

BOARD OF DIRECTORS**Executive Directors**

Mr. Li Kin Shing (李健誠先生), aged 49, is an executive Director and chief executive officer of the Company. He is responsible for the overall strategic planning and direction of the Group. Mr. Li has over 19 years of experience in the telecommunications industry. He has been a director of the Company since its establishment in 2000. Mr. Li was the chief executive officer and president of ChinaCast Education Corporation, a limited liability company incorporated in the State of Delaware, US, whose shares are displayed on the Over the Counter Bulletin Board when he resigned from these positions on 2 February 2007. He is the spouse of Ms. Kwok King Wa (郭景華), an executive Director and the elder brother of Ms. Li Yin (李燕), an executive Director. Save as disclosed herein, Mr. Li has not been a director of any publicly listed company during the three years preceding the date of this prospectus.

Ms. Kwok King Wa (郭景華女士), aged 50, is an executive Director and the chairman of the Company. She is responsible for the Group's overall management, corporate planning and business development. Ms. Kwok has over 11 years of experience in the telecommunications industry. She has been the director of the Company since 2000. She is the spouse of Mr. Li Kin Shing (李健誠), an executive Director and chief executive officer of the Company. Ms. Kwok has not been a director of any publicly listed company during the three years preceding the date of this prospectus.

Ms. Li Yin (李燕女士), aged 33, is an executive Director and the chief operation officer of the Company and the general manager of China Elite. She is responsible for the Group's overall management, corporate planning and business development. Ms. Li obtained a diploma in Finance from Guangzhou University in 1998. Ms. Li has over 7 years of experience in the telecommunications industry. She has been the assistant to the general manager of the Company since 2000. She is the sister of Mr. Li Kin Shing (李健誠), an executive Director and chief executive officer of the Company. Ms. Li has not been a director of any publicly listed company during the three years preceding the date of this prospectus.

Mr. Wong Kin Wa (黃建華先生), aged 39, is an executive Director and the chief financial officer of the Company. Mr. Wong obtained a diploma in Auditing from Guangzhou Radio & TV University in 1988. He joined the Group as chief financial officer in 2000 and is responsible for the overall management of the Group's financial matters. Mr. Wong has over 10 years of finance and marketing experience, in particular in the telecommunications industry in Hong Kong and Macau. Before joining the Group, he was the manager of China-Hong Kong Telelink Company Limited from 1997 to 1999. Mr. Wong joined Denway Motors Limited (駿威汽車有限公司) (previously known as Denway Investment Limited), a company whose shares are listed on the Main Board of the Stock Exchange, as the vice general manager of the Accounts Department in 1993. Mr. Wong has not been a director of any publicly listed company during the three years preceding the date of this prospectus.

Mr. Li Wen (李文先生), aged 44, is an executive Director and the deputy general manager of the Company. Mr. Li is responsible for overseeing the overall management of the Group's marketing activities. Mr. Li holds a bachelor degree in Electronic Engineering from Xi'an Electronic and Technology University (西安電子科技大學) and an Executive Master of Business Administration from Sun Yat Sen University (中山大學). He also holds the qualification as an engineer granted by 機械電子工業部 (Ministry of Mechanical and Electrical Industry). Mr. Li has over 20 years of experience in electronic industry. Mr. Li joined the Group in 2000. Mr. Li has not been a director of any publicly listed company during the three years preceding the date of this prospectus.

