

I. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company was incorporated in Bermuda under the Companies Act as an exempted company with limited liability on 9 August 2012. Our Company has established its principal place of business in Hong Kong at Room 1001, 10th Floor, Sino Centre, Nos. 582-592 Nathan Road, Kowloon, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part XI of the Companies Ordinance since 25 September 2012. In connection with such registration, Lai Kwok Wa of Room 1001, 10th Floor, Sino Centre, Nos. 582-592, Nathan Road, Kowloon, Hong Kong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in Bermuda, it operates subject to the Companies Act and to its constitution comprising the Memorandum and the Bye-laws. A summary of various provisions of our Company's constitution and certain relevant aspects of Bermuda company law is set out in Appendix IV to this prospectus.

2. Changes in the share capital of our Company

As at the date of incorporation of our Company, its authorised share capital was HK\$100,000 divided into 10,000,000 Shares of HK\$0.01 each.

On 23 August 2012, 1 Share was allotted and issued to Town Health Pharmaceutical at nil consideration.

On 26 September 2013, the authorised share capital of our Company was increased from HK\$100,000 to HK\$10,000,000 by the creation of an additional 990,000,000 Shares.

On 26 September 2013, our Company (i) credited as fully paid at par the one nil-paid Share held by Town Health Pharmaceutical and (ii) allotted and issued a total of 20,999 Shares to the Max Goodrich Shareholders as set out below in consideration of the Max Goodrich Shareholders transferring in aggregate of 21,000 shares of US\$1 each in the share capital of Max Goodrich (representing the entire issued share capital of Max Goodrich) to our Company:

Name	Number of Shares
Town Health Pharmaceutical	10,079
Mr. Zhou	4,216
Mr. Dai	2,457
Ms. Yang	1,727
Mr. He	1,260
Festive Mood Group Ltd	1,260

Assuming that the Placing and the Capitalisation Issue becomes unconditional and the issue of the Placing Shares and the issue of Shares pursuant to the Capitalisation Issue is made, but taking no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, the authorised share capital of

our Company will be HK\$10,000,000 divided into 1,000,000,000 Shares and the issued share capital of our Company will be HK\$8,000,000 divided into 800,000,000 Shares fully paid or credited as fully paid, with 200,000,000 Shares remaining unissued. Other than pursuant to the exercise of any options which may be granted under the Share Option Scheme, there is no present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares, which would effectively alter the control of our Company, will be made.

Save as disclosed herein and under paragraph 4 headed “Corporate reorganisation” below, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of the sole Shareholder passed on 26 September 2013

On 26 September 2013, written resolutions of the sole Shareholder were passed pursuant to which, amongst other things:

- (a) the authorised share capital of our Company was increased from HK\$100,000 to HK\$10,000,000 by the creation of an additional 990,000,000 Shares;
- (b) our Company approved a deed for sale and purchase dated 26 September 2013 between (i) the Max Goodrich Shareholders as vendors (ii) the Max Goodrich Shareholders, Town Health International and Mr. Chau Kai Man as warrantors and (iii) our Company as purchaser, pursuant to which our Company agreed to acquire from the Max Goodrich Shareholders the entire issued share capital of Max Goodrich in consideration of (1) the allotment and issue by our Company of an aggregate of 20,999 Shares to the Max Goodrich Shareholders credited as fully paid and (2) our Company crediting as fully paid at par the one nil-paid Share held by Town Health Pharmaceutical; and our Directors were authorised to (i) allot and issue, credited as fully paid, a total of 20,999 Shares to the Max Goodrich Shareholders and (ii) credit as fully paid at par the one nil-paid Share held by Town Health Pharmaceutical in accordance with the terms and conditions of the deed for sale and purchase;
- (c) our Company conditionally approved and adopted the Bye-laws;
- (d) conditional on (A) the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned herein (including any Shares which may be issued pursuant to the Placing or the Capitalisation Issue, or upon the exercise of any options which may be granted under the Share Option Scheme) and (B) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Lead Manager (for itself and on behalf of the Underwriters) and not being terminated in accordance with the terms of such agreement or otherwise, in each case on or before the date determined in accordance with the terms of the Underwriting Agreement,
 - (i) the Placing was approved and our Directors were authorised to allot and issue the Placing Shares;

