

CHINA JO-JO DRUGSTORES, INC.  
Form DEF 14A  
February 27, 2015

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**DEFINITIVE SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**CHINA JO-JO DRUGSTORES, INC.**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**CHINA JO-JO DRUGSTORES, INC.**

**1st Floor, Yuzheng Plaza, No.76, Yuhuangshan Road**

**Hangzhou, Zhejiang Province**

**People's Republic of China, 310002**

**Telephone: +86-571-88077078**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON MARCH 23, 2015**

TO THE SHAREHOLDERS OF CHINA JO-JO DRUGSTORES, INC.:

The 2014 Annual Meeting of the shareholders of China Jo-Jo Drugstores, Inc. (the "Annual Meeting"), a Nevada corporation, (the "**Company**"), will be held on **March 23, 2015 at 9:00 p.m. E.T.** (March 24, 2015 at 9:00 a.m., Beijing time), at the Company's principal executive offices located at 1st Floor, Yuzheng Plaza, No.76, Yuhuangshan Road, Hangzhou, Zhejiang Province, People's Republic of China, 310002, for the following purposes:

1. To elect five directors to serve until the next Annual Meeting or until their successors are duly elected and qualified;
2. To amend the Company's 2010 Equity Incentive Plan to increase 2,300,000 shares that are available for issuance thereunder;
3. To ratify the appointment of Friedman LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2015;
4. To approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission;
5. To hold a non-binding advisory vote on the frequency of the advisory vote on executive compensation; and
6. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

These items of business are more fully described in the proxy statement accompanying this Notice.

The Board of Directors has fixed the close of business on **February 18, 2015**, as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting. We know that many of our stockholders will be unable to attend the Annual Meeting. We are soliciting proxies so that each stockholder has an opportunity to vote on all matters that are scheduled to come before the stockholders at the Annual Meeting. Whether or not you plan to attend, please take the time now to read the proxy statement and vote via the Internet or, if you prefer, submit by mail a paper copy of your proxy or voter instructions card, so that your shares are represented at the meeting. You may also revoke your proxy or voter instructions before or at the Annual Meeting. Regardless of the number of our shares you own, your presence in person or by proxy is important for quorum purposes and your vote is important for proper corporate actions.

By Order of the Board of Directors,

/s/ Lei Liu  
Lei Liu  
Chairman of the Board and Chief Executive Officer

Hangzhou, People's Republic of China

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDERS MEETING TO BE HELD ON MARCH 23, 2015 - THE PROXY STATEMENT AND ANNUAL REPORT TO SHAREHOLDERS ARE AVAILABLE AT [www.iproxydirect.com/CJJD](http://www.iproxydirect.com/CJJD)**

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, WE URGE YOU TO VOTE. YOU MAY VOTE BY TELEPHONE OR VIA THE INTERNET. IF YOU RECEIVED A PAPER COPY OF THE PROXY CARD BY MAIL, YOU MAY ALSO MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY IN THE ENCLOSED POSTAGE-PREPAID ENVELOPE.

**CHINA JO-JO DRUGSTORES, INC.**

**1st Floor, Yuzheng Plaza, No.76, Yuhuangshan Road**

**Hangzhou, Zhejiang Province**

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**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON MARCH 23, 2015**

**February 27, 2015**

**GENERAL**

The enclosed proxy is solicited on behalf of the Board of Directors (the "**Board**") of China Jo-Jo Drugstores, Inc., a Nevada corporation (the "**Company**"), for use at the Annual Meeting of shareholders to be held on **March 23, 2015 at 9:00 p.m. E.T.** (March 24, 2015 at 9:00 a.m., Beijing time) (the "**Annual Meeting**"), or at any adjournment or postponement of the Annual Meeting, for the purposes set forth in this proxy statement and in the accompanying Notice of Annual Meeting of Shareholders. The Annual Meeting will be held at the Company's principal executive offices located at 1st Floor, Yuzheng Plaza, No.76, Yuhuangshan Road, Hangzhou, Zhejiang Province, People's Republic of China, 310002.

