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## DIRECTORS, MANAGEMENT AND EMPLOYEES

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### DIRECTORS

The Board comprises six Directors, among whom there are two executive Directors, one non-executive Director and three independent non-executive Directors.

#### Executive Directors

**Ms. Zhao Yan (趙燕)**, aged 42, is the Chairman and an executive Director. Ms. Zhao graduated with a bachelor degree in science with major in biology from the East China Normal University (華東師範大學) in 1986 and completed an international MBA program organized by the China Center for Economic Research at Peking University from 2000 to 2002, and was awarded a master degree of business administration by Fordham University of the US in 2002. From 2000 to 2002, she was the general manager of Bloomage Holystar Investment Co., Ltd. (華熙昕宇投資有限公司), a company engaged in the provision of venture capital, investment management and consultancy services and business management consultancy services. Presently, Ms. Zhao is also the chairman and general manager of Bloomage Investment, an investment holding company the subsidiaries of which are principally engaged in property development and investments in the PRC as well as operation and management of stadium and commercial projects in the PRC. Ms. Zhao is primarily responsible for the Group's corporate policy formulation, business strategic planning and business development.

**Mr. Guo Jiajun (郭珈均)**, aged 32, is an executive Director. He graduated from Shandong University at Weihai (山東大學威海分校) in 1998 with a bachelor degree of science with major in electronics and information systems and completed an international MBA program organized by the China Center for Economic Research at Peking University from 2005 to 2008, and was awarded a master degree of business administration by Fordham University of the US in 2008. He worked for the Housing Fund Management Centre of Weihai Finance Bureau in Shandong (山東省威海市住房公積金管理中心) as a staff member and was responsible for the management and payment of housing funds from 1998 to 2001. He was the manager of the administration department of Bloomage Investment, an investment holding company (the subsidiaries of which are principally engaged in property development and investments in the PRC as well as operation and management of stadium and commercial projects in the PRC). He is primarily responsible for the Group's strategic development and investment planning. He is also responsible for supervising the management team of the Group to implement and execute decisions of the Board. He joined the Group in March 2006.

#### Non-executive Director

**Mr. Cheng Bo (程波)**, aged 47, is a non-executive Director. Mr. Cheng completed a postgraduate course in management science and engineering organized by the University of Electronic Science and Technology of China (電子科技大學) from 1999 to 2001. Mr. Cheng also completed an advanced study program in business administration at Renmin University of China (中國人民大學) from 2001 to 2003. Mr. Cheng has been working at Bausch & Lomb Freda, a company principally engaged in the research, production and sale of biochemical drugs including eye drugs since 1991 and is presently the vice-president of Bausch & Lomb Freda. He has been a director of Freda Biochem since October 1999.

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### Independent Non-executive Directors

**Ms. Zhan Lili** (詹莉莉), aged 36, was appointed as an independent non-executive Director on 1 September 2008. She completed her studies in business administration at the Faculty of Business Administration of Capital University of Economics and Business in 2003. Ms. Zhan was an assistant to the General Manager of Tomson (Shanghai) Company Limited (湯臣高爾夫(上海)有限公司) from 2000 to 2001, worked in the human resource department of the Beijing branch of Industrial Bank Co., Ltd. (興業銀行) from 2003 to 2007 and has been a president assistant of Beijing Hai Dian Science & Technology Development Co., Ltd. (北京海澱科技發展有限公司), a company engaged in investments in bio-technology and pharmaceuticals, electronics and information technology, environmental protection materials and property development, since 2007.

**Mr. Zhang Fuping** (張福平), aged 51, was appointed as an independent non-executive Director on 1 September 2008. He obtained an executive master of business administration degree from Tsinghua University (清華大學) in 2006. Mr. Zhang is accredited as a senior economist in China. He has been a vice chairman, a vice secretary of the Party Committee (黨委副書記) and the general manager of Beijing Sanyuan Group Limited Company (北京三元集團有限責任公司), a company together with its subsidiaries are involved in agriculture and animal-husbandry, from 2002 to April 2007. Since April 2007, Mr. Zhang has been the secretary of the Party Committee (黨委書記) and the chairman of Beijing Sanyuan Group Limited Company (北京三元集團有限責任公司), and since June 2007, he has also been the chairman of Beijing Sanyuan Foods Co., Ltd. (北京三元食品股份有限公司), a company listed on Shanghai Stock Exchange. Save for his current directorship in Beijing Sanyuan Foods Company Limited (北京三元食品股份有限公司), Mr. Zhang has not been a director of any listed companies in the three years immediately preceding the date of this prospectus.

