

Jiangbo Pharmaceuticals, Inc.  
Form DEF 14A  
May 31, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A  
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Filed by the Registrant  x  
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))  
x Definitive Proxy Statement  
.. Definitive Additional Materials  
.. Soliciting Material Pursuant to §240.14a-12

JIANGBO PHARMACEUTICALS, 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)(1) 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 previously paid 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:



JIANGBO PHARMACEUTICALS, INC.

25 Haihe Road, Laiyang Economic Development Zone,  
Laiyang City, Yantai, Shandong Province, People's Republic of China 265200

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
to be held on June 28, 2011

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TO THE STOCKHOLDERS OF JIANGBO PHARMACEUTICALS, INC.:

The Annual Meeting of the Stockholders of Jiangbo Pharmaceuticals, Inc., a Florida corporation (the "Company", "Jiangbo Pharmaceuticals", "we", "us" or "our"), will be held on June 28, 2011, at 9:00 a.m. Beijing Standard Time (local time), which is equivalent to June 27, 2011 at 9:00 p.m. U.S. Eastern Standard Time (the "Annual Meeting"), at 25 Haihe Road, Laiyang Economic Development Zone, Laiyang City, Yantai, Shandong Province, People's Republic of China 265200. The Annual Meeting is called for the following purposes:

1. To elect five (5) directors to the Board of Directors of the Company to serve until the next annual meeting of stockholders and until their successors are duly elected and qualified;
2. To ratify the appointment of Marcum Bernstein & Pinchuk LLP as the Company's independent auditors for the fiscal year ending June 30, 2011;
3. To approve and adopt the Jiangbo Pharmaceuticals, Inc. 2011 Omnibus Securities and Incentive Plan; and
4. To transact any other business as may properly be presented at the Annual Meeting or any adjournment or postponement thereof.

Stockholders of record of the Company's common stock at the close of business on May 24, 2011 are entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof.

Your attention is directed to the Proxy Statement accompanying this Notice for a more complete statement of matters to be considered at the Annual Meeting.

Whether or not you expect to attend the Annual Meeting, please execute the accompanying proxy, and return it promptly in the enclosed return envelope. If you grant a proxy, you may revoke it at any time prior to the Annual Meeting. Whether you grant a proxy, you may vote in person, if you attend the Annual Meeting.

PLEASE NOTE: If your shares are held in street name, your broker, bank, custodian, or other nominee holder cannot vote your shares in the election of directors and in the adoption of the Jiangbo Pharmaceuticals, Inc. 2011 Omnibus Securities and Incentive Plan, unless you direct the nominee holder how to vote, by marking your proxy card.

By Order of the Board of Directors,

/s/ Cao Wubo  
Cao Wubo

Chairman of the Board of Directors

Dated: May 31, 2011

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JIANGBO PHARMACEUTICALS, INC.

25 Haihe Road, Laiyang Economic Development Zone,  
Laiyang City, Yantai, Shandong Province, People's Republic of China 265200

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PROXY STATEMENT

for

Annual Meeting of Stockholders  
to be held on June 28, 2011

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INTRODUCTION

Your proxy is solicited by the Board of Directors of Jiangbo Pharmaceuticals, Inc., a Florida corporation (the "Company", "Jiangbo Pharmaceuticals", "we", "us" or "our"), for use at the Annual Meeting of Stockholders to be held on June 28, 2011, at 9:00 a.m. Beijing Standard Time (local time), which is equivalent to June 27, 2011 at 9:00 p.m. U.S. Eastern Standard Time (the "Annual Meeting"), at 25 Haihe Road, Laiyang Economic Development Zone, Laiyang City, Yantai, Shandong Province, People's Republic of China 265200. The Annual Meeting is called for the following purposes:

1. To elect five (5) directors to the Board of Directors of the Company to serve until the next annual meeting of stockholders and until their successors are duly elected and qualified;
2. To ratify the appointment of Marcum Bernstein & Pinchuk LLP as the Company's independent auditors for the fiscal year ending June 30, 2011;
3. To approve and adopt the Jiangbo Pharmaceuticals, Inc. 2011 Omnibus Securities and Incentive Plan; and
4. To transact any other business as may properly be presented at the Annual Meeting or any adjournment or postponement thereof.

The Board of Directors set May 24, 2011 as the record date (the "Record Date") to determine those holders of common stock, par value \$0.001 per share, of the Company (the "Common Stock") who are entitled to notice of, and to vote at, the Annual Meeting. A list of the stockholders entitled to vote at the Annual Meeting may be examined at the Company's office during the 10-day period preceding the Annual Meeting.

On or about June 3, 2011, this proxy statement, the proxy card and annual report are being mailed to stockholders of record as of the close of business on the Record Date.

## GENERAL INFORMATION ABOUT VOTING

Who can vote?

You can vote your shares of Common Stock if our records show that you owned the shares on the Record Date. Persons who are not stockholders of record on the Record Date will not be allowed to vote at the Annual Meeting. As of the close of business on the Record Date, a total of 13,692,179 shares of Common Stock are entitled to vote at the Annual Meeting. Each share of Common Stock is entitled to one vote on matters presented at the Annual Meeting.

If I am a stockholder of record, how do I cast my vote?

If you are a stockholder of record, you may vote in person at the Annual Meeting. We will give you a ballot when you arrive.

If you do not wish to vote in person or you will not be attending the Annual Meeting, you may vote by proxy using the enclosed proxy card. To vote by proxy using the enclosed proxy card complete, sign and date your proxy card and return it promptly in the envelope provided.

If you vote by proxy, your vote must be received by 11:59 p.m. U.S. Eastern Standard Time on June 26, 2011 to be counted.

How do I vote by proxy?

Follow the instructions on the enclosed proxy card to vote on each proposal to be considered at the Annual Meeting. Sign and date the proxy card and mail it back to us in the enclosed envelope.

The enclosed proxy, when properly signed and returned to the Company, will be voted by the proxy holders at the Annual Meeting as directed by the proxy. Proxies which are signed by stockholders but which lack any such specification will be voted in favor of the proposals set forth in the Notice of Annual Meeting.

What if other matters come up at the Annual Meeting?

The matters described in this proxy statement are the only matters we know of that will be voted on at the Annual Meeting. If other matters are properly presented at the meeting, the proxy holders will vote your shares as they see fit.

Can I change my vote after I return my proxy card?

Yes. You may revoke your proxy card at any time before its exercise at the Annual Meeting by giving our Secretary, a written notice revoking your proxy card, or a duly executed proxy bearing a later date, or by attendance at the Annual Meeting and electing to vote in person.

Can I vote in person at the Annual Meeting rather than by completing the proxy card?

Although we encourage you to complete and return the proxy card to ensure that your vote is counted, you can attend the Annual Meeting and vote your shares in person.



How are votes counted?

We will hold the Annual Meeting if holders representing a majority of the shares of Common Stock issued and outstanding and entitled to vote in person or by proxy either sign and return their proxy cards or attend the meeting. If you sign and return your proxy card your shares will be counted to determine whether we have a quorum even if you abstain or fail to vote on any of the proposals listed on the proxy card. The election of directors under Proposal 1 will be by the affirmative vote of a plurality of the shares of Common Stock, represented in person or by proxy at the Annual Meeting. Proposal 2 shall be approved upon the affirmative vote of a majority those shares present in person or represented by proxy and entitled to vote at the Annual Meeting. An abstention with respect to Proposal 2, will have the effect of a vote against the proposal. Approval of the adoption of our 2011 Omnibus Securities and Incentive Plan under Proposal 3 requires the affirmative vote of a majority of those shares present in person or represented by proxy and entitled to vote at the Annual Meeting. An abstention with respect to Proposal 3 will have the same effect as a vote against the proposal. Unless otherwise stated, the enclosed proxy will be voted in accordance with the instructions thereon.