These proxy materials are made available to you by the Board on the Internet on or about **March 2, 2015**, at **[www.iproxydirect.com/CJJD](http://www.iproxydirect.com/CJJD)**, which is on the proxy card mailed to shareholders of record and beneficial holders. Printed versions of these proxy materials will be delivered to you by mail, free of charge, in connection with the Board's solicitation of proxies for use at the Annual Meeting on or about March 3, 2015. Our shareholders are invited to attend the Annual Meeting and are requested to vote on the proposals described in this proxy statement. These proxy materials include: our proxy statement for (and notice of) the Annual Meeting; and our annual report on Form 10-K for the year ended March 31, 2014 (the "**Annual Report**"), which includes our annual audited financial statements for the year ended March 31, 2014. These proxy materials also include a proxy card or a voting information card for

the Annual Meeting, for submitting your vote in writing to us or your broker, as the case may be.

## **ABOUT THE MEETING**

### **Who is entitled to vote at the Annual Meeting?**

Only shareholders of record at the close of business on **February 18, 2015** (the “**Record Date**”) are entitled to receive notice of and to vote at the Annual Meeting. If you were a shareholder of record on the Record Date, you will be entitled to vote all of the shares that you held on the Record Date at the Annual Meeting, or any postponement or adjournment of the Annual Meeting.

### **Who can attend the Annual Meeting?**

Any person who was a shareholder of the Company on the Record Date may attend the meeting. If you own shares in street name, you should ask your broker or bank for a legal proxy to bring with you to the Annual Meeting. If you do not receive the legal proxy in time, bring your most recent brokerage statement so that we can verify your ownership of our stock and admit you to the Annual Meeting. You will not, however, be able to vote your shares at the Annual Meeting without a legal proxy.

### **What am I voting on?**

The Board, on behalf of the Company, is seeking your affirmative vote for the following five items:

1. The election of five directors;
2. The amendment of the Company’s 2010 Equity Incentive Plan to increase 2,300,000 shares that are available for issuance;
3. The ratification of Friedman LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2015;

4. The approval of the executive compensation of our named executive officers as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission; and
5. The advisory vote on the frequency of the advisory vote on executive compensation.

**Will any other matters be voted on?**

We do not know of any other matters that will be brought before the shareholders for a vote at the Annual Meeting. If any other matter is properly brought before the meeting, your signed proxy card would authorize Mr. Lei Liu to vote on such matters in his discretion.

**How do I vote?**

Shareholders of Record

If your shares are registered directly in your name with the Company's transfer agent, American Stock Transfer & Trust Company, LLC, then you are a shareholder of record.

If you are a shareholder of record, there are five ways to vote:

**Vote by Internet.** You can vote via the Internet. The website address for Internet voting is provided on your proxy card. You will need to use the control number appearing on your proxy card to vote via the Internet. You can use **1.** the Internet to transmit your voting instructions up until 11:59 P.M. Eastern Time on **March 20, 2015**. Internet voting is available 24 hours a day. If you vote via the Internet, you do NOT need to vote by telephone or return a proxy card.

**Vote by Telephone.** You can also vote by telephone by calling the toll-free telephone number provided on your proxy card. You will need to use the control number appearing on your proxy card to vote by telephone. You may **2.** transmit your voting instructions from any touch-tone telephone up until 11:59 P.M. Eastern Time on **March 20, 2015**. Telephone voting is available 24 hours a day. If you vote by telephone, you do NOT need to vote over the Internet or return a proxy card.

**3.**

**Vote by Fax.** You can also vote by fax by faxing to the fax number provided on your proxy card. You will need to use the control number appearing on your proxy card to vote by fax. You may transmit your voting instructions by fax up until 11:59 P.M. Eastern Time on **March 20, 2015**. Fax voting is available 24 hours a day. If you vote by fax, you do NOT need to vote over the Internet or return a proxy card.

