
DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board of Directors is responsible and has general powers for the management and conduct of our business. The table below shows certain information in respect of members of the Board of Directors.

Name	Age	Position/Title	Date of appointment
Tien-An Lo	58	Chairman	March 11, 2008
Dun-Ching Hung	66	Executive Director	December 27, 2011
Chi-Ming Chou	60	Executive Director	December 27, 2011
Yoshiaki Mizumoto	54	Non-executive Director	December 27, 2011
Nianlin Zhu	55	Independent Non-executive Director	December 27, 2011
Weide Luo	55	Independent Non-executive Director	December 27, 2011
Wanwen Su	37	Independent Non-executive Director	December 27, 2011

Executive Directors

Mr. Tien-An Lo (羅田安) is the Chairman of our Company and the founder of our Group and has been responsible for the overall strategic planning and management of our Group. Mr. Lo has extensive experience in the bakery and retail industries, having been engaged in the bakery and retail businesses for over 18 years. In addition, he has extensive experience in corporate management including drafting overall guidelines, conducting systemic management, and drawing up strategic plans. Mr. Lo is currently a director of each of the Group's subsidiaries. Mr. Lo has also served as Chairman of the board of directors of Shanghai Christine since 1999. He has served as the Vice President of the Association of Taiwanese Businessmen of Shanghai (“上海市台灣同胞投資企業協會副會長”) since December 2009. Mr. Lo has not been a director of any companies listed on the Stock Exchange or other exchanges during the Track Record Period. Mr. Lo has been the key driver of our strategy and achievements to date. Mr. Lo graduated from Tian Li County Zhong Xing High Commercial Technical Private School (“苗栗縣私立中興高級商工職業學校”) in 1981. In 2007, Mr. Lo was named as an Entrepreneur of the Year (“本年度最佳創業人物”) by financial publication Forbes China.

Mr. Dun-Ching Hung (洪敦清) is our executive Director and is responsible for formulation of overall policy and guidelines in respect of our administration and management. Mr. Hung has over 24 years of experience in the bakery and trade industries. Mr. Hung is currently a director of two members of our Group. Since 1993, Mr. Hung has served as the chairman of the board of directors of Shanghai Guang Can Foodstuff Co., Ltd. (“上海廣燦食品有限公司”). Since 1987, Mr. Hung has served as the chairman of the board of directors of Taiwan Tong Can Trading Co., Ltd. (“台灣同燦貿易有限公司”). Mr. Hung has not been a director of any companies listed on the Stock Exchange or other exchanges during the Track Record Period. Mr. Hung is familiar with the management and operation of processing and trading of raw-food materials enterprises. His experience and knowledge promotes our Group's development.

Mr. Chi-Ming Chou (卓啟明) is our executive Director and is responsible for formulation of overall policy and guidelines in respect of our business management. Mr. Chou joined our Group in 1993. Mr. Chou has more than 18 years of experience in the bakery industry in the PRC. Mr. Chou is currently a director of three members of our Group. Mr. Chou has served as the director of Ban Wu Food Co., Ltd. (“阪屋食品股份有限公司”), a company incorporated in Taiwan that produces and sells bakery products only in Taiwan, since 1996, and served as the director of Chao Bi Food Enterprise Co., Ltd. (“超比食品企業股份有限公司”), a company engaged in bakery business, from 2003 to 2006. In addition, since 2011, Mr. Chou has served

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as a director of Shanghai Jia Guo Packaging Co., Ltd. (“上海佳果包裝制品有限公司”), a company mainly engaged in manufacture and sale of packaging materials in Shanghai, and since 1997, he has served as a director of San Jiu Xing Co., Ltd. (“三久行股份有限公司”), a company mainly engaged in manufacture and sale of packaging materials in Taiwan. Mr. Chou has served as a management committee member of the Tainan City Bakery Association (“台南市糕餅商業同業公會”) since 2007. Mr. Chou has not been a director of any companies listed on the Stock Exchange or other exchanges during the Track Record Period.

Non-Executive Director

Mr. Yoshiaki Mizumoto (水本圭昭) is our non-executive Director. He is currently an executive officer of Marubeni Corporation, a Japan-based trading company listed on the Tokyo Stock Exchange, the Osaka Stock Exchange, and the Nagoya Stock Exchange. He is currently a non-executive outside director of The Maruetsu, Inc. and a company auditor of The Daiei, Inc., both of which are engaged in retail business and are listed on the Tokyo Stock Exchange. Mr. Mizumoto graduated with a bachelor degree from Keio University in Japan, in 1981.