Brokers who hold shares of our Common Stock in “street name” for a beneficial owner of those shares typically have the authority to vote in their discretion on “routine” proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that are “non-routine,” including, among other things, the election of directors and the adoption of our 2011 Omnibus Securities and Incentive Plan, without specific instructions from the beneficial owner.

A broker non-vote occurs when a bank, broker or other holder of record holding shares for a beneficial owner submits a proxy for the Annual Meeting but does not vote on a particular proposal because that holder does not have discretionary voting power with respect to that proposal and has not received instructions from the beneficial owner. If your broker or other nominee holds your shares of the our Common Stock in “street name,” your broker or other nominee will vote your shares only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker with this proxy statement. Broker non-votes will be counted for purposes of determining the presence or absence of a quorum for the transaction of business at the Annual Meeting, but broker non-votes will not be counted for purposes of determining the number of votes cast with respect to the particular proposal on which a broker has expressly not voted. We encourage you to provide instructions to your broker regarding the voting of your shares.

Who pays for this proxy solicitation?

We do. In addition to sending you these materials, some of our employees may contact you by telephone, by mail, by fax, by email, or in person. None of these employees will receive any extra compensation for doing this. We may reimburse brokerage firms and other custodians for their reasonable out-of-pocket costs in forwarding these proxy materials to stockholders.

Where can I find the voting results of the Annual Meeting?

We intend to announce the preliminary voting results at the Annual Meeting and the public final results in a current report on Form 8-K, which we will file with the Securities and Exchange Commission within four business days, which period begins to run on the day on which the Annual Meeting ended.

Why are we seeking stockholder approval for these proposals?

Proposal No. 1. The Florida Business Corporation Act and the rules applicable to us as a result of the listing of our common stock on the NASDAQ Global Market require corporations to hold elections for directors each year.



Proposal No. 2. We appointed Marcum Bernstein & Pinchuk LLP to serve as our independent auditors for the fiscal year ending June 30, 2011. We elect to have our stockholders ratify such appointment.

Proposal No. 3. The rules applicable to us as a result of the listing of our common stock on the NASDAQ Global Market require us to obtain the approval of our stockholders to the adoption of our 2011 Omnibus Securities and Incentive Plan.

## OUTSTANDING SHARES AND VOTING RIGHTS

Stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof, are stockholders of record at the close of business on the Record Date. Persons who are not stockholders of record on the Record Date will not be allowed to vote at the Annual Meeting. At the close of business on the Record Date there were 13,692,179 shares of Common Stock issued and outstanding. There are no other issued and outstanding voting securities as of the Record Date. Each share of Common Stock is entitled to one (1) vote on each matter to be voted upon at the Annual Meeting. Holders of Common Stock are not entitled to cumulate their votes for the election of directors.

## DELIVERY OF DOCUMENTS TO STOCKHOLDERS SHARING AN ADDRESS

Only one annual report and this proxy statement will be delivered to multiple stockholders sharing an address, unless we have received contrary instructions from one or more of the stockholders. Upon written or oral request the Company will deliver a separate copy of the annual report and this proxy statement to a stockholder at a shared address to which a single copy of the annual report and proxy statement was delivered. If you wish to receive a separate copy of the annual report or this proxy statement, please notify the Company by calling or sending a letter to the Secretary of the Company, c/o Jiangbo Pharmaceuticals, Inc., at the Company's office located at 25 Haihe Road, Laiyang Economic Development Zone, Laiyang City, Yantai, Shandong Province, People's Republic of China 265200. The Company's telephone number is (86) 535-7282997. Stockholders who share an address and receive multiple copies of the annual report and this proxy statement can notify the Company in writing or orally at the above provided address and telephone number and request that the Company delivers a single copy of these materials.

SECURITY OWNERSHIP OF MANAGEMENT  
AND CERTAIN BENEFICIAL OWNERS

The following table sets forth certain information regarding beneficial ownership of Common Stock as of May 24, 2011 by (i) each person known to us to own beneficially more than 5% of our Common Stock, (ii) each of our directors, each of our nominees for director and each of our named executive officers; and (iii) all executive officers, directors and nominees for director as a group. Unless otherwise indicated, the address for all of the executive officers, directors, nominees for director and stockholders named below is c/o Jiangbo Pharmaceuticals, Inc., 25 Haihe Road, Laiyang Economic Development Zone, Laiyang City, Yantai, Shandong Province, People's Republic of China 265200. The percentage of class beneficially owned set forth below is based on 13,692,179 shares of common stock outstanding on May 24, 2011.

Name	Amount and Nature of Beneficial Ownership (1) Percent of Class (2)		
Cao Wubo, Chairman of the Board (3)	4,901,842	35.80	%
Jin Linxian, Chief Executive Officer	—	—	
Elsa Sung, Chief Financial Officer (4)	6,414	*	
Ziling Sun (5)	—	—	
Dong Lining, Vice President, Director of Technology	—	—	
Yang Weidong, Vice President, Director of Sales	—	—	
Xin Jingsheng, Director of Equipment	—	—	
Feng Xiaowei, Director	10,900	*	
Huang Lei, Director	—	—	
Ge Jian, Director	9,993	*	
Michael Marks, Director (6)	2,259	*	
John (Yang) Wang, Director (7)	2,393	*	
Dr. George (Guoqing) Zhou, Director (8)	—	—	
Verda International Limited (9)	4,856,592	35.47	%
Pope Investments LLC (10)(11)	1,750,056	9.99	%
Wellington Trust Company, NA and Wellington Management Company, LLP (12)	692,200	5.06	%
Total Ownership of Common Stock by All Directors and Executive Officers as a Group (12 persons)	4,933,801	36.03	%

\* Less than one percent.

(1) The amount of beneficial ownership includes the number of shares of Common Stock, plus, in the case of each of the executive officer and directors and all officers and directors as a group, all shares issuable upon the exercise of the options held by them, which were exercisable as of February 15, 2011 or within 60 days thereafter. Pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended, and the rules promulgated by the SEC, every person who has or shares the power to vote or to dispose of shares of common stock are deemed to be the "beneficial owner" of all the shares of common stock over which any such sole or shared power exists.

(2) Based upon 13,692,179 shares of Common Stock outstanding as of May 24, 2011.

(3) Includes 4,856,592 shares of common stock owned by Verda International Limited, a company of which Mr. Cao is the Executive Director and owner of 100% of the equity interest. The address for Verda International Limited

is A-1 Building Dasi Street, Laiyang City, Shandong Province, China.

(4) Ms. Sung resigned from her position as the Chief Financial Officer of the Company, effective March 31, 2011.

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- (5) Ms. Sun was appointed as Interim Chief Financial Officer of the Company, effective May 12, 2011.
- (6) On May 23, 2011, Mr. Marks notified the Company that for personal reasons, he did not wish to stand for re-election to the Board at the Company's 2011 Annual Meeting of Stockholders.
- (7) On May 23, 2011, Mr. Wang notified the Company that for personal reasons, he did not wish to stand for re-election to the Board at the Company's 2011 Annual Meeting of Stockholders.
- (8) On May 27, 2011, Mr. Zhou was appointed as an independent director of the Company.
- (9) The business address of Verda International Limited is A-1 Building Dasi Street Laiyan City, Shandong Province, PRC. Mr. Cao Wubo has sole voting and dispositive power over the shares of Verda International Limited.
- (10) The business address of Pope Investments LLC ("Pope Investments") is 5100 Polar Avenue, Suite 805, Memphis, Tennessee 38137. Includes (i) 437,500 shares of Common Stock issuable to Pope Investments, upon conversion of \$3,500,000 aggregate principal amount of the Company's 2007 Notes and (ii) up to an additional 1,437,500 shares of Common Stock issuable to Pope Investments upon conversion of \$11,500,000 aggregate principal amount of the Company's 2008 Notes and 1,062,500 shares of Common Stock issuable upon exercise of 1,062,500 2008 Warrants.