**Vote by Mail.** If you received a printed copy of the proxy card, you can vote by marking, dating and signing it, and 4. returning it in the postage-paid envelope provided. Please promptly mail your proxy card to ensure that it is received prior to the closing of the polls at the Annual Meeting.

**5. Vote in Person.** You can vote in person at the Annual Meeting.

#### Street Name Holders

If your shares are held, not in your name, but rather in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in “street name” and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the shareholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the Annual Meeting.

However, since you are not the shareholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from your broker or agent.

Regardless of how your shares are registered, if you complete and properly sign the proxy card and return it to the address indicated, it will be voted as you direct.



**How many votes do I have?**

On each matter to be voted upon, you will have one vote for each share of the Company's common stock that you owned on the Record Date.

**How many votes can be cast by all shareholders?**

The Company had **15,385,504** outstanding shares of common stock on the Record Date, and each of these shares is entitled to one vote.

**How many votes must be present to hold the meeting?**

The holders of at least a majority of the Company's common stock outstanding on the Record Date must be present at the Annual Meeting in person or by proxy in order to fulfill the quorum requirement necessary to hold the Annual Meeting. As of the Record Date, there were **15,385,504** shares of common stock outstanding. This means at least **7,692,753** common shares must be present in person or by proxy.

If you vote, your shares will be part of the quorum. Abstentions and broker non-votes will also be counted in determining the quorum. A broker non-vote occurs when a bank or broker holding shares in street name submits a proxy that states that the broker does not vote for some or all of the proposals because the broker has not received instructions from the beneficial owners on how to vote on the proposals and does not have discretionary authority to vote in the absence of instructions.

We urge you to vote by proxy even if you plan to attend the Annual Meeting so that we will know as soon as possible that a quorum has been achieved.

**What vote is required to approve each proposal?**

Proposal No. 1 (Election of Directors): The five nominees for directors who receive the most votes will be elected.

**Please note that brokers may no longer vote on the election of directors in the absence of specific client instructions.**

Proposal No. 2 (Amendment No. 1 of the Company's 2010 Equity Incentive Plan): The required vote to approve the amendment of the Company's 2010 Equity Incentive Plan to increase 2,300,000 shares that are available for issuance, is the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting.

Proposal No. 3 (Ratification of the Appointment of the Independent Auditor): The required vote to approve the ratification of the appointment of Friedman LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2015, is the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting.

Proposal No. 4 (Advisory Vote on Executive Compensation): The required vote to approve the compensation of our named executive officers as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, is the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting.

Proposal No. 5 (Advisory Vote on the Frequency of the Advisory Vote on Executive Compensation): The option among those choices that obtains a plurality of votes cast by the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be deemed to have received the advisory approval of our stockholders.

### **Can I change my vote?**

Yes. You may change your vote by sending in a new proxy card with a later date, or, if you are a shareholder of record, sending written notice of revocation to the Company's Secretary at the address on the cover of this proxy statement. Also, if you attend the Annual Meeting and wish to vote in person, you may request that your previously submitted proxy not be used.

**What happens if I sign and return the proxy card but do not indicate how to vote on an issue?**

If you return a proxy card without indicating your vote, your shares will be voted as follows:

FOR each of the nominees for director named in this proxy statement;

FOR amendment of the Company's 2010 Equity Incentive Plan to increase 2,300,000 shares that are available for issuance;

FOR ratification of the appointment of Friedman LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2015;

FOR approval of the executive compensation of the Company's named executive officers as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission; and

FOR the frequency of approval of executive compensation practices every "THREE YEARS".

**How can I find out the results of the voting at the Annual Meeting?**

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be published in a Current Report on Form 8-K, which we will file with the SEC within four business days after the Annual Meeting.

