

### DIRECTORS

#### Executive Directors

Mr. Chen Jinghe (陳景河先生), aged 46, chairman of the Company. He graduated from Fuzhou University with a bachelor's degree in science in 1982. Mr. Chen is currently the vice president of the Gold Association of China, president of the Gold Association of Fujian province and a delegate to the Tenth People's Congress of Fujian province. Prior to joining the Company in August 1993, he was the head of a sub-team of Minxi Geologist during January 1986 and December 1992. He was the chairman and general manager of the Company from August 1993 to August 2000.

Mr. Liu Xiaochu (劉曉初先生), aged 56, vice-chairman of the Company. He graduated from Fuzhou University with a bachelor's degree in science in 1982. Mr. Liu was the division head, deputy department head and department head of the Fujian Economic Reform Commission from December 1986 to December 1999. Prior to joining the Company in August 2000, he was the director and vice-president of Xinhua Industrial from December 1999 to March 2002. Mr. Liu was appointed as the vice-chairman of the Company in August 2000.

Mr. Luo Yingnan (羅映南先生), aged 46, general manager of the Company. He graduated from Fuzhou University with a bachelor's degree in science in 1982. Mr. Luo was the head of the Geological Unit of the Third Team of the Second Geological Prospecting Bureau under the Ministry of Metallurgy and the head of the Second Team from 1982 to 1992. Prior to joining the Company in July 2000, he was the manager of Longyan Metallurgy Industry Company from 1998 to 2000. He is the chairman of Longyan Makeng Mining Company Limited since 1999. Mr. Luo was appointed as an executive director and a general manager of the Company in August 2000.

Mr. Lan Fusheng (藍福生先生), aged 39, deputy general manager (General Affairs) of the Company. He graduated from Fuzhou University with a bachelor's degree in science in 1984 and obtained a master's degree in business administration from La Trobe University in 2000. Prior to joining the Company in October 1994, he was the manager of Shanghang County Xinhui Jewellery Company from 1992 to 1994. Mr. Lan was appointed as an executive director and a deputy general manager of the Company in August 2000.

Mr. Rao Yimin (饒毅民先生), aged 55, deputy general manager of the Company. He graduated from Fuzhou University with a bachelor's degree in science in 1982. Prior to joining the Company in November 1999, he was the director of the Economic and Trade Commission of Shanghang County and the director of the Labour Bureau of Shanghang County from 1986 to 1999. Mr. Rao was appointed as an executive director and the deputy general manager of the Company in August 2000.

### Non-executive Director

Mr. Ke Xiping (柯希平先生), aged 43. He graduated from Xiamen University with a bachelor's degree in business in 1993. Mr. Ke is chairman of the General Chamber of Commerce of Huli District, Xiamen City, a delegate to the 12th People's Congress for Xiamen City and a member of the People's Political Consultative Committee of Quanzhou City. He is one of the promoters and chairman of Xiamen Hengxing. Mr. Ke was appointed as a non-executive director of the Company in August 2000.

### Independent Non-executive Directors

Mr. Yang Dali (楊達禮先生), aged 65. He graduated from Zhongnan Industrial University with a bachelor's degree in science in 1960. He was an engineer of the Beijing Non-ferrous Metallurgy Design and Research Institute. He held positions such as department head, director of external affairs and chief engineer of organizations such as the Gold Bureau under the Ministry of Metallurgy, the Gold Company of China, Headquarters of the Military Police for Gold, the State Gold Administration and the Gold Administration under the State Economic and Trade Commission from 1975 to 1998. He is also a member of the Precious Metal Reserves Commission and a member of the Land and Geology Society of China. He is a senior adviser and expert (registered) of the Mineral Resources Association of China and a part-time professor at Zhongnan Industrial University. Mr. Yang was appointed as an independent non-executive director in November 2002.

Mr. Yao Lizhong (姚立中先生), aged 63, graduated from Xiamen University with a bachelor's degree in science in 1970. He is a registered accountant and registered asset valuer and registered taxation consultant. Mr. Yao held positions such as associate professor and director of teaching and research at the faculty of accounting of Xiamen University from 1988 to 1998. He was a director of Xiamen Tianjian Accountants' Firm and senior partner of Tianjian Accountants' Firm from 1998 to 2000. Presently, Mr. Yao is a senior partner and person-in-charge of Xiamen Tianjian Huatian Accountants' Firm, the deputy chairman of the Association of Registered Valuers of Xiamen and a member of the Registered Asset Valuation Experts of Fujian. Mr. Yao was appointed as an independent non-executive director of the Company in November 2002.

Mr. Loong Ping Kwan (龍炳坤先生), aged 39, is a practicing solicitor admitted in Hong Kong and England and Wales. Mr. Loong graduated from the University of Hong Kong with a bachelor's degree in Art and is a founder of Messrs. Loong and Yeung in Hong Kong. Mr. Loong is an associate member of the Hong Kong Institute of Bankers. Mr. Loong was appointed as an independent non-executive director of the Company in August 2003.