Pope Asset Management LLC, a Tennessee limited liability company ("Pope Asset") serves as an investment adviser and/or manager to Pope Investments. Pope Asset is the sole manager for Pope Investments and has sole voting control and investment and disposition power and discretion with respect to all securities held by Pope Investments. Pope Asset may be deemed to beneficially own shares owned or held by, or held for the account or benefit of, Pope Investments. Mr. William P. Wells is the sole manager of Pope Asset. Mr. Wells may be deemed to own shares owned or held by, or held for the account or benefit of, Pope Investments. Pope Asset and Mr. Wells do not directly own any shares of Common Stock.

(11) The percentage of shares of Common Stock that may be beneficially owned by Pope Investments is limited to 9.99% and no shares of Common Stock in excess of this beneficial ownership limitation may be issued by the Company to Pope Investments. This limitation may be waived by Pope Investments at any time upon 61 days' notice to the Company.

(12) The business address of both Wellington Trust Company, NA and Wellington Management Company, LLP is c/o Wellington Management Company, LLP, 280 Congress Street, Boston, MA 02210. According to the Schedule 13Gs filed by Wellington Trust Company, NA and Wellington Management Company, LLP on February 14, 2011, Wellington Trust Company, NA and Wellington Management Company, LLP share beneficial ownership of these shares.

**PROPOSAL 1  
ELECTION OF DIRECTORS**

The Board of Directors has nominated five (5) persons to stand for election. If elected at the Annual Meeting, each nominee will hold office until the next Annual Meeting of Stockholders and until their successors are elected and qualified. The Board of Directors expects that each of the nominees will be available for election, but if any nominee becomes unavailable for election, which is not expected, the persons named in the accompanying proxy intend to vote for any substitute nominee whom the Board nominates.

**NOMINEES**

Set forth below is the name, age, title and date of initial appointment of each nominee for director of the Company followed by a summary of each nominee's background and principal occupations over the past five years.

Name	Age	Title	Date of Initial Appointment
Cao Wubo	46	Chairman of the Board	October 1, 2007
Feng Xiaowei (1)(2)(3)	43	Independent Director	October 1, 2007
Huang Lei (3)	28	Independent Director	October 1, 2007
Ge Jian (2)(3)	40	Independent Director	October 1, 2007
Dr. George (Guoqing) Zhou (1)(4)	47	Independent Director	May 27, 2011

- (1) Serves as a member of the Audit Committee.
- (2) Serves as a member of the Compensation Committee.
- (3) Serves as a member of the Nominating and Corporate Governance Committee.
- (4) Mr. Zhou was appointed as a member of the Audit Committee on May 27, 2011.

Executive officers of the Company are appointed at the discretion of the Board of Directors with no fixed term. There are no family relationships between or among any of the executive officers or directors of the Company.

**INFORMATION ABOUT THE NOMINEES**

**CAO WUBO - CHAIRMAN OF THE BOARD OF DIRECTORS.** Cao Wubo has served as our chairman of the board since October 2007. From October 2007 to June 2010, Mr. Cao also served as our chief executive officer. He has served as the chairman of Laiyang Jiangbo Pharmaceutical Co., Ltd. since 2003. From 1981 to 1988, Mr. Cao completed his military service in the Chinese Army, during which he was sales section director in Laiyang Yongkang Pharmaceutical Factory. From 1988 to 1998, he continued working in Laiyang Yongkang Pharmaceutical Factory as Marketing Manager. From 1998 to 2003, he was general manager of Laiyang Jiangbo Pharmacy Co. Ltd. and Laiyang Jiangbo Chinese and Western Pharmacy Co. Ltd. He is the founder of Laiyang Jiangbo Pharmacy Co. Ltd., Laiyang Jiangbo Chinese and Western Pharmacy Co. Ltd., and Laiyang Jiangbo Pharmaceutical Co. Ltd. Since August 2009, Mr. Cao has also served as the chief executive officer and chairman of Shandong Hilead Biotechnology Co., Ltd. Mr. Cao graduated from Wuchang Architectural Engineering Institute correspondence program and obtained a degree in Business Administration in July 1995.

**FENG XIAOWEI – INDEPENDENT DIRECTOR.** Feng Xiaowei has served as our director since October 2007. Mr. Feng graduated from Dalian Jiaotong University Railway Locomotive & Car Department with a bachelors degree and Jilin University Postgraduate Research Institute Foreign Economic Law Department with a masters degree. Over the course of his career, he has been procurator in Shenyang Railroad Transportation Procuratorate, associate professor in

Jilin University, counsel in China Jilin International Trust and Investment Corporation, expert commissary of China Strategy and Administration Association, and deputy secretary-general of the “China Strengthening Self-Innovative Capacity and Building Innovative Nation Forum.” He has participated in the Research on National Economic Development Strategy and in the subject investigation of Beijing Olympic Games, Guangzhou Development Zone and Tianjin Development Zone. He has been commissioner of Yunnan Province Policy and Economic Development Task Team, commissioner of the Xinjiang Uygur Autonomous Region Policy and Economic Development Task Team and commissioner of the China Shi Hezi National Economic Development Zone Task Team. He is the founder of the Chinese Young People Network Home Co. Ltd., and has presided over the China Young People Card Project. From January 2003 to June 2005, he was Vice President of the Chinese Young People Network Home Co. Ltd. Mr. Feng has been the general manager of Anqiao International Investment Co., Ltd. since June 2005 through present. Mr. Feng received his Master degree in Economic Law from Jilin University in June 2000. He also received his Bachelor degree majoring in Railway Train from Dalian Jiaotong University in 1991.

**HUANG LEI - INDEPENDENT DIRECTOR.** Huang Lei has served as our director since October 2007. Ms. Huang graduated from Kwantlen University College in Canada. She earned her MBA degree from the University of British Columbia in October 2006. From November 2006 to 2007, she was a marketing manager in CúC Top Enterprises Ltd. Ms. Huang has published articles on business administration at Canada Weekly and school magazines, and earned the Best International Student Scholarship and a full scholarship. Ms. Huang speaks English, French, Mandarin and Cantonese, and has a working knowledge of accountancy and business administration. Ms. Huang received her Bachelor degree in accounting from University of British Columbia in 2006.

**GE JIAN - INDEPENDENT DIRECTOR.** Ge Jian has served as our director since October 2007. Mr. Ge Jian graduated from Shandong University Management Sciences Department with a Bachelor of Business Administration in 1992. From 1992 to the end of 2000, he worked for the Development and Reform Commission of Yantai. From 2001 to 2006, he was the minister of the Capital Operation Department and the minister of the Development Department in Zhenghai Group Co. Ltd., and a director of Yantai Hualian Development Group Co. Ltd. Since 2006, he has been the general manager of Yantai Zhenghai Pawn Co. Ltd. Mr. Ge received his Bachelor degree in Management from Shandong University in 1992.

**DR. GEORGE (GUOQING) ZHOU – INDEPENDENT DIRECTOR.** Dr. George (Guoqing) Zhou has served as the chief executive officer and a member of the board of directors of Beijing Tengzhong Investment Ltd. (“Tengzhong”), and Sichuan Tengzhong Heavy Machinery Industrial Co., Ltd. since August 2009. He has also been an independent director of China Media Express (Nasdaq: CCME) since November 2009. Prior to Tengzhong, Dr. Zhou was the Chief Operation Officer of Benda Pharmaceutical (BPMA.OB) (“Benda”) from September 2008 to May 2009. Prior to Benda, from June 2007 to July 2008, Dr. Zhou was a Partner and Managing Director of Eos Funds, where he directed investments in Chinese companies which intended to list on U.S. and Canadian exchanges. Prior to that, from November 2003 to May 2006, Dr. Zhou served as Co-Founder, President & CEO, and member of the Board of Directors of Abepharma Ltd. and Red Mountain Pharmaceuticals (China) Ltd. Dr. Zhou was a post-doctoral fellow in molecular biology at the University of Victoria, Canada and received a Ph. D. in molecular biology from Umea University, Sweden in 1996. He received his Masters degree in Genetics at Southwest University, China in 1986. He received a Bachelor degree from Chongqing Normal University in Biology in 1983. He was an associate professor from August 1996 to 1998 at Chongqing University, China.