**When are shareholder proposals due for the next annual meeting?**

We presently intend to hold our next annual meeting of shareholders in March 2016. Any appropriate proposal submitted by a shareholder and intended to be presented at the next annual meeting of shareholders must be submitted in writing to our Secretary at 1st Floor, Yuzheng Plaza, No.76, Yuhuangshan Road, Hangzhou, Zhejiang Province, People's Republic of China, 310002, and received no later than September 30, 2015, to be includable in the Company's proxy statement and related proxy for the next annual meeting of shareholders. A shareholder proposal will need to comply with the SEC regulations under Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), regarding the inclusion of shareholder proposals in company-sponsored proxy materials. Although the Board will consider shareholder proposals, we reserve the right to omit from our proxy statement, or to vote against, shareholder proposals that we are not required to include under the Exchange Act, including Rule 14a-8.

**How can I obtain additional information about the Company?**

You can access our Annual Report as filed with the SEC. Additional copies will be furnished without charge to shareholders upon written request. Exhibits to the Annual Report will be provided upon written request. All written requests should be directed to: China Jo-Jo Drugstores, Inc., c/o Chief Financial Officer, 1st Floor, Yuzheng Plaza, No.76, Yuhuangshan Road, Hangzhou, Zhejiang Province, People's Republic of China, 310002.

We are subject to the informational requirements of the Exchange Act, which requires that we file reports, proxy statements and other information with the SEC. The SEC maintains a website that contains reports, proxy and information statements and other information regarding companies, including our Company, that file electronically with the SEC. The SEC's website address is [www.sec.gov](http://www.sec.gov). In addition, our filings may be inspected and copied at the public reference facilities of the SEC located at 100 F Street, N.E. Washington, DC 20549. Copies of the material may also be obtained upon request and payment of the appropriate fee from the Public Reference Section of the SEC located at 100 F Street, N.E., Washington, DC 20549.

## **PROPOSAL NO. 1**

### **ELECTION OF DIRECTORS**

Under the Company's bylaws, the number of directors of the Company is fixed by the Board and may be increased or decreased by resolution of the Board. Vacancies on the Board may be filled only by persons elected by a majority of the remaining directors. A director elected by the Board to fill a vacancy shall serve until the next Annual Meeting.

The directors of the Company do not have a definite term of office, and each director will serve until the next Annual Meeting and until the director's successor is elected and qualified. The Nominating Committee of the Board, comprising of three independent directors, will consider director candidates recommended by shareholders. The Nominating Committee does not intend to alter the manner in which it evaluates candidates based on whether or not the candidate was recommended by a shareholder, except that the Nominating Committee may consider the size and duration of the share holdings of the recommending shareholder in relation to the total outstanding shares of the Company, and the extent to which the recommending shareholder intends to continue holding its interest in the Company. To nominate a director, shareholders must submit such nomination in writing to our Secretary at 1st Floor, Yuzheng Plaza, No.76, Yuhuangshan Road, Hangzhou, Zhejiang Province, People's Republic of China, 310002.

Currently, the Board has fixed the number of directors at five persons. Five directors are to be elected to the Board at the Annual Meeting. The Board has nominated Mr. Lei Liu, Ms. Li Qi, Ms. Zhimin Su, Mr. Taihong Guo and Dr. Genghua Gu for re-election at the Annual Meeting. All of the nominees currently serve on the Board.

Directors are elected by a plurality of the votes of the holders of shares present in person or represented by proxy and entitled to vote on the election of directors at the Annual Meeting at which a quorum is present. The nominees receiving the most "For" votes (among votes properly cast in person or by proxy) will be elected. If no contrary indication is made, shares represented by executed proxy will be voted "For" the election of the nominees named above or, if any nominee becomes unavailable for election as a result of unexpected occurrence, "For" the election of a substitute nominee designated by our Board. Each nominee has agreed to serve as a director if elected, and we have no reason to believe that any nominee will be unable to serve.

All of the Company's directors are expected to attend the Annual Meeting, unless unusual circumstances would prevent such attendance.