### Supervisory Committee and Supervisors

Mr. Zeng Qingxiang (曾慶祥先生), aged 55, chairman of the Supervisory Committee of the Company. He graduated from Fujian Television Broadcasting University. Mr. Zeng was the chief controller of Shanghang County Decorative Boards Factory from 1981 to 1986 and deputy chief for technology of Taibo Township from 1988 to 1992. Mr. Zeng was appointed the chairman of the supervisory committee of the Company in August 2000.

Mr. Xu Qiang (徐強先生), aged 52, supervisor of the Company. He is a chief accountant of Fujian Huamao Accountants' Firm, certified public accountant and registered valuer. Mr. Xu graduated from the communist party school of Fujian province in 1990. He was the deputy director of Fujian Huaxing Accountants' Firm from 1994 to 1999 and the director of Fujian Asset Valuation Centre from 1999 to 2001. Mr. Xu was appointed as a supervisor of the Company in August 2000.

Ms. Lan Liying (藍立英女士), aged 38, supervisor of the Company. She is a certified public accountant. Ms. Lan was the head of the financial division of Shanghang County Jiannan Cotton Spinning Factory from 1985 to 1994 and the deputy manager of the financial department of the Company from 1995 to 1999. Ms. Lan was appointed as a supervisor of the Company in August 2000.

### SENIOR MANAGEMENT

Mr. Li Da (李達先生), aged 41, deputy general manager of the Company. He graduated from Science and Technology University of China in 1985 and obtained his doctor's degree Economics at Jilin University in 1998. Mr. Li was engaged in teaching and research in international finance, securities and foreign exchange in the Financial Management School of the Industrial and Commercial Bank of China from 1988 to 1993. He was the head of the Clearing Division of Changchun Commodity Exchange from December 1993 to August 1994, the director of the Operation Centre of Tianjin Joint Features Exchange from August 1994 to August 1995 and the vice-president of Dalian Commodity Exchange from August 1995 to May 1997. Prior to joining the Company in September 2000, he participated in the establishment of the Shanghai Silver Exchange. Mr. Li was appointed as a deputy general manager in 2001.

Mr. Zeng Xianhui (曾憲輝先生), aged 47, deputy general manager of the Company. He graduated from Fuzhou University in 1984. Mr. Zeng worked for the Third Team of the Second Geological Prospecting Bureau of the Ministry of Metallurgical from 1982 to 1995. He has held various positions at the Company such as deputy chief engineer and chief engineer since September 1995. Mr. Zeng was appointed as a deputy general manager of the Company in May 2003.

Mr. Liu Rongchun (劉榮春先生), aged 39, deputy general manager of the Company. He graduated from Zhongnan Industrial University in 1984. Mr. Liu worked for the Company since December 1993 and is responsible for execution of special projects and office administration. Mr. Liu was appointed as a deputy general manager of the Company in February 2001.

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

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Mr. Zou Laichang (鄒來昌先生), aged 35, chief engineer of the Company. He graduated from Forest College of Fujian in 1990. Mr. Zou was the head of production division of Shanghang County Forestry and Chemical Factory from August 1990 to March 1996. He worked for the Company as the deputy director of gold refinery, the deputy chief engineer and the deputy head of the Institute of Mining and Refining Design and Research since March 1996. Mr. Zou was appointed as the chief engineer of the Company in May 2003.

Mr. Zhou Zhengyuan (周錚元先生), aged 56, chief financial officer of the Company. He graduated from Fujian Economics and Management College in 2000. Mr. Zhou was the director of financial section and manager of Shanghang County Second Light Industry Company from 1976 to 1984, head of the financial division of Shanghang County Second Light Industry Bureau from 1985 to 1993. He worked for the Company as the manager of financial department, the chief economist and the chief accountant since October 1994. Mr. Zhou was appointed as the chief financial officer of the Company in June 2003.

Mr. Zheng Yuqiang (鄭于強先生), aged 49, secretary to the Board of Directors. He graduated from Fujian Television Broadcasting University in 1986. Mr. Zheng becomes a qualified secretary to the board of directors after taking the 5th training course in Beijing which was jointly sponsored by the Shenzhen Stock Exchange and the Hong Kong Institute of Company Secretaries. He was the division head of production of Fuzhou Construction Machinery Factory from 1986 to 1989, the director of the Electronics Factory of Shenzhen Dongnan Economic Development Company from 1989 to 1990 and the director and secretary to the Board of Directors of Fujian Sannong Group Company Limited from 1996 to 2001. Mr. Zheng was appointed as the secretary to the Board of Directors of the Company in June 2001.