**MICHAEL MARKS - INDEPENDENT DIRECTOR.** Michael Marks has served as our director since July 18, 2008. On May 23, 2011, Mr. Marks notified the Company that for personal reasons, he did not wish to stand for re-election to the Board at the Company’s 2011 Annual Meeting of Stockholders.

**JOHN (YANG) WANG - INDEPENDENT DIRECTOR.** John (Yang) Wang has served as our director since September 8, 2008. On May 23, 2011, Mr. Wang notified the Company that for personal reasons, he did not wish to stand for re-election to the Board at the Company’s 2011 Annual Meeting of Stockholders.

#### CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Other than as described below, there have been no other transactions since June 30, 2009, or any currently proposed transaction, or series of similar transactions, to which the Company was or is to be a party, in which the amount involved exceeds \$120,000 and in which any current or former director or officer of the Company, any 5% or greater shareholder of the Company or any member of the immediate family of any such persons had, or will have, a direct or indirect material interest other than as disclosed below.



## Pope Settlement

On January 19, 2011, the Company and Pope Investments LLC (“Pope”) entered into a Letter Agreement (the “Letter Agreement”), whereby Pope agreed (i) to waive certain provisions set forth in the Securities Purchase Agreement, by and between the Company and Pope Asset Management LLC, dated as of November 6, 2007 (the “2007 Securities Purchase Agreement”) with respect to the 6% Convertible Subordinated Debenture of the Company dated November 6, 2007 issued to Pope (the “2007 Notes”), (ii) to waive certain provisions set forth in the Securities Purchase Agreement, by and between the Company and the investors who are parties thereto (collectively, the “Investors”), dated as of May 30, 2008 (the “2008 Securities Purchase Agreement”) with respect to the 6% Convertible Notes of the Company dated May 30, 2008, issued to the Investors (collectively, the “2008 Notes”), and (iii) to waive certain provisions set forth in a Waiver Agreement dated February 15, 2010 by and between the Company and Pope (the “February Waiver Agreement”). Pope is the holder of \$3,500,000 principal amount of the 2007 Notes (the “2007 Pope Notes”) and the holder of \$11,500,000 aggregate principal amount of the 2008 Notes (the “2008 Pope Notes”, and collectively with the 2007 Pope Notes, the “Pope Notes”). Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the 2007 Securities Purchase Agreement, 2008 Securities Purchase Agreement, the 2007 Notes, or the 2008 Notes.

Pursuant to the Letter Agreement, Pope (i) agreed to continue to waive the Events of Default that have occurred as a result of the Company’s failure to timely make interest payments on the 2007 Notes and 2008 Notes that were due and payable on November 30, 2009 (collectively, the “November Interest Payments”), (ii) to waive the Events of Default that have occurred as a result of the Company’s failure to timely make interest payments on the 2007 Notes and the 2008 Notes that were due and payable on May 30, 2010 (the “May Interest Payments”), (iii) to waive the Events of Default that have occurred as a result of the Company’s failure to pay the aggregate outstanding principal amount, together with all accrued interest thereon with respect to the 2007 Notes on November 30, 2010, (iv) to waive the Events of Default that have occurred as a result of the Company’s failure to timely make interest payments on the 2007 Notes and the 2008 Notes that were due and payable on November 30, 2010 (the “November 2010 Interest Payments”) and (v) to agree not to provide written notice to the Company with respect to the occurrence of any of such Events of Default.

Pursuant to the terms of the Letter Agreement, the Company agreed that no later than January 20, 2011, (A) it will pay to all holders of the 2007 Notes who make certain representations set forth in the Letter Agreement to the Company, an amount equal to the sum of (i) the interest payment that was due and payable on the 2007 Notes on November 30, 2009 at the non-default rate of 6% per annum, (ii) the interest payment that was due and payable with respect to the 2007 Notes on May 30, 2010 at the non-default rate of 6% per annum, and (iii) the interest payment that was due and payable on the 2007 Notes on November 30, 2010 at the non-default rate of 6% per annum in shares of the Company’s common stock, par value \$0.001 per share, valued at \$6.50 per shares (the “Interest Shares”), and (B) it will pay to all holders of the 2008 Notes who make certain representations set forth in the Letter Agreement to the Company, an amount equal to the sum of (i) the interest payment that was due and payable on the 2008 Notes on November 30, 2009 at the non-default rate of 6% per annum, (ii) the interest payment that was due and payable with respect to the 2008 Notes on May 30, 2010 at the non-default rate of 6% per annum, and (iii) the interest payment that was due and payable on the 2007 Notes on November 30, 2010 at the non-default rate of 6% per annum in Interest Shares. The Company further agrees that no later than January 20, 2011, it will pay to all holders of the 2007 Notes and the 2008 Notes who make certain representations set forth in the Letter Agreement to the Company, an additional payment, with respect to (x) the period beginning on June 1, 2009 and ending on November 30, 2009, (y) the period beginning on December 1, 2009 and ending on May 30, 2010, and (z) the period beginning on June 1, 2010 and ending on November 30, 2010, in shares of the Company’s common stock, par value \$0.001 per share, valued at \$7.50 per share (the “Penalty Shares” and, collectively with the Interest Shares, the “Shares”), equal to the additional interest payable with respect to the 2007 Notes and the 2008 Notes for each of such periods at the rate of 10% per annum (such interest payment shall be referred to herein as the “Special Interest Payment”).

Pursuant to the Letter Agreement, the Company agreed that (i) the number of Interest Shares payable to all holders of the 2007 Notes and the 2008 Notes shall be 366,048 shares of which, 273,547 shall be paid to Pope and (ii) the number of Penalty Shares payable to all holders of the 2007 Notes and the 2008 Notes shall be 520,229 shares, of which 386,449 shall be paid to Pope.

Pope further agreed to waive each and every applicable provision of the 2007 Securities Purchase Agreement (including without limitation, Section 6.9 (Price Adjustment), the 2008 Securities Purchase Agreement (including, without limitation Section 4.17 (Right of First Refusal), Section 4.18 (Conversion Price Adjustment, 4.21(c) (Additional Negative Covenants of the Company)), the 2007 Notes and the 2008 Notes, each to the extent necessary in order to permit the Company (x) to make the payments of accrued interest at the option of the holders of the 2007 Notes and/or the 2008 Notes in the form of Interest Shares as set forth herein and (y) to make the Special Interest Payment. In addition, Pope agreed that the Maturity Date (as defined in the 2007 Notes) shall be extended to February 28, 2011.

The Company was unable to repay the 2007 Notes on February 28, 2011 and an Event of Default with respect to the 2007 Notes has occurred. The Company was unable to repay the 2008 Notes on May 30, 2011 and an Event of Default with respect to the 2008 Notes has occurred. As of the date of this proxy statement, no formal event of default notice has been presented by the sole holder of the 2007 Notes or the majority holder of the 2008 Notes and the Company is currently in discussions with such holders to resolve the delinquent situation.

The Company became delinquent on the payment of interest and principal under the 2007 Notes and 2008 Notes due to delays in its ability to transfer cash out of the People's Republic of China.