**The Board of Directors recommends a vote “FOR” each nominee.**

**INFORMATION ABOUT THE NOMINEES**

Name	Age (1)	Position	Served From
Lei Liu	51	Chief Executive Officer and Chairman of the Board	September 17, 2009
Li Qi	42	Secretary and Director	October 23, 2009
Zhimin Su (2) (3) (4)	38	Director	November 30, 2012
Taihong Guo (2) (3) (4)	64	Director	January 1, 2013
Genghua Gu (2) (3) (4)	65	Director	December 9, 2013

- (1) As of the date of this proxy statement.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Nominating Committee.

***Lei Liu, Chief Executive Officer and Chairman of the Board***

Mr. Liu is one of the three founders of Hangzhou Jiuzhou Grand Pharmacy Chain Co., Ltd. (“Jiuzhou Pharmacy”), Hangzhou Jiuzhou Clinic of Integrated Traditional and Western Medicine (General Partnership) (“Jiuzhou Clinic”) and Hangzhou Jiuzhou Medical & Public Health Service Co., Ltd. (“Jiuzhou Service”) (Jiuzhou Pharmacy, Jiuzhou Clinic and Jiuzhou Service, as well as the subsidiaries of Jiuzhou Pharmacy, collectively as “HJ Group”), and has been the executive director of Jiuzhou Pharmacy since September 2003 and the supervising director of Jiuzhou Service since November 2005. From December 1997 to August 2003, Mr. Liu worked in Tai He Drugstore as a general manager. From September 1992 to November 1997, Mr. Liu was an administration official of Hangzhou Medical Junior College, his alma mater, where he was also a researcher and an anatomy instructor from September 1983 to July 1992. Mr. Liu has been a licensed researcher in the PRC since September 1988. These attributes make Mr. Liu an ideal candidate to serve as our Chairman.

***Li Qi, Secretary and Director***

Ms. Qi is one of the three founders of HJ Group and is currently the general manager of both Jiuzhou Pharmacy and Jiuzhou Service. From January 2000 to June 2003, Ms. Qi worked in Zhejiang Yikang Drugstore as a general manager. From October 1991 to January 2000, Ms. Qi worked in the Branch Hospital of Hangzhou No. 1 People's Hospital as a nurse. Ms. Qi is a licensed TCM pharmacist in the PRC and is a 1991 graduate of Hangzhou Nurse School. The Board believes that Ms. Qi's knowledge of the Company's history and day-to-day operations and her experience in the medical industry in the PRC qualify her to serve a director of the Company.

***Zhimin Su, Independent Director***

Since December 2010, Ms. Su has been a senior investment manager with Go Capital Limited, a private equity investment firm in Shanghai, performing due diligence and risk evaluation of potential industry-specific investments. From July 2009 to October 2010, Ms. Su was a senior analyst for Caitong Securities, a Chinese state-owned securities broker in Hangzhou, analyzing and researching companies in the tourism and media industries as well as the macro-economy and capital markets in the United States. From August 2007 to December 2008, Ms. Su was a senior financial analyst with The Los Angeles Times, Inc., conducting forecasts and budget reviews, and preparing financial plans, analyses and recommendations for senior management. None of these companies is related to or affiliated with the registrant. Ms. Su holds a master's degree in business administration from the University of Southern California, Marshall School of Business. She is a graduate of the Central University of Finance and Economics in Beijing with a bachelor's degree in economics. The Board has determined that Ms. Su should serve as a director given her extensive financial and accounting experience, as well as her English and Chinese bilingual capabilities to facilitate the Board's supervision of the management.

***Taihong Guo, Independent Director***

Since December 2012, Mr. Guo has been the President of the Zhejiang Province Pharmaceutical Industry Association, which has over 300 local pharmaceutical enterprises as members, and serves as a bridge between its members and the Zhejiang Food and Drug Administration ("FDA"). He was previously the Chief of the Hangzhou FDA from January 2003 to September 2009, and an Inspector from September 2009 to June 2012. From February 2010 to January 2012, he also chaired the Board of Supervisors at three private companies in Hangzhou: Hangzhou Industrial Assets Management Co., Ltd., a state-owned asset management company, Hangzhou Qingchunbao Group Co., Ltd., a leading supplier of traditional Chinese medicine and nutritional supplements throughout China, and Hangzhou Information Technology Co., Ltd., a state-owned asset management focusing on technology companies. None of these companies is related to or affiliated with the registrant. Mr. Guo holds a bachelor degree in automotive designs from Jiangsu University (formerly Zhengjiang Nongji Institute), an associate degree in law from the Open University of China, Zhejiang Campus, and a bachelor degree in business management from the Central Party School. The Board has determined that Mr. Guo should serve as a director given his experience and working knowledge of the Hangzhou

FDA, as well as his considerable contacts within the pharmaceutical industry in Hangzhou.

