

## DIRECTORS, SENIOR MANAGEMENT AND STAFF

### BOARD OF DIRECTORS

The Board currently consists of seven Directors, including four executive Directors, and three independent non-executive Directors.

| Name                                       | Age | Position                                       | Date of Appointment to the Board | Responsibilities   |
|--|-----|--|----------------------------------|--|
| ZHOU Ling<br>(周凌)<br>(spouse of Yang Fang) | 36  | Chairman and Executive Director                | 24 August 2012                   | Formulation of the overall business strategy and direction of the Group  |
| DAI Haidong<br>(戴海東)                       | 36  | Chief Executive Officer and Executive Director | 24 August 2012                   | Overall operation of our Group's business and the overall development of sales and marketing management and strategies of our Group      |
| YANG Fang<br>(楊芳)<br>(spouse of Zhou Ling) | 37  | Executive Director                             | 24 August 2012                   | Overall procurement, quality control management of the pharmaceutical products, administrative and human resources function of our Group |
| LEE Chik Yuet<br>(李植悦)                     | 59  | Executive Director                             | 14 September 2012                | Overall legal and regulatory compliance matters of our Group   |
| HO Hau Cheung<br>(何厚祥)                     | 61  | Independent non-executive Director             | 26 September 2013                | Duties as chairman of remuneration committee and member of each of audit and nomination committees                                       |
| SUNG Hak Keung,<br>Andy (宋克強)              | 39  | Independent non-executive Director             | 26 September 2013                | Duties as chairman of audit committee and member of each of nomination and remuneration committees                                       |
| LEUNG Chi Kin<br>(梁志堅)                     | 63  | Independent non-executive Director             | 26 September 2013                | Duties as chairman of nomination committee and member of each of audit and remuneration committees                                       |

*Note:* Save as disclosed above, none of our Directors is personally related with any other Director.

## DIRECTORS, SENIOR MANAGEMENT AND STAFF

### Executive Directors

Mr. Zhou Ling (周凌先生) (“**Mr. Zhou**”), aged [36], is the chairman of our Company and an executive Director, and one of the founding members of our Group since 2001. Mr. Zhou was appointed to our Board on 24 August 2012. He is responsible for formulation of the overall business strategy and direction of our Group. Mr. Zhou is currently a director of Max Goodrich, Hong Kong New Rich, Hong Rui Bio-medical, Haikou Xin Lang and Hong Rui Trading, and the manager of Hong Rui Bio-medical and Haikou Xin Lang. He has over 14 years of experience in pharmaceutical industry. Mr. Zhou completed the technical secondary course in pharmacy at Jiaxing Health School (嘉興衛生學校) (currently known as Jiaxing University College of Medicine (嘉興學院醫學院)) in Zhejiang province in 1995. Mr. Zhou then graduated from the Correspondence Institute of the Party School of the Central Committee of Communist Party of China (中共中央黨校函授學院) in 2009, majoring in economics management. Mr. Zhou is the spouse of Ms. Yang and a substantial Shareholder of the Company. Mr. Zhou has not been a director of any publicly listed company during the three years preceding the date of this document.

Mr. Zhou was the shareholder and legal representative of Hangzhou Xin Rui Medical Investments Co., Ltd\* (杭州新銳醫藥投資有限公司) (“**Hangzhou Xin Rui**”), which was a company established in the PRC on 29 July 2005. Mr. Zhou confirmed that as Hangzhou Xin Rui had not commenced operations since its establishment, shareholders of Hangzhou Xin Rui resolved to dissolve it. Hangzhou Xin Rui was dissolved (注銷) in August 2009.

Mr. Dai Haidong (戴海東先生) (“**Mr. Dai**”), aged 36, is the chief executive officer of our Company and an executive Director, and one of the founding members of our Group since 2001. Mr. Dai was appointed to our Board on 24 August 2012. He is responsible for the overall operation of our Group’s business and the overall development of sales and marketing management and strategies of our Group. Mr. Dai is currently the president of Hong Kong New Rich and Hong Rui Bio-medical and the manager of Hong Rui Trading and Zhejiang Xin Rui Pharmaceutical. He has over 10 years of experience in pharmaceutical industry. Mr. Dai graduated from the Correspondence Institute of the Party School of the Central Committee of Communist Party of China (中共中央黨校函授學院) in 2009, majoring in economics management. As at the Latest Practicable Date, Mr. Dai was a substantial Shareholder and was interested in approximately 11.7% of the issued share capital of the Company (who would become interested in approximately [7.60]% of the issued share capital of the Company upon completion of [●]). Mr. Dai has not been a director of any publicly listed company during the three years preceding the date of this document.