- (ii) the rules of the Share Option Scheme were approved and adopted and our Directors were authorised, at their absolute discretion, to grant options to subscribe for Shares under the Share Option Scheme and to allot, issue and deal with Shares issued pursuant to the exercise of subscription rights under any options which may be granted under the Share Option Scheme and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme; and
 - (iii) conditional on the share premium account of our Company being credited as a result of the Placing, our Directors were authorised to capitalise HK\$5,199,790 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 519,979,000 Shares for allotment and issue to holders of Shares whose names appear on the register of members of our Company at the close of business on 3 October 2013 (or as they may direct), in proportion (as nearly as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to their then existing respective shareholdings in our Company and so that the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respect with the then existing issued Shares;
- (e) a general unconditional mandate was given to our Directors to allot, issue and deal with (otherwise than pursuant to (i) a rights issue, (ii) an issue of Shares upon the exercise of any subscription or conversion rights attaching to any bonds, warrants, debentures, notes or any securities which carry rights to subscribe for or are convertible into Shares, (iii) an issue of Shares upon the exercise of any options which may be granted under the Share Option Scheme or any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of the subsidiaries of our Company or any other person of Shares or rights to acquire Shares, (iv) any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Bye-laws, or (v) a specific authority granted by our Shareholders in general meeting) unissued Shares with a total nominal value not exceeding 20% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Placing and the Capitalisation Issue, and to make or grant offers, agreements and options (including but not limited to bonds, warrants, debentures, notes and any securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such power to issue Shares either during or after the end of the Relevant Period (as defined below), such mandate to remain in effect during the period (the “**Relevant Period**”) from the passing of the resolution granting such mandate, until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Bye-laws or any applicable laws of Bermuda to be held; or

- (iii) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate;
- (f) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares with a total nominal value not exceeding 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Placing and the Capitalisation Issue, such mandate to remain in effect from the passing of the resolution granting such mandate until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Bye-laws or applicable laws of Bermuda to be held; or
 - (iii) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate (the “**Share Repurchase Mandate**”); and
- (g) the general unconditional mandate mentioned in paragraph (e) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares repurchased by our Company pursuant to the Share Repurchase Mandate, provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Placing and the Capitalisation Issue.

4. Corporate reorganisation

Our Group underwent a reorganisation to rationalise our Group’s structure in preparation for the Listing. Please refer to the section headed “History and Development – Reorganisation” for further details.

5. Changes in the share capital of the subsidiaries of our Company

The subsidiaries of our Company are referred to in the accountants’ report for our Company, the text of which is set out in Appendix I to this prospectus.

No alterations in the share capital of the subsidiaries of our Company have taken place within the two years preceding the date of this prospectus.

6. Repurchase by our Company of its own securities

This paragraph includes the information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) *Provisions of the GEM Listing Rules*

The GEM Listing Rules permit companies to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All repurchases of securities on the Stock Exchange by a company must be approved in advance by an ordinary resolution of its shareholders, either by way of general mandate or by specific approval in relation to specific transactions.

Note: Pursuant to the resolutions in writing passed by the sole Shareholder on 26 September 2013, the Share Repurchase Mandate was granted to our Directors authorising the repurchase of Shares by our Company as described above in the paragraph headed "Resolutions in writing of the sole Shareholder passed on 26 September 2013".

(ii) Source of funds

Any repurchases must be financed out of funds legally available for the purpose in accordance with the Memorandum and the Bye-laws and the applicable laws and regulations of Bermuda.

(b) *Exercise of the Share Repurchase Mandate*

Exercise in full of the Share Repurchase Mandate, on the basis of 800,000,000 Shares in issue immediately after completion of the Placing and the Capitalisation Issue (but taking no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), would accordingly result in up to 80,000,000 Shares being repurchased by our Company during the course of the period prior to the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Bye-laws and the applicable laws and regulations of Bermuda to be held; or
- (iii) the revocation, variation or renewal of the Share Repurchase Mandate by ordinary resolution of our Shareholders in general meeting.