Independent Non-Executive Directors

Mr. Nianlin Zhu (朱念琳) is our independent non-executive Director. Mr. Zhu is currently president of China Association of Bakery & Confectionery Industry (“中國焙烤食品糖製品工業協會”), deputy secretary of China National Light Industry Council (“中國輕工業聯合會”), director of the Marketing Department of China National Light Industry Council, deputy secretary of the State Food and Nutrition Consultant Committee (“國家食物與營養諮詢委員會”), a member of the Trial Sub-Committee of Professional Certification of Food Manufacturing and Light Industry under the Ministry of Education’s National Committee of Expert Certification of Education in Engineering (“教育部全國工程教育專業認證專家委員會輕工食品類專業認證試點工作組”). Mr. Zhu has not been a director of any companies listed on the Stock Exchange or other exchanges during the Track Record Period. Mr. Zhu received his bachelor degree in food engineering from Wuxi Light Industry Institute (“無錫輕工業學院”) in 1982. Mr. Zhu received his MBA from Tsinghua University (“清華大學”) in 2001.

Mr. Weide Luo (羅偉德) is our independent non-executive Director. He is currently the inspector of China Eastern Airlines Corporation (“中國東方航空股份有限公司”), a company listed on the New York Stock Exchange, the Hong Kong Stock Exchange, and the Shanghai Stock Exchange. Currently, he also serves as a master degree instructor of the Civil Aviation Institute of China (“中國民用航空學院”), an adjunct professor of the China Aviation Management Institute of China (“中國民航管理幹部學院”), and an adjunct professor of the Shanghai Lixin University of Commerce (“上海立信會計學院”). Prior to joining our Group, Mr. Luo served as a director assistant, deputy director and director of the Shanghai Pu-tuo Finance Bureau (“上海市普陀區財政局”) from 1986 to 1992. Mr. Luo served as an independent director of Shanghai Highly (Group) Co., Ltd. (“上海海立(集團)股份有限公司”) from May 2003 to June 2011, a company listed on the Shanghai Stock Exchange. Mr. Luo concurrently served as vice president of the Shanghai Pu-dong Development Group Co., Ltd. (“上海浦東發展(集團)有限公司”), a state-owned enterprise, from 1999 to 2000. He served as the chief financial officer and chief accountant of China Eastern Airlines Corporation from 2000 to 2009. Mr. Luo attained Master of Business Administration at China Europe International Business School (“中歐國際工商學院”) in the PRC in 1999. Mr. Luo was awarded by the Finance Bureau of Shanghai as “Pioneer Accountant in Shanghai” (“上海市先進會計工作者”) and “Outstanding Accountant in Shanghai” (“上海市傑出會計工作者”) in 1995 and 2005, respectively. He was also nominated as “Top 10 Chief Financial Officer in the PRC” (“2004中國CFO年度人物”) by the Finance Magazine (“新理財雜誌社”) in 2004. Mr. Luo is a senior accountant (“高級會計師”) and senior economist (“高級經濟師”) in the PRC.

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Ms. Wanwen Su (蘇莞文) is our independent Director. Ms. Su is currently clinical assistant professor in School of Pharmacy, Taipei Medical University (“臺北醫學大學”). She is a registered pharmacist in Boston, USA and a certified pharmacist in Taiwan as well. She is also a certified holistic health counselor certified by the American Association of Drugless Practitioners in USA. She served as a researcher of Clinical Research Center of Excellence for Clinical Trial and Research, Taipei Medical College-affiliated Taipei Municipal Wan-Fang Hospital, from 2008 to 2009 and a pharmacy manager in Stop and Shop Pharmacy, from 2000 to 2006. Ms. Su has not been a director of any companies listed on the Stock Exchange or other exchanges during the Track Record Period. She has a deep understanding of nutrition and healthy living. Ms. Su obtained her bachelor of science in pharmacy from Northeastern University in 1998 and her Doctor of Pharmacy degree (PharmD) from Massachusetts College of Pharmacy and Health Sciences in 2004 and took professional and advanced health counseling training programs in Institute for Integrative Nutrition affiliated with Columbia University in 2007.