Mr. Dai was a shareholder, the manager and legal representative of Chengdu Rui Qi Xing Pharmaceutical Technology Development Co., Ltd\* (成都銳琪星醫藥科技發展有限公司) (“**Chengdu Rui Qi Xing**”), which was a company established in the PRC with an operation term of 20 years commencing from 8 January 2004. On 8 March 2010, Chengdu Administration for Industry and Commerce (Jiniu District) (成都市金牛工商行政管理局) issued a notice of administrative penalty (行政處罰決定書) (“**Notice**”). The Notice stated that 2,292 companies and enterprises, including Chengdu Rui Qi Xing, had failed, among others, to participate in the annual inspection for the years of 2007 and 2008 within the prescribed time. As a result, the business license of Chengdu Rui Qi Xing was revoked. Mr. Dai confirmed that Chengdu Rui Qi Xing had not commenced operations since its establishment and that an application for dissolving Chengdu Rui Qi Xing was submitted to the relevant PRC authority on 28 March 2013 [and as far as Mr. Dai is aware, no claim has been made against him as a result of such revocation.] Chengdu Rui Qi Xing was dissolved (注銷) in June 2013.

## DIRECTORS, SENIOR MANAGEMENT AND STAFF

Ms. Yang Fang (楊芳女士) (“**Ms. Yang**”), aged 37, is an executive Director of the Company, the vice president of Hong Kong New Rich and quality controller of Zhejiang Xin Rui Pharmaceutical. Ms. Yang was appointed to our Board on 24 August 2012. She is responsible for the overall procurement, quality control management of the pharmaceutical products, administrative and human resources function of our Group. Ms. Yang joined the Group in 2005. Prior to joining our Group, Ms. Yang was a pharmacist of 浙江省監獄中心醫院 (Zhejiang Province Prison’s Hospital) from 1995 to 2004 and a quality control officer of Hainan Rich Medicine Co., Ltd (海南銳琪醫藥有限公司) from 2004 to 2007. She has over 15 years of experience in the pharmaceutical industry. Ms. Yang completed an on-line post-secondary course in pharmacy at Institute of Distance Education of Zhejiang University (浙江大學遠程教育學院) in 2008. Ms. Yang is a registered pharmacist in the PRC. Ms. Yang is the spouse of Mr. Zhou. Ms. Yang has not been a director of any publicly listed company during the three years preceding the date of this document.

Mr. Lee Chik Yuet (李植悅先生) (“**Mr. Lee**”), aged 59, is an executive Director and the compliance officer of our Company. Mr. Lee was appointed to our Board on 14 September 2012. He is also a director of Max Goodrich and Hong Kong New Rich. He is primarily responsible for the overall legal and regulatory compliance matters of our Group. Mr. Lee was admitted as a solicitor in Hong Kong in 1993. Mr. Lee obtained a bachelor degree in social science from The Chinese University of Hong Kong in 1979. He also obtained a bachelor degree in laws in 1990 as well as a master degree in laws in 1994 from The University of Hong Kong. Mr. Lee is currently an executive director of Town Health International, one of our Controlling Shareholders, since October 2009. Mr. Lee was an executive director and the deputy chairman of China Gogreen Assets Investment Limited (now known as Jun Yang Solar Power Investments Limited) (stock code: 397), the issued shares of which are listed on the Main Board of the Stock Exchange from March 2007 to October 2009.

Mr. Lee was a director of Hero Holding Limited, a company incorporated in Hong Kong and was dissolved by deregistration on 30 September 2005 by the Registrar of Companies of Hong Kong as a defunct company pursuant to Section 291AA of the Companies Ordinance in September 2005. Under section 291AA of the Companies Ordinance, an application to deregister a private company can only be made if (a) all the members of the company agree to the deregistration; (b) the company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than 3 months immediately before the application; and (c) the company has no outstanding liabilities.