Independent Non-executive Directors

Mr. Tang Yue (唐越先生), aged 36, was appointed as an independent non-executive Director in September 2007. Mr. Tang was the co-founder of eLong, Inc., an online travel service company in the PRC. From 2001 to 2006, Mr. Tang served as Chairman and CEO of eLong Inc., and in similar key executive positions at its predecessor company from 1999 to 2001. A wholly-owned subsidiary of eLong, Inc., namely 藝龍網信息技術(北京)有限公司 (eLongNet Information Technology (Beijing) Co., Ltd.) (“eLong Net”), is a customer of the Group during the Track Record Period and as at the Latest Practicable Date. For the two years ended 31 December 2006 and the five months ended 31 May 2007, turnover of the Group from eLong Net was approximately HK\$46,737, HK\$10,224 and HK\$255 respectively. As of 31 May 2007, Mr. Tang was beneficially interested in 1,438,748 ordinary shares in eLong Inc., representing approximately 6.5% of the then issued ordinary shares of eLong Inc. and an aggregate of 3,212,500 ordinary shares in eLong Inc. issuable upon the exercise of options beneficially interested by Mr. Tang. Prior to founding eLong, Mr. Tang held various positions in the financial services industry in the United States from 1993 to 1999. On 30 December 2002, Mr. Tang was appointed as a director of PacificNet, Inc., a company incorporated in the State of Delaware and listed on the Nasdaq Global Market in the US. He later resigned from this directorship in PacificNet, Inc. in 2004. Mr. Tang is a co-founder of Blue Ridge China, a private equity fund formed in 2006 that invests in companies in the PRC. Mr. Tang is currently (i) a non-executive director of eLong, Inc., a limited liability company incorporated in BVI and continued in the Cayman Islands, whose shares are listed on the Nasdaq Global Market in the US; and (ii) a non-executive director of ChinaCast Education Corporation, a limited liability company incorporated in the State of Delaware, US, whose shares are displayed on the Over the Counter Bulletin Board. Mr. Tang studied at Nanjing University in the PRC and received a bachelor’s degree from Concordia College in the US. Save as disclosed herein, Mr. Tang has not been a director of any other publicly listed company during the three years preceding the date of this prospectus.

Mr. Chen Xue Dao (陳學道先生), aged 65, was appointed as an independent non-executive Director in September 2007. Mr. Chen obtained a bachelor degree in Cable Communications from Beijing University of Posts and Telecommunications in 1967. Mr. Chen was appointed as the head of Guangdong Communications Administration (廣東省通信管理局) in 2001. Mr. Chen is currently a member of Political Consultative Committee of the PRC (Guangdong Province), member of the Telecommunications Technology Committee of the Ministry of Information Industry of the PRC (中國信息產業部通信科學技術委員會), member of the Economic Specialists in the Telecommunications Committee of the Ministry of Information Industry of the PRC (中國信息產業部電信經濟專家委員會), fellow member of the China Institute of Communications (中國通信學會), chairman of the Guangdong Institute of Communications (廣東省通信學會), Honorary chairman of Guangdong Communication Industry Association (廣東省通信行業協會) and Honorary chairman of Guangdong Internet Society (廣東省互聯網協會). Mr. Chen also holds the qualification of a senior engineer at Professor grade, and he has been granted the special subsidy by the State Council of the PRC for his prominent contributions to engineering science since 1992. Mr. Chen has not been a director of any publicly listed company during the three years preceding the date of this prospectus.

Mr. Cheung Sai Ming (張世明先生), aged 32, was appointed as an independent non-executive Director in September 2007. Mr. Cheung is a certified public accountant of Hong Kong and an associate member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Cheung obtained a bachelor degree of arts in accountancy and finance from the Heriot-Watt University in 2006. He has extensive experience in auditing and accounting. He has not been a director of any publicly listed company during the three years preceding the date of this prospectus.

SENIOR MANAGEMENT

Mr. Zhang Lan (張嵐先生), aged 47, joined the Group in 2002 as Deputy General Manager of the Company overseeing the Company's technology department. Mr. Zhang graduated with a bachelor degree in Telecommunications from Shanghai Railway College in 1982 and possesses over 20 years of experience in the telecommunications technology industry. Mr. Zhang has not been a director of any publicly listed company during the three years preceding the date of this prospectus.

Ms. Chan Wai Ching (陳惠貞女士), aged 45, is the Company's Qualified Accountant and Company Secretary. Ms. Chan has 24 years of experience in accounting, and is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Ms. Chan holds a Post-Experience Certificate in Accountancy obtained from The Hong Kong Polytechnic University.

Ms. Xuan Jing Shan (禰靜珊女士), aged 38, joined the Group in 1999 and is the finance manager of the Group. Ms. Xuan worked as the accounts manager in 廣州天龍信息工程公司 (Guangzhou Talent Information Engineering Company Limited) from 1992 to 1999. She has 11 years of experience in the finance field. Ms. Xuan graduated from the Guangzhou Radio and TV University (廣州市廣播電視大學) with a diploma in Financial Accounting in 1992. Ms. Xuan has not been a director of any publicly listed company during the three years preceding the date of this prospectus.

Ms. Lin Yuan Yi (林原翼女士), aged 32, joined the Group in 2005 and is the Manager of the Group's Customer Service Department and assistant to the General Manager. Ms. Lin has 13 years of experience in customer relationship management. Prior to joining the Group, Ms. Lin worked for a telecommunications service provider for over 10 years. Ms. Lin graduated from the Tai Shan Panshi TV University (台山磐石電視大學) with a Diploma in Pedagogic English in 1994. Ms. Lin has not been a director of any publicly listed company during the three years preceding the date of this prospectus.