SENIOR MANAGEMENT

The table below shows certain information in respect of our senior management (excluding directors who also hold executive positions):

Name	Age	Position/Title	Date of appointment
Tien-An Lo	58	Chairman	December 27, 2011
Xiuping Zhu	53	Chief Executive Officer	December 27, 2011
Weilun Liao	44	Vice President (Finance and Accounting)	December 27, 2011
Jianhua Gu	52	Vice President (Production Management)	December 27, 2011
Huanan Wang	36	Vice President (Sales and Marketing)	December 27, 2011
Qiuyi Yu	49	Vice President (Sales and Management)	December 27, 2011
Yuping Jiang	41	Vice President (Sales Management)	December 27, 2011
Liping Huang	44	Vice President (Sales and Management)	December 27, 2011

Ms. Xiuping Zhu (朱秀萍) is our Company’s chief executive officer and is responsible for managing the overall operations of the Company, including overall management, financial aspects, principle corporate rules and appointment of senior management. She joined our Group in 2000. Ms. Zhu has more than 16 years of experience in bakery and retail industry. Before joining our Group, Ms. Zhu served as the general manager of Ganquan Market of Shanghai Yichuan Shopping Center (“上海市宜川購物中心甘泉商場”) from 1995 to 2000. In 2005, Ms. Zhu was designated as an Outstanding Entrepreneur in Shanghai Commercial Industry (“上海商業優秀創業企業家”) by Shanghai Business Enterprise Management Association (“上海市商業企業管理協會”). Ms. Zhu was designated as an Excellent Entrepreneur (“優秀企業家”) for 2003 and 2004 by the Shanghai Sugar and Food Industry Association (“上海市糖製食品工業專業協會”). In 2004, Ms. Zhu received an “Excellent Individual” honorary title from the China Bakery and Sugar Products Association (“中國焙烤食品糖製品工業協會”). In 2008, she was awarded as the National Outstanding Woman Entrepreneur and the Best Foreign-Enterprise Manager (“全國優秀創業女性最佳外企經理人獎”) by the All-China Women’s Federation (“中華全國婦女聯合會”). In 1998, Ms. Zhu was chosen as the representative of the People’s Congress of Pu Tuo District of Shanghai. From 2003, Ms. Zhu has served as the vice president of the Shanghai Food Association (“上海市食品協會”). In 2006, She was appointed as the vice president of the council of the Shanghai Association of Confectionary Industry (“上海市糖製食品協會”). In 2009, She was appointed as the member of Shanghai Xuhui District Committee of Chinese People’s Political Consultative Conference (“中國人民政治協商會議上海市徐匯區委員會”). Ms. Zhu has extensive experience in managing retail companies and

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marketing of retailed products. She also plays an important role in formulating our corporate strategies. In 2009, she was certified as Commerce Operating Manager (Senior Technician) in China. She graduated from East China Normal University Continuing Education College (“華東師範大學繼續教育學院”) in Shanghai in 2000.

Mr. Weilun Liao (廖維綸) is our vice president of finance and accounting. Mr. Liao joined our Group in 2011. Mr. Liao served as a senior auditor of Audit Department of KPMG Taiwan from 1996 to 1998; following that, Mr. Liao served as a project manager of the corporate finance department, corporate banking division of the Capital Securities Corporation (“群益證券股份有限公司”) from 1998 to 2004. From 2008 to 2009, he served as a special assistant to the chairman of Long Chen Paper Co., Ltd. (“榮成紙業股份有限公司”). Mr. Liao obtained his bachelor degree in accounting in Fu Jen University (“輔仁大學”) in 1995. In addition, Mr. Liao obtained his qualifications as a Senior Securities Specialist from Taiwan Securities Association and a Securities Investment Trust and Consulting Professional from Securities Investment Trust & Consulting Association of Taiwan, in 1999 and 2008, respectively.

Mr. Jianhua Gu (顧建華) is our vice president, primarily responsible for production management. He joined our Group in 2004. Mr. Gu has 7 years of experience in the food industry and production management. Mr. Gu obtained a diploma of self-education in law from Shanghai Television University (“上海電視大學”) in 1988. He is certified as Chinese senior registered career manager by the China Enterprise Evaluation Association (“中國企業評價協會”) in 2006.