#### Other Receivable - Related Parties

The Company leases two of its buildings to Jiangbo Chinese-Western Pharmacy, a company owned by Wubo Cao, Chairman of the Company's Board and other majority shareholders. For the years ended June 30, 2010 and 2009, and for the six month period ended December 31, 2010, the Company recorded other income of approximately \$323,000 and 383,000, and \$164,000 from leasing the two buildings to this related party. As of June 30, 2010 and 2009, amount due from this related party were approximately \$324,000 and \$0, respectively. Other receivable – related parties outstanding amount at June 30, 2010 was fully received in September 2010.

On December 23, 2010, the Company advanced approximately \$104,000 to Jiangbo Chinese-Western Pharmacy, an entity 90% owned by the Company's Chairman, on an unsecured and interest free basis. The amount was fully repaid by Jiangbo Chinese-Western Pharmacy on December 30, 2010.

#### Other Payables - Related Parties

The Company leases two warehouses from Shandong Hilead Biotechnology Co., Ltd., a company majority owned by Cao Wubo, the Company's Chairman and formal Chief Executive Officer, in fiscal year 2010. For the year ended June 30, 2010, the Company recorded rent expenses related to this lease of approximately \$103,000 which are included in the Company's selling, general and administrative expenses. As of June 30, 2010 and December 31, 2010, amounts due to this related party were approximately \$49,000 and \$0.

Other payables-related parties primarily consist of accrued salary payable to the Company's officers and directors, and advances from the Company's Chairman and formal Chief Executive Officer. These advances are short-term in nature and bear no interest. The amounts are expected to be repaid in the form of cash. Other payables - related parties consisted of the following:

	December 31, 2010	June 30, 2010	June 30, 2009
Payable to Wubo Cao, Chairman of the Board and formal Chief Executive Officer	\$ 0	\$153,939 48,609	\$184,435 -

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Payable to Shandong Hilead Biotechnology Co., Ltd., majority owned by Wubo, Cao, Chairman of the Board and formal Chief Executive Officer

Payable to Michael Marks, Director	10,000	-	
Payable to Haibo Xu, formal Chief Operating Officer and Director	-	33,688	33,688
Payable to Elsa Sung, Chief Financial Officer	22,732	5,932	18,333
Payable to John Wang, Director	22,536	12,500	2,500
Total other payable - related parties	\$	\$255,595	\$238,956

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## May 2008 Escrow Agreement

In connection with the May 2008 Financing, Mr. Cao, the Chairman of the Company's Board, placed 3,750,000 shares of common stock of the Company owned by him in an escrow account pursuant to a make good escrow agreement, dated May 30, 2008 (the "Make Good Escrow Agreement"). In the event that either (i) the Company's adjusted 2008 earnings before taxes is less than \$26,700,000 USD ("2008 Guaranteed EBT") or (ii) the Company's 2008 adjusted fully diluted earnings before taxes per share is less than \$1.6 USD ("2008 Guaranteed Diluted EBT"), 1,500,000 of such shares (the "2008 Make Good Shares") are to be released pro rata to the May 2008 Investors. In the event that either (i) the Company's adjusted 2009 earnings before taxes is less than \$38,400,000 USD ("2009 Guaranteed EBT") or (ii) the Company's adjusted fully diluted earnings before taxes per share is less than \$2.32 USD (or \$2.24 USD if the 500,000 shares of common stock held in escrow in connection with the November 2007 private placement have been released from escrow) ("2009 Guaranteed Diluted EBT"), 2,250,000 of such shares (the "2009 Make Good Shares") are to be released pro rata to the May 2008 Investors. Should the Company successfully satisfy these respective financial milestones, the 2008 Make Good Shares and 2009 Make Good Shares will be returned to Mr. Cao. The Company has determined that both thresholds for the period ended June 30 2009 and June 30, 2008 have been met. The make good shares have yet to be returned to Mr. Cao. In addition, Mr. Cao is required to deliver shares of common stock owned by him to the Investors on a pro rata basis equal to the number of shares (the "Settlement Shares") required to satisfy all costs and expenses associated with the settlement of all legal and other matters pertaining to the Company prior to or in connection with the completion of the Company's October 2007 share exchange in accordance with formulas set forth in the May 2008 Securities Purchase Agreement (post 40-to-1 reverse split).

## Our Contractual Arrangements with Laiyang Jiangbo and Its Shareholders

PRC law currently limits foreign equity ownership of Chinese companies. To comply with these foreign ownership restrictions, we operate our business in China through a series of contractual arrangements with Laiyang Jiangbo and its shareholders. The contractual arrangements are primarily between two entities associated with our wholly owned subsidiary Karmoya International Limited, a British Virgin Islands Company ("Karmoya"): (1) Genesis Jiangbo (Laiyang) Biotech Technologies Co., Ltd. ("GJBT"), Karmoya's wholly foreign owned enterprise in PRC, and (2) Laiyang Jiangbo Pharmaceutical Co., Ltd. ("Laiyang Jiangbo"), Karmoya's operating company in PRC. Under PRC laws, each of GJBT and Laiyang Jiangbo is an independent legal person and neither of them is exposed to liabilities incurred by the other party. The contractual arrangements constitute valid and binding obligations of the parties of such agreements. Each of the contractual arrangements, as amended and restated, and the rights and obligations of the parties thereto are enforceable and valid in accordance with the laws of the PRC. Other than pursuant to the contractual arrangements described below, Laiyang Jiangbo does not transfer any other funds generated from its operations to any other member of the LJ Group. On September 21, 2007, we entered into the following contractual arrangements (collectively, the "LJ Agreements"):

**Consulting Services Agreement.** Pursuant to the exclusive consulting services agreement between GJBT and Laiyang Jiangbo, GJBT has the exclusive right to provide to Laiyang Jiangbo general consulting services related to pharmaceutical business operations, as well as consulting services related to human resources and technological research and development of pharmaceutical products and health supplements (the "Services"). Under this agreement, GJBT owns the intellectual property rights developed or discovered through research and development while providing the Services for Laiyang Jiangbo. Laiyang Jiangbo pays a quarterly consulting service fee in Chinese Renminbi ("RMB") to GJBT that is equal to all of Laiyang Jiangbo's revenue for such quarter.

**Operating Agreement.** Pursuant to the operating agreement among GJBT, Laiyang Jiangbo and the shareholders of Laiyang Jiangbo who collectively hold 100% of the outstanding shares of Laiyang Jiangbo (collectively, the "Laiyang Shareholders"), GJBT provides guidance and instructions on Laiyang Jiangbo's daily operations, financial management and employment issues. The Laiyang Shareholders must appoint the candidates recommended by GJBT as members

of Laiyang Jiangbo's board of directors. GJBT has the right to appoint senior executives of Laiyang Jiangbo. In addition, GJBT agrees to guarantee Laiyang Jiangbo's performance under any agreements or arrangements relating to Laiyang Jiangbo's business arrangements with any third party. Laiyang Jiangbo, in return, agrees to pledge its accounts receivable and all of its assets to GJBT. Moreover, Laiyang Jiangbo agrees that without the prior consent of GJBT, Laiyang Jiangbo will not engage in any transactions that could materially affect the assets, liabilities, rights or operations of Laiyang Jiangbo, including, but not limited to, incurrence or assumption of any indebtedness, sale or purchase of any assets or rights, incurrence of any encumbrance on any of its assets or intellectual property rights in favor of a third party, or transfer of any agreements relating to its business operation to any third party. The term of this agreement is ten (10) years from September 21, 2007 unless early termination occurs in accordance with the provisions of the agreement and may be extended only upon GJBT's written confirmation prior to the expiration of the this agreement, with the extended term to be mutually agreed upon by the parties.

