EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into the following transactions with parties who are our connected persons and these transactions are expected to continue following the Listing Date and will constitute exempt continuing connected transactions of our Company under Rule 20.33(3) of the GEM Listing Rules after Listing.

Zhejiang Xin Rui Pharmaceutical Office

Zhejiang Xin Rui Pharmaceutical has entered into a tenancy agreement (as supplemented by a confirmation dated 15 August 2012) as tenant with Mr. Yang Qi (楊奇) and Ms. Tu Yue Li (屠月麗) as landlords (the "**Tenancy Agreement**") to lease the premises at Room 3703, Dikai International Centre, Jianggan District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市江干區迪凱國際中心3703室) at an annual rental of RMB550,099 for a term of 3 years from 1 April 2012 to 31 March 2015 for its office use.

Mr. Yang Qi (楊奇) and his spouse, Ms. Tu Yue Li (屠月麗), are the respective brother and sister-in-law of Ms. Yang, an executive Director. Mr. Yang Qi (楊奇) and Ms. Tu Yue Li (屠月麗) are therefore associates of Ms. Yang and will become connected persons of our Company upon Listing under the GEM Listing Rules.

Ascent Partners Valuation Service Limited, an independent qualified valuer, has confirmed that the rent payable under the Tenancy Agreement is fair and reasonable and consistent with the market rents for similar premises in similar location at the time of commencement of the Tenancy Agreement and is on normal commercial terms.

As the above transaction is on normal commercial terms and all of the applicable percentage ratios are, on an annual basis, less than 5% and the annual rental under the Tenancy Agreement is less than HK$1 million, the above transaction constitutes de minimis continuing connected transaction exempt pursuant to Rule 20.33(3) of the GEM Listing Rules from the reporting, annual review, announcement and independent shareholders' approval requirements.

Hong Rui Trading Office

Pursuant to an undated certification, Mr. Dai, an executive Director, has provided his premises at Room 1805, No. 42 Fengqi Road East, Jianggan District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市江干區鳳起東路42號1805室), to Hong Rui Trading at nil consideration for a period of 5 years from 1 June 2012 to 31 May 2017 for its office use.

Mr. Dai, being one of our executive Directors, will become a connected person of our Company upon Listing under the GEM Listing Rules.

As all of the applicable percentage ratios are less than 0.1%, the above transaction constitutes de minimis continuing connected transaction exempt pursuant to Rule 20.33(3) of the GEM Listing Rules from the reporting, annual review, announcement and independent shareholders' approval requirements.

Our Directors (including our independent non-executive Directors) are of the view that the continuing connected transactions described in this section have been entered into on normal commercial terms or better terms to our Group and in the ordinary and usual course of business of our Group.