Mr. Huanan Wang (王華男) is our vice president, primarily responsible for sales and marketing. He joined our Group in 2004. Mr. Wang has 10 years of experience in the retail industry. Before joining our group, he served as the marketing vice president in Shanghai Lotus Supermarket Chain Store Co., Ltd. (“上海易初蓮花連鎖超市有限公司”) from 2000 to 2004. Mr. Wang completed his part-time college education in and graduated from East China Normal University (“華東師範大學”) in 2002.

Ms. Qiuyi Yu (余秋意) is our vice president, primarily responsible for sales and management in Shanghai. She joined our Group in 2002. Ms. Yu has 30 years of experience in the retail industry and marketing, sales, and after-sales services. Ms. Yu is responsible for marketing and sales activities of the Group. Before joining our Group, Ms. Yu served as the general manager of Ganquan Market of Shanghai Yichuan Shopping Center (“上海市宜川購物中心集團有限公司甘泉商場”) from 2000 to 2002 and as the manager of the Electronics, Leather Products and General Merchandise Department of Ganquan Market of Shanghai Yichuan Shopping Center (“上海市宜川購物中心集團有限公司甘泉商場”) from 1993 to 1999. Ms. Yu has extensive experience in retail enterprise management and marketing of retailed products. Ms. Yu completed her part-time college education in and graduated from East China Normal University Continuing Education College (“華東師範大學繼續教育學院”) in Shanghai in 2000.

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Ms. Yuping Jiang (蔣玉萍) is our vice president responsible for sales and management in Nanjing. She oversees our overall operations in Nanjing, including overall sales management, corporate rules formulation and enforcement, appointment of the senior management. Ms. Jiang has gained 9 years of experience in factory management, retail outlet management and expansion. She joined our Group in 2002. Ms. Jiang oversees the expansion of our Nanjing retail network, from one retail outlet to the current 83 retail outlets. Before joining our Group, Ms. Jiang served as the manager and deputy general manager of Jiangsu Xinxin Hotel (“江蘇信息賓館”) from 1996 to 2002. Ms. Jiang has extensive experience in finance and human resources management. In 2007, Ms. Jiang was elected as a deputy to the People’s Congress of Baixia District, Nanjing (“南京市白下區人民代表大會”). Ms. Jiang received his bachelor degree in food industry and science from Wuxi Institute of Light Industry (“無錫輕工業學院”) in 1994.

Ms. Liping Huang (黃麗萍) is our vice president, primarily responsible for sales and management in Zhejiang, Wuxi and Suzhou. She joined our Group in 2006. Ms. Huang has approximately 10 years of experience in marketing and procurement. Before joining our Group, she worked in Shanghai Kangcheng Storage Co., Ltd. (“上海康誠倉儲有限公司”) from 2001 to 2002 and in Shihu Storage (Shanghai) Co., Ltd. (“世琥倉儲(上海)有限公司”) from 2004 to 2005. Ms. Huang graduated from Fuzhou University (福州大學) in 1989.

Company Secretary

Mr. Liou Kun Chiu, Eddie (劉均潮), aged 45, is our Company Secretary and he also serves as an Associate Director and Head of Corporate Management Services of TMF Hong Kong Limited. Prior to joining TMF Hong Kong Limited, Mr. Liou worked in the Company Secretarial Department of KPMG Corporate Services Limited (now known as KCS Limited) and as Admin & Operations Manager at China Motor Bus Co., Ltd (a company listed in Hong Kong with stock code 26). Mr. Liou has over 20 years of experience in the company secretarial field. He received his Master’s Degree in Business Administration from The University of South Australia in 2003. Mr. Liou is a Fellow Member of The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administration, and also an Associate Member of The Taxation Institute of Hong Kong. He is currently a Council Member, Member of the Membership Committee and Professional Development Committee of The Hong Kong Institute of Company Secretaries.

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong, normally meaning that at least two of the issuer’s executive Directors must be ordinarily residents in Hong Kong. Currently, none of our executive Directors resides in Hong Kong. Since our principal operations are located in the PRC, we do not and, for the foreseeable future, will not have a sufficient management presence in Hong Kong. Accordingly, we have applied for and have been granted a waiver from the Hong Kong Stock Exchange from strict compliance with the requirements under Rule 8.12 of the Listing Rules subject to the conditions that among other things, we maintain the following arrangements to maintain effective communication between us and the Hong Kong Stock Exchange.