Equity Pledge Agreement. Pursuant to the equity pledge agreement among GJBT, Laiyang Jiangbo and the Laiyang Shareholders, the Laiyang Shareholders pledged all of their equity interests in Laiyang Jiangbo to GJBT to guarantee Laiyang Jiangbo's performance of its obligations under the consulting services agreement. If either Laiyang Jiangbo or any of the Laiyang Shareholders breaches its respective contractual obligations, GJBT, as pledgee, will be entitled to certain rights, including the right to sell the pledged equity interests. The Laiyang Shareholders also granted GJBT an exclusive, irrevocable power of attorney to take actions in the place and stead of the Laiyang Shareholders to carry out the security provisions of the equity pledge agreement and take any action and execute any instrument that GJBT may deem necessary or advisable to accomplish the purposes of the equity pledge agreement. The Laiyang Shareholders agreed, among other things, not to dispose of the pledged equity interests or take any actions that would prejudice GJBT's interest. The equity pledge agreement will expire two (2) years after Laiyang Jiangbo obligations under the exclusive consulting services agreement have been fulfilled.

Option Agreement. Pursuant to the option agreement among GJBT, Laiyang Jiangbo and the Laiyang Shareholders, the Laiyang Shareholders irrevocably granted GJBT or its designated person an exclusive option to purchase, to the extent permitted under PRC law, all or part of the equity interests in Laiyang Jiangbo for the cost of the initial contributions to the registered capital or the minimum amount of consideration permitted by applicable PRC law. GJBT or its designated person has sole discretion to decide when to exercise the option, whether in part or in full. The term of this agreement is ten (10) years from September 21, 2007 unless early termination occurs in accordance with the provisions of the agreement and may be extended only upon GJBT's written confirmation prior to the expiration of the this agreement, with the extended term to be mutually agreed upon by the parties.

Proxy Agreement. Pursuant to the proxy agreement among GJBT and the Laiyang Shareholders, the Laiyang Shareholders agreed to irrevocably grant and entrust all the rights to exercise their voting power to the person(s) appointed by GJBT. GJBT may from time to time establish and amend rules to govern how GJBT shall exercise the powers granted to it by the Laiyang Shareholders, and GJBT shall take action only in accordance with such rules. The Laiyang Shareholders shall not transfer their equity interests in Laiyang Jiangbo to any individual or company (other than GJBT or the individuals or entities designated by GJBT). The Laiyang Shareholders acknowledged that they will continue to perform this agreement even if one or more than one of them no longer hold the equity interests of Laiyang Jiangbo. This agreement may not be terminated without the unanimous consent of all of the parties, except that GJBT may terminate this agreement by giving thirty (30) days prior written notice to the Laiyang Shareholders.

As a result of the Exchange Transaction, we have contractual arrangements with Laiyang Jiangbo which give us the ability to substantially influence Laiyang Jiangbo's daily operations and financial affairs, appoint its senior executives and approve all matters requiring shareholder approval.

On December 23, 2010, the Company advanced approximately \$104,000 to Jiangbo Chinese-Western Pharmacy, an entity 90% owned by the Company's Chairman, on an unsecured and interest free basis. The amount was fully repaid by Jiangbo Chinese-Western Pharmacy on December 30, 2010.

#### Policy on Related Party Transactions

It is our policy to not enter any transaction (other than compensation arrangements in the ordinary course) with any director, executive officer, employee, or principal stockholder or party related to them, unless the Audit Committee or another independent body of the Board of Directors first reviews and approves the transactions.

#### SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires the executive officers and directors of the Company and every person who is directly or indirectly the beneficial owner of more than 10% of

any class of security of the Company to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Such persons also are required to furnish our company with copies of all Section 16(a) forms they file. Based solely on our review of such forms furnished to us and written representations from certain reporting persons, we believe that during our fiscal year ended June 30, 2010, Mr. Wubo Cao, Ms. Elsa Sung, Mr. Michael Marks, and Mr. John Wang did not timely file a Form 4 and Mr. Linxian Jin did not timely file a Form 3.



## BOARD OPERATIONS

### Board Leadership Structure

The positions of Chief Executive Officer and Chairman of the Board of Directors of our Company are held by different persons. Mr. Cao, who previously served as the Chief Executive Officer and Chairman of the Board of Directors of the Company, resigned from his position as our Chief Executive Officer on June 29, 2010. Mr. Cao continues his role as the Chairman of the Board of Directors of the Company. Mr. Jin Linxian was appointed as the Company's Chief Executive Officer, effective July 1, 2010, to fill the vacancy caused as a result of resignation of Mr. Cao as the Company's Chief Executive Officer.

Each of the directors other than Wubo Cao is independent (see "Director Independence" below), and the Board of Directors believes that the independent directors provide effective oversight of management. The Board of Directors has not designated a lead director. Our independent directors call and plan their executive sessions collaboratively and, between Board of Directors meetings, communicate with management and one another directly. In the circumstances, the directors believe that formalizing in a lead director functions in which they all participate might detract from rather than enhance performance of their responsibilities as directors.

### Director Qualifications

We seek directors with established strong professional reputations and experience in areas relevant to the strategy and operations of our businesses. We seek directors who possess the qualities of integrity and candor, who have strong analytical skills and who are willing to engage management and each other in a constructive and collaborative fashion. We also seek directors who have the ability and commitment to devote significant time and energy to service on the Board and its committees. We believe that all of our directors meet the foregoing qualifications.

The Nominating and Corporate Governance Committee and the Board believe that the leadership skills and other experiences of its Board members, as described below, provide the Company with a range of perspectives and judgment necessary to guide our strategies and monitor their execution.

**Cao Wubo:** Cao Wubo is the principal founder of our Company and he contributes to our Board of Directors his leadership skills and his vision of the direction of the development of the Company's business in the future. Mr. Cao has accumulated his skills and experience over 20 years of business practice in the pharmaceutical industry.

**Feng Xiaowei:** Feng Xiaowei contributes to our Board of Directors his skills in business and financial management. Mr. Feng accumulated his knowledge and experience through his business experience managing companies doing business throughout China.

**Huang Lei:** Huang Lei contributes to our Board of Directors her overall business experience that she accumulated from her education and work experience in Canada.

**Ge Jian:** Ge Jian contributes to the Board of Directors of the Company his management and business development expertise and 20 years of experience of managing and working with companies whose operations are based in China.

**George Zhou:** George Zhou's strong academic background and extensive experience in reviewing financial results of companies as an investor together with his exposure in other boards of US companies enables him to be an effective director.

### Board Practices

Our business and affairs are managed under the direction of our Board of Directors. The primary responsibilities of our Board of Directors are to provide oversight, strategic guidance, counseling and direction to our management. It is our expectation that the Board of Directors will meet regularly on a quarterly basis and additionally as required.

## Board's Role in Risk Oversight

The Board of Directors as a whole has responsibility for risk oversight, with reviews of certain areas being conducted by the relevant Board of Directors committees. These committees then provide reports to the full Board of Directors. The oversight responsibility of the Board of Directors and its committees is enabled by management reporting processes that are designed to provide visibility to the Board of Directors about the identification, assessment, and management of critical risks. These areas of focus include strategic, operational, financial and reporting, succession and compensation, compliance, and other risks. The Board of Directors and its committees oversee risks associated with their respective areas of responsibility, as summarized below.

### MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors held four meetings during the fiscal year 2010. During the fiscal year 2010, no director attended fewer than 75% of the meetings of the Board. During the fiscal year 2010, no director attended less than 75% of any meeting of a committee of which the director was a member. We do not have a policy with regard to Board members' attendance at annual meetings of stockholders. This is our first Annual Meeting of Stockholders.

### DIRECTOR INDEPENDENCE

A majority of the directors serving on our Board must be independent directors under Rule 5605(b)(1) of the Marketplace Rules of The NASDAQ Stock Market ("NASDAQ"). The Board of Directors has a responsibility to make an affirmative determination whether a directors has a material relationships with the listed company through the application of Rule 5605(a)(2) of the Marketplace Rules of NASDAQ, which provides the definition of an independent director.