**Mr. Qin Bin** (秦斌), aged 40, was appointed as an independent non-executive Director on 1 September 2008. He obtained a master degree in economics from Nanjing University (南京大學) in 1995 and a doctoral degree in economics from Renmin University of China (中國人民大學) in 1998. He worked at the management of overseas branches division of the Bank of China (中國銀行) from 1998 to 2000 as an officer and was responsible for statistics and analysis of the overseas business of the Bank of China. He worked at China Orient Asset Management Corporation (中國東方資產管理公司) since 2000, and is now the deputy general manager of the research and development department of China Orient Asset Management Corporation (中國東方資產管理公司). During his employment with China Orient Asset Management Corporation, Mr. Qin has handled financial restructuring and debt-equity swap works for corporations, in which he has to use his expertise including accounting and corporate finance. Mr. Qin was a director of CNNC Hua Yuan Titanium Dioxide Co., Ltd (中核華原鈦白股份有限公司) (“CNNC”), a company subsequently listed on the Shenzhen Stock Exchange on 3 August 2007 which is principally engaged in the manufacture and sale of titanium dioxide, from February 2004 to May 2006. Save as disclosed above, he has not been a director of any listed companies in the three years immediately preceding the date of this prospectus. During his directorship with CNNC, Mr. Qin has, as a member of the board of directors, participated in the exercise of the following powers, including formulation of annual budget, profit distribution proposal, merger and acquisition proposal, share repurchase proposal, issue of debentures or other securities of CNNC. With Mr. Qin’s financial management experience and expertise and his educational background, the Directors believe that Mr. Qin possesses adequate financial management expertise as required under Rule 3.10(2) of the Listing Rules.

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### SENIOR MANAGEMENT

Apart from the Directors, the senior management of the Group includes:

**Ms. Liu Aihua** (劉愛華), aged 45, is the general manager of Freda Biochem. Ms. Liu graduated from the pharmaceutical department of Shenyang Pharmaceutical University in 1983 with a bachelor degree of science. Ms. Liu had worked for Jinan Yongning Pharmaceutical Ltd. during the period between August 1983 and August 1998 and was responsible for research and technical management. Before joining the Group, Ms. Liu was the vice-president of Biopharmaceuticals Research Institute during the period between July 1998 and December 2001. Ms. Liu has over 25 years' experience in both of pharmaceutical research and management. She joined the Group in January 2002.

**Mr. Wang Chunxi** (王春喜), aged 40, is the vice general manager of Freda Biochem and the manager of production department of Freda Biochem. Mr. Wang graduated from East China University of Science & Technology with a bachelor degree in engineering and he was major in biochemistry engineering. Mr. Wang worked for the Biopharmaceuticals Research Institute for 10 years. He joined the Group in January 2000 as a chief of workshop.

**Mr. Guo Xueping** (郭學平), aged 43, is the vice general manager and manager of the research and development department of Freda Biochem. Mr. Guo graduated from the pharmaceutical department of Shandong Medical University with master degree of science in 1987. Mr. Guo worked for Biopharmaceuticals Research Institute for 10 years before joining the Group in January 2000. Mr. Guo obtained the National Technology Advancement Third-Class Award awarded by the National Technology Committee (國家科學技術委員會) (which has been renamed as 科學技術部 (The Ministry of Science and Technology), an Independent Third Party, in 1995 for his research in the production of injection grade hyaluronic acid, the Great Achievement Award of the "Ninth five-years" National Key Technology Tackle Project in 2001 jointly organized by the Ministry of Science and Technology (科學技術部), Ministry of Finance (財政部), National Development and Planning Committee (國家發展計劃委員會) and State Economic and Trading Committee (國家經濟及貿易委員會), all being Independent Third Parties, for his research in "the production of hyaluronic acid pharmaceuticals by fermentation", and obtained the Wu Jie Ping Medical Research Award – Paul Janssen Pharmaceutical Research Award – Medical Production Third Class Award (吳階平醫學研究獎 – 保羅·楊森藥學研究獎製藥工程專業三等獎) in 2002, which is an award established by International Health Exchange and Cooperation Centre of Ministry of Health (衛生部國際交流與合作中心) and a pharmaceutical enterprise to award the medical and pharmaceutical researches in the PRC, both being Independent Third Parties.

