining two executive Directors are not ordinarily residents in Hong Kong or based in Hong Kong. We have applied to the Stock Exchange for a waiver from strict compliance with the requirement under Rule 8.12.

We have received from the Stock Exchange a waiver from compliance with Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules who are ordinary residents in Hong Kong and will act as the Company's principal communication channel with the Stock Exchange and will ensure that our Group complies with the Listing Rules at all times. The two authorised representatives appointed are Mr. Li Chi Kong, an executive Director, and Ms. Wong Ka Hang, our Company Secretary. Each of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame 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;

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

- (b) we shall promptly inform the Stock Exchange if there are any changes to the authorised representatives;
- (c) all the authorised representatives have means to contact all members of the Board (including the independent non-executive Directors) or the senior management team promptly at all times as and when the Stock Exchange wishes to contact any of them for any matters. To enhance the communications between the Stock Exchange, the authorised representatives and the Directors, we will implement a number of policies whereby (a) each Director will provide his or her mobile phone numbers, residential phone numbers, office phone numbers and fax numbers (if applicable) and email addresses (if applicable) to the authorised representatives; (b) in event that each Director expects to travel and be out of office, he or she will provide contact details or means of communication to the authorised representatives; and (c) each Director and authorised representatives of the Company will provide his or her mobile phone number, office phone number, fax number (if applicable) and email addresses (if applicable) to the Stock Exchange; and
- (d) if circumstances require, meeting of the Boards can be summoned and held in such manner as permitted under the Articles at short notice to discuss and address any issue with which the Stock Exchange is concerned a timely manner;
- (e) Mr. Li Chi Kong being an executive Director, Ms. Wong Ka Hang being our Company Secretary and Mr. Chan Sze Chung, Mr. Cheng Kin Chung and Ms. Yang Yan Tung Doris being all the independent non-executive Directors of the Company, are ordinary residents in Hong Kong and will serve as the Company's additional channel of communication with the Stock Exchange;
- (f) all the Directors have confirmed that they possess valid travel documents to travel freely to Hong Kong and will be able to come to Hong Kong and meet the Stock Exchange upon reasonable short notice, when required; and
- (g) the Company has appointed Altus Capital as a compliance advisor pursuant to Rule 3A.19 of the Listing Rules to provide the Company with professional advice on continuing obligations under the Listing Rules, who will also act at all times, in addition to the two authorised representatives of the Company, as the principal channel of communication between the Company and the Stock Exchange, from the Listing Date to the date when the Company published its annual report for the first full financial year immediately after the Listing Date.