Ms. Peng Jian Tao (彭健濤女士), aged 32, joined the Group in 2005 and is the Manager of the Group's Mobile Relationship Management Centre and assistant to the General Manager. Ms. Peng has 10 years of experience in customer relationship management. Prior to joining the Group, Ms. Peng worked for a telecommunications service provider for 7 years. Ms. Peng obtained a Certificate in Administrative Management from the University of Macau (澳門大學) in 2000. Ms. Peng has not been a director of any publicly listed company during the three years preceding the date of this prospectus.

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Ms. Chan Wai Ching is the Company Secretary and Qualified Accountant of the Company. Details of the qualification and experience of Ms. Chan are set out in the paragraph headed "Senior management" in this section.

COMPLIANCE ADVISER

The Company will appoint Daiwa Securities SMBC as its compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. The term of the appointment shall commence on the Listing Date and end on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year after the Listing Date (i.e. the date of dispatch of the annual report of the Company in respect of its results of the financial year ending 31 December 2009), subject to early termination.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance adviser will advise the 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 share issues and share repurchases;
- (3) where the Company proposes to use the proceeds of the initial public offering in a manner different from that detailed in the listing document or where the business activities, developments or results of the Company deviate from any forecast, estimate, or other information in the prospectus; and
- (4) where the Stock Exchange makes an inquiry of the Company concerning unusual movements in the price or trading volume of the Company.

AUDIT COMMITTEE

The Company has established an audit committee in September 2007 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are, among other things, to review and supervise the financial reporting process and internal control system of the Group. The audit committee has three members comprising the three independent non-executive Directors and Mr. Cheung Sai Ming has been appointed as the chairman of the audit committee.

REMUNERATION COMMITTEE

The Company has established a remuneration committee in September 2007 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules. The remuneration committee comprises one executive Director, namely, Mr. Wong Kin Wa and two independent non-executive Directors, namely Mr. Chen Xue Dao, and Mr. Cheung Sai Ming with Mr. Wong Kin Wa being appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee are, amongst other things, to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management and to make recommendation to the Board on the Group's policy and structure for all remuneration of the Directors and senior management.

NOMINATION COMMITTEE

The Company has established a nomination committee in September 2007 with written terms of reference. The nomination committee comprises one executive Director namely Mr. Li Kin Shing and two independent non-executive Directors namely Mr. Chen Xue Dao and Mr. Cheung Sai Ming and Mr. Li Kin Shing has been appointed as the chairman of the nomination committee. The nomination committee is mainly responsible for making recommendations to the Board on appointment of Directors and succession planning for the Directors.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

STAFF OF THE GROUP

Staff

Breakdowns of the Group's staff by functions and regions as at 31 December 2005 and 2006 and the Latest Practicable Date are as follows:

<u>Functions</u>	As at 31 December		Latest Practicable Date
	2005	2006	
Management	3	4	5
Business	3,614	3,339	3,905
Financial and administration and human resources	73	63	45
Sales and marketing	4	6	30
Research and development	15	19	17
Repairs and maintenance	24	30	18
	3,733	3,461	4,020
	As at 31 December		Latest Practicable Date
	2005	2006	
<u>Regions</u>			
The PRC	3,727	3,453	4,011
Hong Kong	4	6	7
Macau	2	2	2
	3,733	3,461	4,020

Staff Relations

As at the Latest Practicable Date, the Group has not experienced any significant problems with its employees or disruptions to its business as a result of labour disputes. The Directors believe that the Group maintains a good working relationship with its employees.

Applicable labour laws and regulations and benefits

PRC

The Group provides its employees with compensation packages consisting of salary and benefits, including pensions and social benefits, such as various defined contribution retirement plans, social insurance and housing funds schemes organized by the PRC government in accordance with the relevant national and local labour and social security laws and regulations. Contributions made to such plans and schemes are calculated based on a certain percentage of the payroll costs of the eligible employees.