**Mr. Zhang Xing** (張興), aged 41, is the chief financial officer of Freda Biochem, a qualified accountant of the Chinese Institute of Certified Public Accountants. Mr. Zhang worked as the project manager of Beijing Xiwen Certified Public Accountants during the period between 1998 and 2000 before joining the Group in January 2001. During his employment with Beijing Xiwen Certified Public Accountants, he was mainly responsible for auditing works, including liaising with clients on auditing tasks, inspecting relevant financial documents, resolving auditing issues and compiling audit reports.

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**Ms. Zhao Jing** (趙晶), aged 43, is the sales director of Freda Biochem. She joined the Group in February 2003. Ms. Zhao graduated from Shandong Foreign Economic Trade Personnel University (山東省對外經濟貿易職工大學) in 1990 with major in management of foreign trade enterprises. Before joining the Group, Ms. Zhao worked in Yantai North Andre Juice Co., Ltd. (煙台北方安德利果汁股份有限公司) during the period between March 1997 and February 2003 and was responsible for sales management.

**Mr. He Shan** (何山), aged 38, graduated from Shandong Economic Management Institute in 2001 with major in national economic management. He worked for the Biopharmaceuticals Research Institute and was responsible for office administration before joining the Group in January 2000. At present, Mr. He is the manager of the human resources department of Freda Biochem.

**Ms. Hu Huaihong** (胡懷紅), aged 40, is the manager of the finance department of Freda Biochem. She graduated from Guangdong University of Business Studies (廣東商學院) with major in financial accounting and was awarded a bachelor degree in economics. Ms. Hu worked for the Biopharmaceuticals Research Institute during the period between July 1990 and December 1999 and was responsible for financial management. She joined the Group in January 2000.

**Mr. Kam Yiu Shing, Tony** (甘耀成), aged 47, is the company secretary and the qualified accountant of the Company. Mr. Kam holds a master degree in business administration from Monash University, Australia. Mr. Kam is also a fellow of the Hong Kong Institute of Certified Public Accountants and the Chartered Association of Certified Accountants, an associate of the Institute of Chartered Accountants in England and Wales and the Taxation Institute of Hong Kong, and council member of the Society of Chinese Accountants & Auditors. Mr. Kam has been practicing as a certified public accountant since 1993. He joined the Group in March 2008.

### DIRECTORS' REMUNERATION

The Directors' remuneration is determined with reference to the prevailing market practice, the Company's remuneration policy and his/her duties and responsibilities with the Group. For each of the three years ended 31 December 2007 and the three months ended 31 March 2008, the aggregate of the remuneration paid and benefits in kind granted to the Directors by the Group were approximately nil, RMB48,000, RMB72,000 and nil respectively.

Each of Ms. Zhao and Mr. Cheng has been a director of the major operating subsidiary of the Company throughout the Track Record Period. Since Ms. Zhao and Mr. Cheng are also indirect shareholders of that subsidiary, both of them received return from the Group principally in the form of dividends during the Track Record Period, and therefore no remuneration (except some allowances paid to them for participating in the board meetings of the Group) was paid by the Group to them during the Track Record Period and before Listing.

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Mr. Guo Jiajun became a director of Freda Biochem since March 2006. Since Mr. Guo Jiajun also worked for Bloomage Investment, a company owned by Ms. Zhao, Mr. Guo Jiajun was remunerated through Bloomage Investment for his dual positions in Bloomage Investment and the Group, and no remuneration (except some allowances paid to him for participating in the board meetings of the Group) was paid by the Group to him during the Track Record Period and before Listing.

The remuneration paid to Ms. Zhao, Mr. Cheng and Mr. Guo Jiajun during the Track Record Period was paid on a lump sum basis and represented the allowances paid to them for participating in the board meetings of the Group. No such remuneration has been paid for the three months ended 31 March 2008.

The contributions to the retirement benefit scheme for Mr. Guo Jiajun were made by other enterprises outside the Group during the Track Record Period. As advised by the legal advisers to the Company as to PRC laws, the Group was not obliged to make any contributions to the retirement benefit scheme for him under the PRC laws and regulations during the Track Record Period. As Ms. Zhao and Mr. Cheng are indirect shareholders of Freda Biochem, their directorship in Freda Biochem originated from their respective shareholdings in Freda Biochem and does not amount to an employment relationship. Ms. Zhao and Mr. Cheng are not the employees of, and have not entered into employment contract with, Freda Biochem. As there is no employment relationship between Freda Biochem and each of Ms. Zhao and Mr. Cheng, the legal advisers to the Company as to PRC laws have confirmed that Freda Biochem is not obliged to make any contributions to the retirement benefit scheme for them under the PRC laws and regulations. The Group will make contributions to the retirement benefit scheme for Mr. Guo Jiajun after Listing.