### **Company Secretary**

Mr. Wang Yuanheng (王元亨先生), aged 42, company secretary of the Company. He is a lawyer admitted in Hong Kong and England and Wales. Mr. Wang holds a bachelor degree of laws from the University of Wales in the United Kingdom and a postgraduate certificate in laws from the University of Hong Kong. He has extensive legal experience in commercial and corporate matters and is currently the head of corporate finance and commercial department of Livasiri & Co., Solicitors. Mr. Wang was appointed as the Company Secretary of the Company in November 2003.

### **Management Presence in Hong Kong**

According to Rule 8.12 and Rule 19A.17 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong including normally at least two executive directors who are ordinary resident in Hong Kong. Since the operation of the Company is in the PRC, the Company does not and, for the foreseeable future, will not have a management presence in Hong Kong (other than Mr. Wang Yuanheng, the Company Secretary of the Company and Mr. Loong Ping Kwan, one of the independent non-executive directors of the Company). Currently, substantially all of the Directors reside in the PRC. Accordingly, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under Rule 8.12 and Rule 19A.17 of the Listing Rules. The Company will make internal arrangements to maintain effective communication between the Company and the Stock Exchange.

# DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

## Remuneration of Directors and Supervisors

### Directors

The salaries, housing allowances, other allowances and benefits in kind paid by the Company to the Directors for each of the three years ended 31st December, 2002 and the six months ended 30th June, 2003 were approximately RMB461,000, RMB1,313,000, RMB1,695,000 and RMB893,000 respectively.

Save as disclosed in this prospectus, no other emolument has been paid or is payable by the Company to the Directors in respect of the three years ended 31st December, 2002.

Under the arrangements currently in force, the Company estimates that the aggregate remuneration (including benefits in kind) of the Directors payable by the Company for the year ending 31st December, 2003 will be approximately RMB3,694,000.

### Supervisors

The salaries, housing allowances, other allowances and benefits in kind paid by the Company to the Supervisors for each of the three years ended 31st December, 2002 and the six months ended 30th June, 2003 were approximately RMB157,000, RMB286,000, RMB408,000 and RMB211,000 respectively.

Save as disclosed in this prospectus, no other emolument has been paid or is payable by the Company to the Supervisors in respect of the three years ended 31st December, 2002.

Under the arrangements currently in force, the Company estimates that the aggregate remuneration (including benefits in kind) of the Supervisors payable by the Company for the year ending 31st December, 2003 will be approximately RMB718,000.

## Staff

As at the Latest Practicable Date, the Group has a total of 1,035 full time employees, of which 377 are university or tertiary educated or above. The following set out a breakdown of the Group's employees by function as at the corresponding period:

Function	As at			30th June, 2003	Latest Practicable Date
	2000	31st December, 2001	2002		
Mining	28	46	54	55	57
Ore processing	231	230	242	329	335
Metallurgy	153	140	103	104	115
Production support	101	132	109	103	115
Research and development	18	32	65	59	73
Finance	33	35	41	39	43
General administration	194	212	254	252	220
Others	75	68	98	75	77
Total	<u>833</u>	<u>895</u>	<u>966</u>	<u>1,016</u>	<u>1,035</u>

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

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The Group has implemented a comprehensive human resources management system, which regulates the functions, responsibilities, salaries, termination conditions of the employees. Employees' contracts have been entered in compliance with the relevant laws and regulations in the PRC.

The Group recognises the importance of education and training for the staff. Apart from pre-job training for newly recruited employees and trainees, staff engaged in technical positions have to receive technical-grade training and participate in their technical skill assessment and obtain professional qualification certificate before they are admitted to their positions.

The Group has not experienced any significant problems with its employees or disruptions to its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced staff.

The Group recognises the importance of a good relationship with its employees. The remuneration payable to employees includes basic salary, welfare allowances and housing benefit. Employees are entitled to a welfare allowance equivalent to a percentage of their salary. In addition, the Company is required to make contributions to a housing fund primarily based on the amounts of the basic salaries and the level of seniority of the employees. The Group and the employees are required to make monthly contributions to retirement plans based on the amounts of the salaries of the employees.

The Directors confirmed that adequate provision for all staff benefits have been made for the Track Record Period pursuant to the applicable regulations promulgated by the relevant municipal and provincial governments in the PRC, and therefore the Directors believe that no material additional provisions for staff benefits is required.

### **AUDIT COMMITTEE**

The Company established an audit committee pursuant to a resolution of the Directors passed in June 2003 in compliance with the Code of Best Practice as set out in appendix 14 to the Listing Rules. The primary duties of the audit committee are to review the financial reporting process of the Group. The audit committee consists of the two independent non-executive Directors, namely Mr. Yang Dali, Mr. Yao Lizhong and the non-executive Director, Mr. Ke Xiping.