Under applicable laws and regulations in the PRC, both the employers and their employees should contribute to a government administered housing fund. As the staff turnover of China Elite was high, it would incur high administrative cost and time to both China Elite and its employees to arrange housing fund registration and contribution for each employee. Therefore, prior to July 2006, instead of making contribution directly to the housing fund, employees were more willing to receive the Group's contribution in cash by way of housing allowance as part of their employee's salary package. The amount paid by the Group under such housing allowance was equivalent to the amount of the Group's liability under the housing fund scheme and amounted to approximately RMB8.6 million. In 2006, as both the national and local relevant government authorities strengthened their regulation on the housing fund, China Elite has started to make the required contributions directly to the housing fund

instead of paying housing allowance to its staff since July 2006. Should the Group's employees wish to claim the housing fund from the PRC government for the amount prior to July 2006, they need to repay the housing allowances they received from the Group to the PRC government as the employer's portion of contribution. In the event that the Group is adjudged liable for failure to contribute to the housing fund, a fine ranging from RMB10,000 to RMB50,000 may be levied on the Group. As at the Latest Practicable Date, the Directors are not aware of any claims from any employee, or any action taken by any relevant government authority, in respect of the failure to contribute to housing fund. The Group's PRC legal advisers are of the opinion that despite failing to make contributions directly to the government administered housing fund, the Group has paid housing allowances of an equivalent amount to its employees. Further, the Group has since July 2006 complied with the applicable PRC law and regulations by making the required contributions directly to the housing fund and it is practically impossible to make housing fund contribution for employees who have resigned. The Group's PRC legal advisers are of the opinion that save for the possible fine ranging from RMB10,000 to RMB50,000 as mentioned above, the risk involved in respect of the failure to make housing fund contribution prior to July 2006 is low and will not materially and adversely affect the Group's financial position and business operations. Besides, each of the Initial Management Shareholders has agreed to provide indemnities to cover any claims in respect of the non-payment of the housing fund together with the potential fine as required by relevant PRC laws and regulations.

Furthermore, due to the rapid turnover of the Group's employees, the Group had inadvertently omitted to pay social insurance premiums for some of the Group's employees, namely its part-time employees and employees who were still on probation. When the employees became permanent staff of the Group, the Group immediately arranged social insurance contribution for them. On the other hand, as part-time employees were usually recruited for short-term projects, the number of part-time employees per month was approximately 40 for the two years ended 31 December 2006. The total potential exposures in this respect was approximately HK\$1.3 million for the two years ended 31 December 2006, all of which was related to employees who have left the Group. It is virtually impossible for the Group to pay the outstanding social insurance premiums to them.

An employer who fails to pay social insurance premiums may be ordered by the PRC Ministry of Labour and Social Security or the PRC Tax Bureau to make such payments within a stipulated time and in addition to such payments, may be liable to pay 0.2% of the outstanding payment per day, as a fine for late payment. The late payment fine is to be calculated from the date when the payment had become overdue. The Group has since 1 January 2007 taken out social insurance for all of its employees, including part-time employees and employees under probation, and has made timely social insurance premiums. As at the Latest Practicable Date, there have been no complaints made by the Group's employees against the Group in respect of social insurance, as certified by the Guangzhou Social Security Fund Management Centre. According to applicable rules and regulations in the PRC, employees can only make claim against the Group within two years from the time they know or should have known that their rights have been infringed. As advised by the legal advisers to the Company (as to PRC law), the date for a person to know his/her entitled rights and benefits have been infringed is 1) the date when the person has the evidence to prove that his/her entitled rights and benefits have been infringed; or 2) the date deduced by general rules that the person should have known that his/her entitled rights and benefits have been infringed. Regarding labour disputes, the date is generally interpreted as the date when the dispute occurs. Regarding social insurance claim, an employee may argue that he/she does not know that his/her rights and benefits have been infringed during the employment period. However, the latest date for an employee to know his/her entitled rights and benefits in a company clearly should be the date when he/she resigns. Therefore, if an employee claims

that he/she only knows that his/her entitled rights and benefits in a company has been infringed after he/she has resigned, the latest date of commencement of the two-year period that the employee can make claim against the Group should be the date when the employee resigns. As the outstanding social insurance premiums are all related to employees who have left the Group on or before 31 December 2006, the Directors are of the view that the Group's liability to repay outstanding social insurance premiums to its previous employees will probably cease after 31 December 2008. The Group's PRC legal advisers are of the opinion that the risk involved is low and will not materially and adversely affect the Group's business operations. Besides, each of the Initial Management Shareholders has agreed to provide indemnities to cover any claims which may be brought against the Group by the part-time employees and employees under probation in respect of the Group's failure to enroll them on the social insurance program as required by the relevant PRC laws and regulations.