(c) *Reasons for repurchases*

Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and our Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value of our Company and/or its earnings per Share.

(d) *Funding of repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Bye-laws and the applicable laws and regulations of Bermuda. Pursuant to the Share Repurchase Mandate, repurchases will be made out of funds of our Company legally permitted to be utilised in this connection, including funds of our Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase and in case of any premium payable on the repurchase, out of funds of our Company which would otherwise be available for dividend or distribution or out of the share premium account of our Company. Our Company may not repurchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(e) *General*

No repurchase of Shares had been made by our Company since incorporation.

There might be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Share Repurchase Mandate is exercised in full. However, our Directors do not propose to exercise the Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or on its gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Share Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of Bermuda.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the GEM Listing Rules), has any present intention, if the Share Repurchase Mandate is approved by our Shareholders, to sell any Shares to our Company or its subsidiaries.

No connected person (as defined in the GEM Listing Rules) of our Company has notified our Company that he has a present intention to sell any Shares to our Company, or has undertaken not to do so, if the Share Repurchase Mandate is exercised.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the interest of our Shareholder(s), could obtain or consolidate control of our Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares made after the Listing.

Immediately following completion of the Placing and the Capitalisation Issue (without taking into account any Shares which may fall to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), Town Health Pharmaceutical will be interested in 31.20% of the issued share

capital of the Company if the Share Repurchase Mandate is fully exercised and assuming that the number of Shares held by Town Health Pharmaceutical and the then number of total issued share capital remain the same, the total number of Shares which will be repurchased pursuant to the Repurchase Mandate will be 80,000,000 Shares (being 10% of the issued share capital of our Company based on the aforesaid assumptions) and the percentage shareholding of Town Health Pharmaceutical will be increased to approximately 34.67% of the issued share capital of our Company. Accordingly, an obligation to make a general offer for all the issued Shares other than those held by Town Health Pharmaceutical may arise.

Save as aforesaid, our Directors are not aware of any other consequence under the Takeovers Code as a result of a repurchase of Shares made immediately after the Listing.

II. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP



1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Company or its subsidiaries within the two years immediately preceding the date of this prospectus and are or may be material:

- (a) a share transfer agreement dated 6 February 2012 entered into between Hangzhou Xin Hong as transferor and Hong Rui Bio-medical as transferee, pursuant to which Hangzhou Xin Hong transferred its entire shareholding interests in Zhejiang Xin Rui Pharmaceutical to Hong Rui Bio-medical at a consideration of RMB65,000,000;
- (b) a deed for sale and purchase dated 26 September 2013 between (i) the Max Goodrich Shareholders as vendors; (ii) the Max Goodrich Shareholders, Town Health International and Mr. Chau Kai Man as warrantors and (iii) our Company as purchaser pursuant to which our Company agreed to acquire from (i) Town Health Pharmaceutical its 10,080 shares in Max Goodrich; (ii) Mr. Zhou his 4,216 shares in Max Goodrich; (iii) Mr. Dai his 2,457 shares in Max Goodrich; (iv) Ms. Yang her 1,727 shares in Max Goodrich; (v) Mr. He his 1,260 shares in Max Goodrich; and (vi) Festive Mood Group Ltd its 1,260 shares in Max Goodrich, in consideration of (1) the allotment and issue by our Company of 10,079 Shares, 4,216 Shares, 2,457 Shares, 1,727 Shares, 1,260 Shares and 1,260 Shares, credited as fully paid, to Town Health Pharmaceutical, Mr. Zhou, Mr. Dai, Ms. Yang, Mr. He and Festive Mood Group Ltd, respectively and (2) our Company crediting as fully paid at par the one nil-paid Share held by Town Health Pharmaceutical;
- (c) the Underwriting Agreement;
- (d) the Deed of Indemnity; and
- (e) the Non-Competition Deed.