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We have appointed two authorized representatives, namely our company secretary, Mr. Liou Kun Chiu, Eddie and our Chairman, Mr. Tien-An Lo, who will act at all times as our principal channels of communication with the Hong Kong Stock Exchange. Both of the authorized representatives will be readily contactable by telephone, facsimile and email to deal promptly with inquiries from the Hong Kong Stock Exchange. Each of our authorized representatives has access to our Board and senior management at all times. One of our authorized representatives, Mr. Liou Kun Chiu, Eddie, is ordinarily resident in Hong Kong and can be readily contactable in Hong Kong by phone, facsimile and/or email to deal promptly with enquiries from the Stock Exchange. Each of our Directors, through the authorized representatives, will be readily contactable by telephone, facsimile or email. Each of our executive Directors, non-executive Directors and independent non-executive Directors who are not ordinarily resident in Hong Kong possess valid travel documents for travel to Hong Kong and will be able to meet with the relevant members of the Stock Exchange with reasonable notice, when required.

We have, in compliance with Listing Rule 3A.19, retained SBI E2-Capital (HK) Limited as our compliance advisor who will, among other things, act as one of our principal channels of communication with the Hong Kong Stock Exchange in addition to our authorized representatives. The contact persons of our compliance advisor will be available to assist us to respond to enquiries from the Hong Kong Stock Exchange.

BOARD COMMITTEES

Audit Committee

We established an audit committee on December 27, 2011 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The audit committee consists of three members, being Weide Luo, Wanwen Su and Nianlin Zhu. All of the committee members, including Weide Luo, the chairman of the audit committee, who has a professional qualification in financial management and accountancy, are independent non-executive Directors. The members of the audit committee are not involved in the day to day management of the Company. The members of the audit committee shall be appointed by the Board. The primary duties of the audit committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

We have established a remuneration committee on December 27, 2011 with written terms of reference in compliance with paragraph B1 of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The remuneration committee consists of three members namely Wanwen Su, Tien-An Lo and Weide Luo. The chairman of the committee, Weide Luo, is our independent non-executive director. Other than Tien-An Lo, the members of the remuneration committee are not involved in the day to day management of the Company. The members of the remuneration committee shall be appointed by the Board. The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to our Board on our policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for

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developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of our directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and (iv) evaluating and making recommendations on employee benefit arrangements.

Nomination Committee

We have established a nomination committee on December 27, 2011 with written terms of reference as recommended under the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules. The nomination committee consists of three members, namely Nianlin Zhu, Weide Luo and Tien-An Lo. The chairman of the committee, Nianlin Zhu, is our independent non-executive director. Other than the chairman, the members of the nomination committee are not involved in the day to day management of the Company, and shall be appointed by the Board. The primary function of the nomination committee is to make recommendations to our Board on the appointment and removal of Directors of our Company.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, our Directors did not receive any director's fee. All our Directors will receive Director's fees in the range of RMB36,000 to RMB120,000 per year after the Listing Date from the Company for providing services to the Company or in the execution of matters in relation to the Company's operations. In addition, Mr. Tien-An Lo, our Chairman, who is also our employee, will also receive, in his capacity as our employee, compensation in the form of salaries, other allowances and benefits in kind of approximately RMB600,000 per year. Mr. Lo, will also be entitled to a discretionary bonus as determined by our Board on the recommendation of our remuneration committee. Payment of such Directors' compensation will be financed by the Company's internal resources.

The aggregate amount of compensation (including fees, salaries, housing allowances, other allowances and benefits in kind) paid and granted by our Company to our Directors was approximately RMB700,000 for the financial year ended December 31, 2010.

Apart from the compensation paid to Mr. Lo by our Company in the years ended December 31, 2008, 2009 and 2010 as salaries for his service as our Chairman, respectively, no compensation (except for traveling allowance) has been paid by our Company to the Directors for each of three years ended December 31, 2008, 2009 and 2010 and the nine months ended September 30, 2011. No contribution to pension schemes or bonus was paid or payable to Directors for each of the three years ended December 31, 2008, 2009 and 2010 and the nine months ended September 30, 2011.