Mr. Lee was also a director of Jinan Town Health Tianren Investment Co., Ltd (濟南康健天仁投資管理有限公司) (“**Jinan Town Health**”), which was a wholly-foreign owned enterprise established in the PRC. In December 2010, the relevant PRC authority has granted approval for dissolution of Jinan Town Health.

### Independent non-executive Directors

Mr. Ho Hau Cheung, BBS, MH (何厚祥先生) (“**Mr. Ho**”), aged [61], was appointed as an independent non-executive Director on 26 September 2013. Mr. Ho is currently an elected member of Shatin District Council in Hong Kong. Mr. Ho was awarded the Medal of Honour in 2006 and the Bronze Bauhinia Star in 2011, respectively, by the Government of Hong Kong. Mr. Ho has been working in the education field in Hong Kong for more than 30 years. He obtained a bachelor degree in education in 1991 from Wolverhampton Polytechnic (currently known as University of Wolverhampton), United Kingdom. Mr. Ho has not been a director of any publicly listed company during the three years preceding the date of this document.

## DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. Sung Hak Keung, Andy (宋克强先生) (“**Mr. Sung**”), aged 39, was appointed as an independent non-executive Director on 26 September 2013. Mr. Sung has over 12 years of experience in accounting and finance industry. Prior to joining our Group, Mr. Sung has worked in an international accounting firm in Hong Kong. Mr. Sung is a member of Certified Public Accountants of the United States, an associate of Hong Kong Society of Accountants and Chartered Global Management Accountant of the United States. Mr. Sung has obtained a bachelor degree in commerce in 1997 from University of Toronto, Canada and obtained a master degree in business administration in 2007 from University of Manchester, United Kingdom. Mr. Sung is currently a vice president of Oriental City Holdings Group Limited (stock code: 8325), the issued shares of which are listed on GEM. He was a company secretary of Oriental City Holdings Group Limited (stock code: 8325) during the period from January 2009 to 11 January 2013. He has not been a director of any publicly listed company during the three years preceding the date of this document.

Mr. Sung was a director of Prime Pacific Limited, a company incorporated in Hong Kong, which was dissolved by deregistration on 7 October 2005 by the Registrar of Companies of Hong Kong as a defunct company pursuant to Section 291AA of the Companies Ordinance in October 2005. Under section 291AA of the Companies Ordinance, an application to deregister a private company can only be made if (a) all the members of the company agree to the deregistration; (b) the company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than 3 months immediately before the application; and (c) the company has no outstanding liabilities.

Mr. Leung Chi Kin (梁志堅先生) (“**Mr. Leung**”), aged 63, was appointed as an independent non-executive Director on 26 September 2013. Mr. Leung was an elected member of the Shatin District Council in Hong Kong from 1994 to 2011. Mr. Leung was also awarded a Medal of Honour by the Government of Hong Kong. Mr. Leung was an independent non-executive director of each of Hanergy Solar Group Limited (formerly known as Apollo Solar Energy Technology Holdings Limited) (stock code: 566) (during the period from 1 May 2008 to 25 November 2009) and China Natural Investment Company Limited (stock code: 8250) (during the period from 27 November 2009 to 26 November 2012), the issued shares of which are listed on the Main Board of the Stock Exchange and GEM, respectively.

Mr. Leung was a director of Kwun Yum Yuen Limited, a company incorporated in Hong Kong, which was dissolved on 10 July 2009 by striking off by the Registrar of Companies of Hong Kong as a defunct company pursuant to Section 291 of the Companies Ordinance in November 2009. Striking off is an action initiated by the Registrar of Companies of Hong Kong to strike the name of a company off the register of the Companies Registry where he has reasonable cause to believe that the company is defunct and the company shall be dissolved when its name is struck off from the register of companies.

Save as disclosed in this document, each of our Directors has confirmed that there are no other matters in relation to his or her appointment that need to be brought to the attention of the Shareholders and there is no other information in relation to his or her appointment which is to be disclosed.