***Genghua Gu, Independent Director***

Dr. Gu is a retired physician, professor and published scientific researcher in the field of stomatology. From 2003 to 2013, Dr. Gu was a member of the Standing Committee of Zhejiang Province Political Consultative Conference. From 2000 to 2009, Dr. Gu was the Vice President of the Women's Hospital of Zhejiang University's School of Medicine (the "School of Medicine"), where, in addition to being a chief physician, professor and researcher, he was also in charge of logistics and financial control as part of the hospital's management. From 1998 to 2000, Dr. Gu was the Vice President of the Second Affiliate Hospital of the School of Medicine (the "Affiliate Hospital"), where, in addition to his medical, teaching and research duties, he was also in charge of the hospital's logistics. From 1995 to 1998, Dr. Gu served as the Deputy Magistrate with the Shuichang County Government in Zhejiang Province, in charge of the county's culture, education and hygiene programs. From 1988 to 1995, Dr. Gu was the Head of the Medical Department at the Affiliate Hospital and was involved in planning and management of the medical department. Dr. Gu served as an oral surgeon from 1977 to 1988 at the Affiliate Hospital. Dr. Gu graduated from Shanghai Jiaotong University's School of Medicine, Department of Stomatology in 1977. The Board has determined that Dr. Gu should serve as a director given his extensive medical and scientific research experience, as well as his government and hospital management and logistics experience.



## **INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

Our Board currently consists of five members. Our bylaws provide that our directors will hold office until the Annual Meeting of shareholders or until their successors have been elected and qualified. Our Board is responsible for the business and affairs of the Company and considers various matters that require its approval.

### **Independence of the Board**

We are required to comply with The NASDAQ Stock Market (“**NASDAQ**”) listing standards, under which a majority of the members of a listed company’s board of directors must qualify as “independent,” as affirmatively determined by the board of directors. The Board consults with the Company’s counsel to ensure that the Board’s determination are consistent with relevant securities and other laws and regulations regarding the definition of “independent,” including those set forth in pertinent listing standards of the NASDAQ, as in effect from time to time.

Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, and the Company, our senior management and our independent registered public accounting firm, the Board has affirmatively determined that the following directors and nominees are independent directors within the meaning of the NASDAQ listing standards: Ms. Zhimin Su, Mr. Taihong Guo and Dr. Genghua Gu. Mr. Lei Liu and Ms. Li Qi are not independent directors.

### **Code of Ethics and Business Conduct**

The Company’s Code of Ethics, which applies to all officers, directors and employees, was adopted by the Board on March 15, 2010. The Code of Ethics was filed as Exhibit 14 to the Company’s Current Report on Form 8-K filed with the SEC on March 23, 2010, a copy of which is available on our website at <http://www.chinajojodrugstores.com> under the tabs “Investor” – “Corporate Governance” – “Documents”.

### **Meetings of the Board**

During the fiscal year ended March 31, 2014, the Board met 2 times and took action by unanimous written consent 2 times.

**Information regarding Committees of the Board**

The Board has three committees: the Audit Committee, the Compensation Committee and the Nominating Committee. The following table provides membership and meeting information for these committees for the fiscal year ended March 31, 2014:

Name	Audit	Compensation	Nominating
Zhimin Su (2)	X (1)	X	X
Taihong Guo	X	X	(1) X
Genghua Gu	X	X	X (1)
Total meetings in year ended March 31, 2014	1		