The Board of Directors has determined that each of the director nominees standing for election, except Cao Wubo, has no relationship that, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and is an "independent director" as defined in the Marketplace Rules of NASDAQ. In determining the independence of our directors, the Board of Directors has adopted independence standards that follow the criteria specified by applicable laws and regulations of the SEC and the Marketplace Rules of NASDAQ. In determining the independence of our directors, the Board of Directors considered all transactions in which the Company and any director had any interest, including those discussed under "Certain Relationships and Related Transactions" above.

Based on the application of the independence standards and the examination of all of the relevant facts and circumstances, the Board determined that none of the following directors and nominees had any material relationship with the Company and, thus, are independent under Rule 5605(a)(2) of the Marketplace Rules of NASDAQ: Feng Xiaowei, Huang Lei, Ge Jian, Michael Marks John (Yang) Wang and George (Guoqing) Zhou . In accordance with the Marketplace Rules of NASDAQ a majority of our Board of Directors is independent.

### BOARD COMMITTEES

The Board of Directors has a Compensation Committee, a Nominating and Corporate Governance Committee and an Audit Committee.

### COMPENSATION COMMITTEE

The Compensation Committee was established on July 18, 2008. The members of the Compensation Committee during fiscal year 2010 were John (Yang) Wang, Ge Jian and Feng Xiaowei. Mr. Feng Xiaowei served as the

Chairman of the Compensation Committee. On May 23, 2011, Mr. Wang notified the Company that for personal reasons, he did not wish to stand for re-election to the Board at the Company's 2011 Annual Meeting of Stockholders and as a result will cease to be a member of the Compensation Committee following the Company's 2011 Annual Meeting of Stockholders.

Each of these members are considered “independent” under the current independence standards of NASDAQ Marketplace Rule 4200(a)(15) and meet the criteria for independence set forth in Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended, as determined by the Board of Directors. The Compensation Committee operates under a written charter. The Compensation Committee Charter can be found on our website at [www.jiangbopharma.com](http://www.jiangbopharma.com) and can be made available in print free of charge to any shareholder who requests it. A copy of our Compensation Committee Charter is included as Appendix A to this proxy statement.

The purpose of the Compensation Committee is to assist the Board in determining the compensation of the Chief Executive Officer, Chief Financial Officer and other officers of the Company. Specific responsibilities of our Compensation Committee include:

- Annually review the Company’s corporate goals and objectives relevant to the officers’ compensation; evaluate the officers’ performance in light of such goals and objectives; and, either as a Compensation Committee together with the other independent directors (as directed by the Board), determine and approve the Officers’ compensation level based on this evaluation.
- Annually review and make recommendations to the Board with respect to non-Chief Executive Officer and non-Chief Financial Officer compensation.
  - Administer the Company’s incentive-compensation plans and equity-based plans.
- Make recommendations to the Board regarding approval, disapproval, modification, or termination of existing or proposed employee benefit plans.

The Compensation Committee has been designated by the Board of Directors to administer our 2011 Omnibus Securities and Incentive Plan. The Compensation Committee held one meeting during fiscal year 2010.

#### NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

The Nominating and Corporate Governance Committee was established on February 27, 2010. The purpose of the Nominating and Corporate Governance Committee is to assist our Board of Directors in identifying qualified individuals to become board members, in determining the composition of the Board of Directors and in monitoring a process established to assess Board of Directors effectiveness. Specific responsibilities of our Compensation Committee include:

- Make recommendations to the Board regarding the size and composition of the Board, establish procedures for the nomination process and screen and recommend candidates for election to the Board.
- Review with the Board of Directors from time to time the appropriate skills and characteristics required of Board members.
- Establish and administer a periodic assessment procedure relating to the performance of the Board as a whole and its individual members.
- Make recommendations to the Board regarding corporate governance matters and practices, including formulating and periodically reviewing corporate governance guidelines to be adopted by the Board.



The Nominating and Corporate Governance Committee held no meetings during fiscal year 2010. The members of the Nominating and Corporate Governance Committee during fiscal year 2010 were Ge Jian, Huang Lei and Feng Xiaowei. Feng Xiaowei served as the Chairman of the Nominating and Corporate Governance Committee. Each of the above-listed Nominating and Corporate Governance Committee members are considered “independent” under the current independence standards of NASDAQ Marketplace Rule 4200(a)(15) and meet the criteria for independence set forth in Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended, as determined by the Board of Directors.

The Nominating and Corporate Governance Committee operates under a written charter. The Nominating and Corporate Governance Committee Charter can be found on our website at [www.jiangbopharma.com](http://www.jiangbopharma.com) and can be made available in print free of charge to any shareholder who requests it. A copy of our Nominating and Corporate Governance Committee Charter is included as Appendix B to this proxy statement.

There have been no changes to the procedures by which the stockholders of the Company may recommend nominees to the Board of Directors since the filing of the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2010 on September 28, 2010. The Nominating and Corporate Governance Committee will consider director candidates recommended by any reasonable source, including current Board members, stockholders, professional search firms or other persons. The directors will not evaluate candidates differently based on who has made the recommendation. The Board does not have a formal policy on Board candidate qualifications. The Board may consider those factors it deems appropriate in evaluating director nominees made either by the Board or stockholders, including judgment, skill, strength of character, experience with businesses and organizations comparable in size or scope to the Company, experience and skill relative to other Board members, and specialized knowledge or experience in business or financial matters as would make such nominee an asset to the Board of Directors and may, under certain circumstances, be required to be “independent”, as such term is defined in the NASDAQ Marketplace Rules and applicable SEC regulations. Depending upon the current needs of the Board, certain factors may be weighed more or less heavily. “Diversity,” as such, is not a criterion that the committee considers. In considering candidates for the Board, the directors evaluate the entirety of each candidate’s credentials and do not have any specific minimum qualifications that must be met.

Security holders wishing to submit the name of a person as a potential nominee to the Board of Directors must send the name, address, and a brief (no more than 500 words) biographical description of such potential nominee to the Nominating and Corporate Governance Committee at the following address: Nominating and Corporate Governance Committee of the Board of Directors, c/o Jiangbo Pharmaceuticals, Inc., at the Company’s office located at 25 Haihe Road, Laiyang Economic Development Zone, Laiyang City, Yantai, Shandong Province, People’s Republic of China 265200. Potential director nominees will be evaluated by personal interview, such interview to be conducted by one or more members of the Nominating and Corporate Governance Committee, and/or any other method the Nominating and Corporate Governance Committee deems appropriate, which may, but need not, include a questionnaire. The Nominating and Corporate Governance Committee may solicit or receive information concerning potential nominees from any source it deems appropriate. The Nominating and Corporate Governance Committee need not engage in an evaluation process unless (i) there is a vacancy on the Board of Directors, (ii) a director is not standing for re-election, or (iii) the Nominating and Corporate Governance Committee does not intend to recommend the nomination of a sitting director for re-election. A potential director nominee recommended by a security holder will not be evaluated any differently than any other potential nominee. Although it has not done so in the past, the Nominating and Corporate Governance Committee may retain search firms to assist in identifying suitable director candidates.

#### AUDIT COMMITTEE

The Audit Committee was established on July 18, 2008. The Audit Committee operates under a written charter. The Audit Committee Charter can be found on our website at [www.jiangbopharma.com](http://www.jiangbopharma.com) and can be made available in print

free of charge to any shareholder who requests it. A copy of our Audit Committee is included as Appendix C to this proxy statement.