## DIRECTORS, SENIOR MANAGEMENT AND STAFF

### SENIOR MANAGEMENT

| <u>Name</u>       | <u>Age</u> | <u>Position</u>                              | <u>Responsibilities</u>  |
|-------------------|------------|--|--|
| HE Linxing (賀林興)  | 39         | Director of Zhejiang and national sales team | Overall sales management of our Group’s business in the PRC.             |
| LAI Kwok Wa (賴國華) | 29         | Company secretary and financial controller   | Overall company secretarial matters and financial functions of our Group |

Mr. He Linxing (賀林興先生) (“**Mr. He**”), aged 39, is currently the vice president of Hong Rui Bio-medical, and the director of the Zhejiang and national sales team. He is responsible for the overall sales management of our Group’s business in the PRC. Mr. He is currently a director of Max Goodrich and Zhejiang Xin Rui Pharmaceutical. Mr. He joined the Group in [2001]. Prior to joining our Group, Mr. He was the district manager of Hunan Hansen Pharmaceutical Co., Ltd (湖南漢森醫藥有限公司) from 1998 to 2001. He was the sales manager of Hangzhou Xin Hong from 2002 to 2003. He was the sales manager of Hangzhou Hong Rui of Hainan Rich Medicine Co., Ltd. (海南銳琪醫藥有限公司) from 2003 to 2007. Mr. He has approximately 15 years of experience in pharmaceutical distribution and trading industry. Mr. He graduated from the Correspondence Institute of the Party School of the Central Committee of Communist Party of China (中共中央黨校函授學院) in 2009, majoring in economics management. Mr. He has not been a director of any publicly listed company during the three years preceding the date of this document.

Mr. Lai Kwok Wa (賴國華先生) (“**Mr. Lai**”), aged 29, has joined our Group on [June] 2012, and is the [company secretary and the financial controller of our Company. He is responsible for the overall company secretarial matters and financial functions of our Group.] Mr. Lai has approximately 5 years of experience in auditing. Prior to joining our Group, Mr. Lai has worked in the audit department of an international accounting firm in Hong Kong. Mr. Lai obtained a bachelor degree of business administration in Accounting in 2007 from City University of Hong Kong, Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Lai has not been a director of any publicly listed company during the three years preceding the date of this document.

### COMPANY SECRETARY

Mr. Lai serves as the company secretary and the financial controller of our Company. For details of Mr. Lai’s background, please refer to the paragraph headed “Senior Management” in this section.

### COMPLIANCE OFFICER

Mr. Lee serves as the compliance officer of our Company. For details of Mr. Lee’s background, please refer to the paragraph headed “Executive Directors” in this section.

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

### **CORPORATE GOVERNANCE**

The Directors recognise the importance of accounting good corporate governance in management and internal control procedures so as to achieve accountability and for this purpose, our Group has established four committees, namely the corporate governance committee, the audit committee, the remuneration committee and the nomination committee.

#### **Corporate Governance Committee**

Our Company has established a corporate governance committee on 18 March 2013 with written terms of reference.

Its primary functions include: (i) to develop and review our Company's policies and practices on corporate governance and make recommendations to our Board; (ii) to review and monitor the training and continuous professional development of directors and senior management; (iii) to review and monitor our Company's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees of our Group; and (v) to consider other matters, as authorised by the Board.

The corporate governance committee consists of four members, namely Mr. Zhou, Mr. Dai, Ms. Yang and Mr. Lee. The chairman of the corporate governance committee is Mr. Lee.

#### **Audit Committee**

Our Company has established an audit committee on 26 September 2013 with written terms of reference.

The main objective of the audit committee is to assist our Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management system of our Group, overseeing the audit process, reviewing the completeness, accuracy, clarity and fairness of our Company's financial statements, considering the scope, approach and nature of both internal and external audit reviews and reviewing and monitoring connected transactions and performing other duties and responsibilities as may be assigned by our Board from time to time.

Its primary duties include: (i) to make recommendations to our Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (ii) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (iii) discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences; (iv) to develop and implement policy on engaging an external auditor to supply non-audit services; (v) to report to our Board, identifying and making recommendations on any matters where action or improvement is needed; and (vi) to monitor integrity of our Company's financial statements, and to review significant financial reporting judgments contained in them.

The audit committee consists of three members, namely, Mr. Ho, Mr. Sung and Mr. Leung, all being independent non-executive Directors. The chairman of the audit committee is Mr. Sung.

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### **Remuneration Committee**

Our Company has established a remuneration committee on 26 September 2013 with written terms of reference.

The main objectives of the remuneration committee are to review and formulate policies in respect of remuneration structure for all Directors and senior management of our Company and make recommendations to our Board for its consideration.