To ensure compliance with the applicable laws and regulations the Group has in place procedures which include designating staff of the human resources department to prepare monthly detailed contribution schedules in respect of housing fund and social insurance contributions which will then be received and approved by the human resources manager. Regular checks will be made by the Group's account manager to ensure completeness and accuracy of the information. In addition the Group has assigned the manager of the human resources department to formulate and implement measures to ensure compliance. The human resources manager has around 10 years of experience in human resources management and has gained such experience from various companies in the PRC. He has graduated from Nanjing University of Science and Technology majoring in human resources management and has obtained a national qualification certificate on human resources management (人力資源管理師職業資格証(國家二級)).

Save as disclosed herein above, the Directors confirm that the Group is in compliance with the current applicable labour laws and regulations. The Company has undertaken that it will pursue itself and its subsidiaries to make promptly contribution in respect of housing fund and social insurance in accordance with the applicable local and national laws, regulations and policies.

Hong Kong

Under the applicable labour laws in Hong Kong, the Group is required to:

- take out insurance policies to cover their liabilities under the Employees' Compensation Ordinance (Chapter 282 of the laws of Hong Kong) and under the common law for the work injuries of its employees;
- provide basic protection under the Employment Ordinance (Chapter 57 of the laws of Hong Kong) to its employees, including among others, payment of wages and statutory holidays, sickness allowance and severance payment;
- enroll all employees (both full-time and part-time) in the Registered Schemes as defined under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) (the "MPF Ordinance").

A mandatory provident fund scheme (the "Registered Scheme") registered under the MPF Ordinance has been set up by the Group which is available to all Hong Kong employees, details of which are set out in the accountants' report in Appendix I to this prospectus. The Group made contributions to the Registered Scheme in compliance with the MPF Ordinance during the Track Record Period.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

The Directors confirm that the Group has complied with the above applicable Hong Kong labour laws, during the Track Record Period and as at the Latest Practicable Date.

To ensure compliance with the applicable laws and regulations, the Group has designated staff to be responsible for compliance in Hong Kong.

Mr. Wong Kin Wa, the chief financial officer of the Group, is responsible for monitoring human resources related matters in Hong Kong. Mr. Wong has over 10 years of finance and marketing experience. A designated staff is responsible for preparing a monthly detailed MPF contribution schedule, which is then reviewed and approved by Mr. Wong Kin Wa before making such contributions to the fund manager. In addition, Mr. Wong Kin Wa will regularly review the employee compensation policy of the Group to ensure it is valid and sufficient to cover the Group's liabilities under the applicable laws of Hong Kong for the Group's employees in Hong Kong.

Macau

The applicable labour legislations of Macau are set out as follows:

- 6th of June—Decree Law No. 29/98/M (approval of social security regime);
- 4th of August—Decree Law No. 40/95/M (approval of legal regime of reparation of damages caused by industrial accidents and occupational diseases);
- 22nd of May—Decree Law No. 37/89/M (approval of general regulation of working safety and hygiene of office, service and commercial establishments);
- 18th of February—Decree Law No. 13/91/M (determination of sanctions for the incompliance of general regulation of working safety and hygiene of office, service and commercial establishments);
- 27th of July—Law No. 4/98/M (Framework Law on Employment Policy and Worker's Rights);
- 3rd of April—Decree Law No. 24/89/M (Labour Relations, Juridical System); and
- 14th of June—Administrative Regulation No. 17/2004 (Regulation on Prohibition of Illegal Work).

As statutory requirement under the laws of Macau, the Group has participated and contributed to the mandatory social security funds and has purchased compulsory industrial accident insurance for its Macau employees in accordance with the relevant applicable legislations.

To ensure compliance with the applicable laws and regulations, the Group has designated staff to be responsible for compliance in Macau.

Ms. Lao Sio Leng, is responsible for monitoring human resources related matters in Macau. Ms. Lao has over 30 years of experience in accounting. Similar to the practice in Hong Kong, a designated staff is responsible for preparing a monthly detailed social security funds contribution schedule, which is then reviewed and approved by Ms. Lao before making such contributions. In addition, Ms. Lao will regularly review the industrial accident insurance policy of the Group to ensure it is valid and sufficient to cover the Group's liabilities under the applicable Macau laws for the Group's employees in Macau.

The Group does not have any non-compliance records in respect of safety matters in the PRC, Hong Kong and Macau.