During the last three years, no remuneration was paid by our Company to or receivable by Directors for each of the last three years as an inducement to join or upon joining our Company. No compensation was paid by our Company to or was receivable by Directors or past Directors for each of the last three years for the loss of office as our Director or of any other office in connection with the management of our Company's affairs. None of our Directors waived any emoluments for each of the last three years. The remuneration of members of our Company's senior management team is determined by the Board of Directors and is reviewed on an annual basis taking into consideration performance criteria such as achieving revenue and net profit targets.

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The aggregate amount of fees, salaries, housing allowances, contribution to retirement benefits plan, bonuses paid or receivable, and other allowances and benefits in cash or in kind paid by our Company to the five highest paid individuals of our Company was approximately RMB1.8 million for the year ended December 31, 2008, RMB1.9 million for the year ended December 31, 2009, RMB2.0 million for the year ended December 31, 2010, and RMB1.6 million for the nine months ended September 30, 2011.

Save as disclosed above, no other payments have been paid or are payable, in respect of the three years ended December 31, 2008, 2009 and 2010 and the nine months ended September 30, 2011, by our Company or any of our subsidiaries to our Directors. It is estimated that an aggregate amount of approximately RMB1.0 million, including benefits and contributions, will be paid to our Directors as remuneration by our Company in respect of the year ended December 31, 2011 according to the present arrangements.

COMPLIANCE ADVISOR

We will appoint SBI E2-Capital (HK) Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction (as defined under the Listing Rules), is contemplated, including share issues and share repurchases;
- where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our Company's business activities, developments or results deviated from any forecast, estimate or other information in this prospectus; and
- where the Hong Kong Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our shares.

Our compliance advisor will also assist our Directors in their reviews of compliance with internal controls established in relation to the opening of retail outlets.

The term of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

DIRECTORS AND SENIOR MANAGEMENT

CORPORATE GOVERNANCE

Corporate Governance Committee

We have established a corporate governance committee which is responsible for the overall implementation of internal control rules, and advising and providing guidance on matters relating to corporate governance. The corporate governance committee was established on December 27, 2011. Our corporate governance committee will be chaired by our chief executive officer, Xiuping Zhu, and will consist of two of our vice presidents, Weilun Liao and Jianhua Gu, and the head of our human resource & administration department, Wancheng Li. The corporate governance committee will hold meetings monthly and members of the committee will be required to report to our Company Secretary, who will report to our Board during the quarterly Board meetings. The primary duties and responsibilities of our corporate governance committee include the following: (i) to develop and review our policies and practices on corporate governance and make recommendations to our Board; (ii) to review and monitor the training and continuous professional development of our Directors and senior management; (iii) to review and monitor our policies and practices on compliance with legal and regulatory requirements, including monitoring developments in PRC legislation relating to our operations and updating our internal control rules accordingly; (iv) to develop, review and monitor the code of conduct and compliance manual applicable to our employees and Directors; (v) to review our compliance with the code contained in Appendix 14 to the Listing Rules and disclosure in the Corporate Governance Report in accordance with Appendix 14 to the Listing Rules; and (vi) to collect and analyze our main operation data and to discuss the risks associated with our operations as well as relevant remedial actions. All such duties and responsibilities will be clearly documented and implementation thereof will be closely monitored by our Board.

In respect of our internal control, each department head shall be responsible for conducting the daily implementation and application of the corporate governance measures applicable to his department. To provide better checks and balances, our corporate governance committee will review and monitor the corporate government measures conducted by respective department heads on a monthly basis, and include its feedbacks in the report to our Company Secretary, who will report to the Board during the quarterly Board meetings. While our corporate governance committee shall be responsible for formulating our Group's internal control rules, our corporate governance committee shall seek the approval of our audit committee prior to the adoption of any such rules or procedures. Our corporate governance committee shall also be responsible for overseeing legal and regulatory issues relating to our Group's operations. Where there are any legal or regulatory developments affecting our Group's operations, our corporate governance committee shall promptly report such developments to the audit committee. Our corporate governance committee shall also review our compliance with the code contained in Appendix 14 to the Listing Rules. In the event of any deviation or non-compliance with the code, our corporate governance committee shall inform our audit committee accordingly. In addition, where any of the responsibilities of our corporate governance committee relate to responsibilities of our audit committee, such responsibilities shall be subject to the oversight of our audit committee.