The main functions of the remuneration committee include: (i) to make recommendations to our Board on our Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) to review and approve the management's remuneration proposals with reference to our Board's corporate goals and objectives; (iii) either to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management or to make recommendations to our Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; (iv) to make recommendations to our Board on the remuneration of our non-executive Directors; (v) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in our Group; (vi) to review and approve compensation payable to our executive Directors and our senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and (vii) to review and approve compensation arrangements relating to dismissal or removal of our Directors for misconduct to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate; and (viii) to ensure that no Director or any of his associates (as defined in the relevant rules) is involved in deciding his own remuneration.

The remuneration committee consists of three members, namely Mr. Ho, Mr. Sung and Mr. Leung, all being independent non-executive Directors. The chairman of the remuneration committee is Mr. Ho.

### **Nomination Committee**

Our Company has established a nomination committee on 26 September 2013 with written terms of reference.

The main objectives of the nomination committee are to implement a formal, transparent and objective procedure for appointing Board members and evaluating each Board member's performance and to provide clear disclosure of our Company's policies on nomination and evaluation of Board members in its [●].

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Its primary functions include: (i) to review the structure, size, diversity and composition (including the skills, knowledge, experience and length of service) of our Board at least annually and make recommendations on any proposed changes to our Board to complement our Company's corporate strategy; (ii) to identify and nominate individuals suitably qualified to become Board members and to fill casual vacancies of Directors for our Board's approval and select or make recommendations to our Board on the selection of individuals nominated for directorships; (iii) to assess the independence of our independent non-executive Directors; and (iv) to make recommendations to our Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular our chairman and our chief executive.

The remuneration committee consists of three members, namely Mr. Ho, Mr. Sung and Mr. Leung, all being independent non-executive Directors. The chairman of the nomination committee is Mr. Leung.

### **COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT**

During the Track Record Period, the aggregate remuneration (including fees, salaries, discretionary bonus, defined contribution benefit plans (including pension), housing and other allowances, and other benefits in kind) paid to the Directors by the Company or any of its subsidiaries were approximately HK\$709,000, HK\$729,000 and HK\$452,000, respectively.

Details of the Directors' remuneration are also set out in Note 13 to the Accountants' Report to Appendix I in this document.

The aggregate amount of fees, salaries, discretionary bonus, defined contribution benefit plans (including pension), housing and other allowances, and other benefits in kind paid to the five highest paid individuals of the Company, other than those already disclosed as Directors' remuneration above, during the Track Record Period were approximately HK\$282,000, HK\$418,000 and HK\$318,000, respectively.

The Group has not paid any remuneration to the Directors or the five highest paid individuals as an inducement to join or upon joining the Company or as a compensation for loss of office during the Track Record Period. No Directors has waived or agreed to waive the respective remuneration during the Track Record Period.

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

### **REMUNERATION POLICY**

The remuneration policy is based on position, duties and performance of the employees.

The employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. The performance appraisal cycle varies according to the positions of the employees. The performance appraisal is supervised by the performance management committee.

Following [●], the overall remuneration structure and process is expected to remain the same, except that the remuneration committee will (i) recommend to the Board on the Company's policy and structure for all remuneration of the Directors and the senior management and on the establishment of a procedure for developing policy on such remuneration; and (ii) determine or recommend to the Board on the remuneration packages of all the executive Directors and the senior management, and recommend to the Board of the remuneration of the non-executive Directors.

### **RELATIONSHIP WITH STAFF**

Our Group recruits personnel from open market. The Group provides training for its employees.

The compensation package of the employees includes salary, bonus and other cash subsidies. In general, we determine employees' salaries based on each employee's qualification, position and seniority. The determination on salary raise, bonus and promotion is based on evaluation of the performance of the employees through the review system of the Group.

In the PRC, our Group has participated in mandatory social insurances (including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing fund contribution plans. Our Group is required to contribute a portion of the employees' total wages to the State's social insurances and housing fund plan in accordance with relevant national and local government regulation. The employees are responsible for payment of the employee's share of the contributions to the pension insurance, medical insurance, unemployment insurance and housing fund. The relevant members of our Group are required to withhold the applicable amounts from the employees' wages and pay such amounts to the relevant authorities on behalf of the employees. During the Track Record Period, our Group did not have any material labour dispute with its employees.