The purpose of the Audit Committee is to assist the Board in fulfilling its responsibilities to oversee the Company's financial and accounting operations. The Audit Committee reviews and is responsible for, among other things, the Company's system of internal controls, its financial reporting process, the audit process, and the Company's processes for monitoring compliance with laws and regulations. Specific responsibilities of our Audit Committee include, among other things:



- Review and approve all transactions with affiliates, related parties, directors and executive officers.
- Appoint, compensate, retain and oversee the work of any independent auditor engaged for the purpose of conducting the annual audit of the Company's books and records, preparing or issuing an audit report or performing other audit review or attest services for the Company.
  - Review the independent auditors' performance.
- Discuss with the independent auditor and management the independent auditor's judgment about the quality, not just the acceptability, of the Company's accounting principles.
  - Following an audit, review significant difficulties encountered during the audit.
- Review significant disagreements among management and the independent auditors in the preparation of the Company's financial statements.
- Review and approve of all transactions with affiliates, related parties, directors and executive officers.

The Audit Committee met four times during fiscal year 2010. The members of the Audit Committee during fiscal year 2010 were John (Yang) Wang, Feng Xiaowei and Michael Marks. Michael Marks served as the Chairperson of the Audit Committee. On May 23, 2011, Mr. Marks and Mr. Wang each notified the Company that for personal reasons, they did not wish to stand for re-election to the Board at the Company's 2011 Annual Meeting of Stockholders and as a result will cease to be members of the Audit Committee following the Company's 2011 Annual Meeting of Stockholders. On May 27, 2011, Dr. George (Guoqing) Zhou was appointed to serve as a member of the Audit Committee. Each of the above-listed Audit Committee members are considered "independent" under the current independence standards of NASDAQ Marketplace Rule 4200(a)(15) and meet the criteria for independence set forth in Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended, as determined by the Board of Directors.

Our Board of Directors has determined that we have one audit committee financial expert, as defined in the Exchange Act, serving on our Audit Committee. Michael Marks is the "audit committee financial expert" and is an independent member of our Board of Directors.

#### REPORT OF THE AUDIT COMMITTEE (1)

The role of the Audit Committee is to assist the Board of Directors in its oversight of the Company's financial reporting process. The Board of Directors, in its business judgment, has determined that all members of the committee are "independent" as required by applicable Marketplace Rules of NASDAQ. The Audit Committee operates pursuant to a charter that was approved by the Board. Management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements, accounting and financial reporting principles and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for auditing the Company's financial statements and expressing an opinion as to their conformity with generally accepted accounting principles.

In the performance of the oversight of the Company's financial reporting process, the Audit Committee has reviewed and discussed the audited financial statements with management, the internal auditors and the independent auditors. The Audit Committee has discussed with the independent auditors the matters required to be discussed by Statement of Auditing Standards No. 61, Communication with Audit Committee, as amended, as adopted by the Public Company Accounting Oversight Board ("PCAOB") in Rule 3200T. Finally, the Audit Committee has received written disclosures and the letter from the independent auditors, as required by applicable requirements of the PCAOB

regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence.

The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting, are not experts in the fields of accounting or auditing, including in respect of auditor independence. Members of the Audit Committee rely without independent verification on the information provided to them and on the representations made by management and the independent accountants. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal control and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's consideration and discussions referred to above do not assure that the audit of the Company's financial statements has been carried out in accordance with generally accepted accounting principles or that the Company's auditors are in fact "independent."

Based upon the reports, review and discussions described in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the charter, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended June 30, 2010, as filed with the Securities and Exchange Commission.

#### THE AUDIT COMMITTEE

Michael Marks, Chairman  
John (Yang) Wang  
Feng Xiaowei

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(1) The material in the Audit Committee report is not soliciting material, is not deemed filed with the SEC and is not incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this proxy statement and irrespective of any general incorporation language in such filing.

#### EXECUTIVE SESSIONS

Under NASDAQ Marketplace Rule 5605(b)(2), our independent directors are required to hold regular executive sessions. The chairperson of the executive session will rotate at each session so that each non-management director shall have an opportunity to serve as chairperson. Interested parties may communicate directly with the presiding director of the executive session or with the non-management directors as a group, by directing such written communication to Mr. Fengxiao Wei at c/o Jiangbo Pharmaceuticals, Inc., at the Company's office located at 25 Haihe Road, Laiyang Economic Development Zone, Laiyang City, Yantai, Shandong Province, People's Republic of China 265200.

#### PROCESS FOR SENDING COMMUNICATIONS TO THE BOARD OF DIRECTORS

The Board of Directors maintains a process for stockholders to communicate with the Board. Stockholders wishing to communicate with the Board or any individual director may send an email through our website at [www.jiangbopharma.com](http://www.jiangbopharma.com) or mail a communication addressed to the Secretary of the Company, c/o Jiangbo Pharmaceuticals, Inc., at the Company's office located at 25 Haihe Road, Laiyang Economic Development Zone, Laiyang City, Yantai, Shandong Province, People's Republic of China 265200. Any such communication must state the number of shares of Common Stock beneficially owned by the stockholder making the communication. All of such communications will be forwarded to the full Board of Directors or to any individual director or directors to whom communication is directed unless the communication is clearly of a marketing nature or is inappropriate, in which case we have the authority to discard the communication or take appropriate legal action regarding the communication.

## CODE OF ETHICS

We adopted a Code of Business Conduct and Ethics that applies to our directors, officers and employees and a Code of Ethics for the Chief Executive Officer and Senior Financial Officers. Written copies of the codes can be found on our website at [www.jiangbopharma.com](http://www.jiangbopharma.com) and can be made available in print to any shareholder upon request at no charge by writing to our Secretary, c/o Jiangbo Pharmaceuticals, Inc., at the Company's office located at 25 Haihe Road, Laiyang Economic Development Zone, Laiyang City, Yantai, Shandong Province, People's Republic of China 265200. Our Codes of Ethics are intended to be a codification of the business and ethical principles which guide us, and to deter wrongdoing, to promote honest and ethical conduct, to avoid conflicts of interest, and to foster full, fair, accurate, timely and understandable disclosures, compliance with applicable governmental laws, rules and regulations, the prompt internal reporting of violations and accountability for adherence to the Codes.

## EXECUTIVE COMPENSATION

## Introductions

We endeavor to provide our “named executive officers” (as defined in Item 402 of Regulation S-K) with a competitive base salary that is in-line with their roles and responsibilities when compared to peer companies of comparable size in the same or similar locality. It is not uncommon for PRC private corporations in that locality to have base salaries as the sole and only form of compensation. The base salary level is established and reviewed based on the level of responsibilities, the experience and tenure of the individual and the current and potential contributions of the individual. The base salary is compared to similar positions within comparable peer companies and with consideration of the executive’s relative experience in his or her position. Base salaries are reviewed periodically and at the time of promotion or other changes in responsibilities.

Under the governance of our newly established compensation committee, we plan to implement a more comprehensive compensation program, which takes into account other elements of compensation, including, without limitation, short and long term compensation, cash and non-cash compensation, and other equity-based compensation such as stock options. This compensation program shall be comparative to our peers in the industry and aimed to retain and attract talented individuals.

## Executive Compensation

The following is a summary of the compensation we paid for each of the three years ended June 30, 2010, 2009 and 2008, respectively (unless otherwise provided) (i) to the persons who acted as our principal executive officers during the three years, (ii) to the person who acted as our principal financial officer or acted in a similar capacity during the three years and (iii) our other executive officers received compensation in excess of \$100,000 in these three year. We refer to these individuals in this 10-K as “named executive officers.”

## Summary Compensation of Named Executive Officers

The following table reflects all compensation awarded to, earned by or paid to our named executive officers for our fiscal years ended June 30:

Name and Principal Position	Fiscal Year Ended	Salary (\$)	Bonus (\$)	Stock Awards	Option Awards	Non- Equity Incentive Plan Compen- sation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compen- sation (\$)	Total (\$)
Cao Wubo,	2010	\$ -	—	368,500	—	—			