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Internal compliance guidelines

We have adopted internal compliance guidelines regulating the process of approval and execution of contracts and the use of our Group's official chops. We typically adopt the following procedures prior to the approval and execution of contracts:

- (i) we usually use our own forms of contracts; however, where other parties make amendments to such forms or prefer not to use our forms, we will consult with our in-house legal department or third party legal advisor for advice;
- (ii) the responsible department manager overseeing the negotiation of a particular contract will review and confirm the business terms of the contracts are acceptable and then accordingly file an application for the use of our Group's official chops; meanwhile the responsible department manager shall advise the other parties to the contract that the contract will not become effective unless they are executed by authorized representatives of our Group and are sealed using our Group's official chops;
- (iii) our in-house legal department will review and confirm the legality of such contracts to the extent practicable and approve the application for the use of our Group's official chops;
- (iv) the Chief Executive Officer and/or Vice President will also conduct a final review of contracts and will also be required to approve the application for the use of our Group's official chops;
- (v) the legal representative or his or her authorized representative will sign the contracts in accordance with their respective authority; and
- (vi) the custodian of our Group's official chops will seal the contracts only if the authorized representative has executed the contracts and the application for the use of our Group's official chops have been properly approved.

Our internal compliance guidelines also set out that the relevant department manager, our President, and the legal representative are authorized to sign contracts related to our daily business operations, contracts, which are not entered into in the ordinary course of our business and other material contracts. All personal chops of our Directors and/or senior management (including the legal representative) are kept under their custody and will not be used for execution of contracts without prior authorization.

In-house legal department

We have established an in-house legal department under the leadership of our corporate governance committee to ensure our compliance with all applicable laws and regulations. The in-house legal department is headed by our in-house legal advisor, Ms. Yan Yang, who holds a master of laws degree from East China University of Politics and Law and has passed the PRC bar examination.

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We intend to staff the in-house legal department with several legal assistants who are familiar with relevant PRC laws. The in-house legal department will hold monthly meetings and report to our corporate governance committee. To discharge its duties effectively, our in-house legal department will work closely with our compliance advisor and outside legal advisors retained by us. The primary duties and responsibilities of our in-house legal department include the following:

- (i) to provide legal advice on major decision-making;
- (ii) to set up, consult and improve our internal compliance guidelines;
- (iii) to monitor and supervise the execution of our internal compliance guidelines;
- (iv) to set up contracts approval and chops management system;
- (v) to assist in the negotiation of major contracts;
- (vi) to provide legal training to our employees;
- (vii) to retain outside legal advisors and handle arbitration, litigation and other legal matters on our behalf, as and when necessary;
- (viii) to participate in resolving major disputes concerning our Group;
- (ix) to handle our intellectual property-related matters;
- (x) to monitor developments in PRC legislation relating to our operations and to provide related information to our management; and
- (xi) other law-related assignments from our management.

As part of our internal compliance procedures, we have strengthened our in-house legal department to provide greater supervision so as to ensure that we are in compliance with all laws and regulations which are applicable to our business operations. In particular, with the assistance of our advisors as to PRC laws, our in-house legal department will focus on ensuring that our systems and procedures relating to lease registration and licensing issues are adequate, in order to prevent similar non-compliance incidents in the future. Our in-house legal department will also consult external legal counsel and other professional advisors, as and when required.

DIRECTORS AND SENIOR MANAGEMENT

Training of our Directors and senior management

As part of the Listing process, our Directors and senior management members have received training regarding a wide spectrum of areas relating to directors duties and corporate governance. Our Directors believe that such training would keep them abreast of relevant legal requirements and good corporate governance practices. In particular, on March 19, 2011, our Directors and senior management attended a directors training in relation to the duties and ongoing obligations of directors of listed companies, which was conducted by the Hong Kong legal advisors to our Company. The content of such training consisted of inter alia the following topics:

- Obligations of directors and senior management members arising from common law, the Hong Kong Companies Ordinance and the Listing Rules;
- Fiduciary duties of directors;
- Prospectus, announcement and circular disclosures; and
- Obligations of directors and senior management of listed companies, including those under Chapter 3, 13, 14, 14A and the relevant appendices of the Listing Rules.

Following the training, our Directors and senior management members were tested on those items discussed in the training to reinforce the content of the training.

Our Hong Kong legal advisors have also prepared a corporate governance manual for us, the content of which is based upon the content of the training.