Each of the executive Directors and the non-executive Director has entered into a service agreement with the Company for an initial term of one year commencing from the Listing Date subject to the early termination provisions contained therein. Each of the executive Directors and the non-executive Director is entitled to a basic salary. Under the service agreements, the basic annual remunerations payable by the Group to the executive Directors and the non-executive Director after Listing are set out below:

	<i>HK\$</i>
<i>Executive Directors</i>	
Ms. Zhao	150,000
Mr. Guo Jiajun	200,000
<i>Non-executive Director</i>	
Mr. Cheng	100,000

The salary of each of the executive Directors and the non-executive Director shall be reviewed at the discretion of the Board (or its designated committee) and decided by the Board (or its designated committee) on an annual basis or at such other time as the Board (or its designated committee) deems appropriate.

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Each of the independent non-executive Directors has signed a service agreement with the Company for an initial term of one year commencing from the Listing Date subject to the early termination provisions contained therein. Under the service agreements, the basic annual remuneration payable by the Group to the independent non-executive Directors after Listing are as follows:

	<i>HK\$</i>
Ms. Zhan Lili	80,000
Mr. Zhang Fuping	80,000
Mr. Qin Bin	80,000

The director's fee for each of the independent non-executive Directors during the one year term is initially fixed, subject to the Board's review from time to time in its discretion after taking into account the recommendation of the remuneration committee of the Company.

The remuneration of each Director is determined with reference to the market terms, seniority, his/her experiences, duties and responsibilities within the Group.

The Directors are entitled to statutory benefits as required by the laws from time to time such as pension. Under the present arrangement, the aggregate of the Directors' remuneration in cash and benefits in kind for the year ending 31 December 2008 is estimated to be approximately HK\$173,000.

### AUDIT COMMITTEE

The audit committee was established on 3 September 2008 with written terms of reference in compliance with the Listing Rules. The duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

The audit committee consists of three members, namely Ms. Zhan Lili, Mr. Zhang Fuping and Mr. Qin Bin. Mr. Qin Bin is the chairman of the audit committee.

### REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

Both the remuneration committee and the nomination committee were established on 3 September 2008 with their respective written terms of reference in compliance with the "Code on Corporate Governance Practices" set forth in Appendix 14 to the Listing Rules. The primary duties of these two committees of the Board are as follows:

- review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management; and
- make recommendation to the Board on the nominees for appointment as Directors and senior management of the Company.

The remuneration committee consists of three members, namely Mr. Zhang Fuping, Ms. Zhan Lili and Mr. Guo Jiajun. Ms. Zhan Lili is the chairman of the remuneration committee.

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The nomination committee consists of three members namely Ms. Zhao, Ms. Zhan Lili and Mr. Zhang Fuping. Mr. Zhang Fuping is the chairman of the nomination committee.

### COMPLIANCE ADVISER

The Company has appointed Hantec as its compliance adviser pursuant to Rule 3A.19 of the 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 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date (i.e. the date of dispatch of the annual reports of the Company in respect of its results for the financial year ending 31 December 2009), subject to early termination.

### STAFF

As at 31 August 2008, the Group had 205 full-time staff in the PRC and one staff in Hong Kong. The following sets forth the total number of staff in terms of functions:

	<b>Total number</b>
Management	7
Human resources and administration	7
Production	65
Purchase and inventory control	9
Sales and marketing	18
Finance	6
Quality control	14
Research and development	19
Engineering	36
Others	<u>25</u>
Total	<u><u>206</u></u>

### Relationship with staff

The Group has not experienced any significant problem with its employees or disruption to the operations due to labour disputes nor has the Group experienced any difficulty in recruitment and retention of suitable employees. The Directors believe that the Group has a good working relationship with its employees.

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### **Retirement benefit scheme**

The Group complies in all material respects with all statutory requirements on retirement contribution in the jurisdiction where the Group operates. The Group has contributed retirement benefits for the staff in the PRC in accordance with the applicable PRC rules and regulations.

### **Share Option Scheme**

The Company has conditionally adopted the Share Option Scheme whereby such selected classes of participants (as more particular described in Appendix V to this prospectus) may be granted options to subscribe for Shares at the discretion of the Board. The principal terms of the Share Option Scheme are summarised under the paragraph headed “Share Option Scheme” in Appendix V to this prospectus.