On December 27, 2011, our Hong Kong legal advisors conducted a further training with our Directors and senior management to reinforce their understanding of the Listing Rules and other applicable laws and regulations relating to directors and listed companies in Hong Kong. Such training also included updates of the Listing Rules since the last training.

Throughout the preparation of the Listing, in addition to the training conducted by our Hong Kong legal advisors, our PRC legal advisor have continuously advised us as to our legal duties and obligations, particularly those concerning our Group's business operations. During the period between around December 2010 and March 2011, our PRC legal advisor held frequent meetings and extensive communications with our in-house legal department, in order to provide training on applicable laws relating to the business operations of our Group, particularly the operation of retail stores, licensing issues and other compliance issues. Our PRC legal advisor focused on training us on areas which our Group had previously experienced non-compliance issues. Our legal department has ensured that important legal compliance issues are communicated to other relevant members of our staff.

In addition, prior to the Listing, our PRC legal advisor conducted a customized training session for the benefit of key employees, including inter alia our Directors and senior management, in order to reinforce their understanding of relevant legal duties and obligations of our Group. Our PRC legal advisor also provided our Group with written notes in relation to such training for our reference.

DIRECTORS AND SENIOR MANAGEMENT

Internally, our senior management, including our executive Directors, will implement a training plan and conduct training sessions for our key staff members on a continuing basis, as and when necessary, with the assistance of our external legal advisors. Such training will focus on the measures taken in relation to legal compliance matters, and in particular, those areas where we experienced non-compliance issues in the past.

ADDITIONAL INFORMATION

Mr. Tien-An Lo, our Chairman, used to serve as the chairman and legal representative of Fu Di Construction Company (“Fu Di”), a company incorporated in Taiwan. In December 1997, Mr. Lo resigned from his office as the chairman and legal representative of Fu Di after Qi Fu Construction Co. Ltd. (“Qi Fu”) took control of Fu Di. After Mr. Lo’s resignation, Fu Di was involved in a number of tax delinquencies arising from a land development project since 1999.

According to Mr. Lo, after Qi Fu took control of Fu Di, the personal chops of the shareholders of Fu Di were kept at Qi Fu’s headquarter at the request of Qi Fu. Subsequently, he became the chairman and legal representative of Fu Di as a result of an unauthorized appointment and misuse of his personal chop by Qi Fu without Mr. Lo’s knowledge and consent. The records indicated that Mr. Lo remained as the chairman and legal representative of Fu Di in 1999. As Mr. Lo was unable to prove the unauthorized appointment and misuse of the personal chop, he was listed as a co-defendant and was held liable for the tax delinquencies in the capacity of the chairman and the legal representative of Fu Di. In 2001, Mr. Lo reached a settlement agreement with the Taiwan tax authorities to pay Fu Di’s then existing tax liabilities in twelve installments based on Qi Fu’s oral undertaking that it would bear such installment payments. As Fu Di failed to pay the subsequent installments to the tax authority of Taiwan as agreed in the settlement agreement, the tax authorities of Taiwan imposed a total of six travel restrictions on Mr. Lo in his capacity as the chairman and legal representative of Fu Di.

Mr. Lo personally settled all of Fu Di’s outstanding tax liabilities in February 2008, and all travel restrictions imposed were lifted subsequently. Mr. Lo ceased to be the chairman and legal representative of Fu Di on record in August 2008. Consequently, Mr. Lo is no longer associated with Fu Di and will not be subject to any personal liabilities such as administrative fines, travel restrictions or other sanctions arising from Fu Di’s violation of any applicable laws and regulations.

In addition, an independent third party brought up a lawsuit against Mr. Lo in his personal capacity in the Taiwan Hsinchu District Court for the repayment of two personal loans in an aggregate amount of NTD7.5 million incurred in 1998. The court rendered a judgment on July 31, 2009 in favor of the plaintiff and ordered Mr. Lo to repay an amount of NTD9,375,000 together with accrued interest, on the ground that Mr. Lo was unable to prove that he had repaid such loans. As confirmed by Mr. Lo, Mr. Lo settled this civil lawsuit with the plaintiff through a mediation procedure in the Taiwan High Court in December 2009. The mediation proceeding was agreed by both parties that an one-off repayment of NTD8.0 million to be paid by Mr. Lo to the plaintiff and that the plaintiff waived all the claims.