2. Intellectual property rights

- (a) As at the Latest Practicable Date, our Group had registered the following trademarks which are or may be material to the business of our Group:

Trademark	Registered Owner	Class	Place of Registration	Registration Number	Validity Period
 New Ray Medicine International Holding Limited 新銳醫藥國際控股有限公司	Max Goodrich	5, 35, 42	Hong Kong	302393938	28 September 2012 to 27 September 2022
 New Ray Medicine 新銳醫藥	Max Goodrich	5, 35, 42	Hong Kong	302393929	28 September 2012 to 27 September 2022

- (b) As at the Latest Practicable Date, our Group had registered the following domain name which are or may be material to the business of our Group:

Registrant	Domain Name	Expiry Date
Max Goodrich	www.newraymedicine.com	21 August 2014

Note: The contents at the above website do not form part of this prospectus.

III. FURTHER INFORMATION ABOUT DIRECTORS, SENIOR MANAGEMENT AND STAFF

1. Disclosure of Interests

- (i) *Interests of our Directors and the chief executive of our Company*

Immediately following completion of the Placing and the Capitalisation Issue, the interests or short positions of each of our Directors and the chief executives of our Company in the share capital, underlying shares and debentures of our Company and the associated corporations of our Company (within the meaning of Part XV of the SFO) which, once the Shares are listed, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which, once the Shares are listed, will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which, once the

Shares are listed, will be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to our Company and the Stock Exchange are set out as follows:

Name of Director	Capacity	Number of Shares	Approximate shareholding percentage
Mr. Zhou (<i>Note 1</i>)	Beneficial owner and interest of spouse	147,160,000 Shares (<i>Note 2</i>)	18.40%
Ms. Yang (<i>Note 1</i>)	Beneficial owner and interest of spouse	147,160,000 Shares (<i>Note 2</i>)	18.40%
Mr. Dai	Beneficial owner	60,840,000 Shares (<i>Note 2</i>)	7.60%

Notes:

1. Mr. Zhou and Ms. Yang, being husband and wife, are deemed to be interested in all the 147,160,000 Shares which comprise of 104,396,190 Shares and 42,763,810 Shares held by Mr. Zhou and Ms. Yang respectively.
2. All these interests are long positions.

(ii) *Interests of the Substantial Shareholders*

So far as is known to any Director or chief executive of our Company, immediately following completion of the Placing and the Capitalisation Issue, the following persons (other than a Director or chief executive of our Company) will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of members of our Group other than our Company:

Interests in our Company

Name of person	Capacity	Number of Shares	Shareholding percentage
Town Health Pharmaceutical (<i>Note 1</i>)	Beneficial owner	249,600,000 Shares (<i>Note 2</i>)	31.20%
Town Health (BVI) (<i>Note 1</i>)	Interest of a controlled corporation	249,600,000 Shares (<i>Note 2</i>)	31.20%
Town Health International (<i>Note 1</i>)	Interest of a controlled corporation	249,600,000 Shares (<i>Note 2</i>)	31.20%

Notes:

1. Town Health Pharmaceutical is wholly-owned by Town Health (BVI) which is in turn wholly-owned by Town Health International. Accordingly, Town Health International and Town Health (BVI) are deemed to be interested in all the 249,600,000 Shares held by Town Health Pharmaceutical by virtue of the SFO.
2. All these interests are long positions.

2. Interests in suppliers and customers of our Group

As at the Latest Practicable Date, so far as our Directors are aware, no Directors or their respective associates or persons who are interested in 5% or more of the issued share capital of our Company have any interest in the five largest suppliers or customers of our Group.

3. Particulars of our Directors' service agreements and letters of appointment

Each of our executive Directors has entered into a service agreement with our Company for a term of three years commencing from the Listing Date. Particulars of the service agreements of our Directors, except as indicated, are in all material respects the same and summarised below:

- (i) Each service agreement is of an initial term of three years commencing on the Listing Date unless terminated in accordance with the terms of the agreement. Under the agreement, either party may terminate the agreement at any time by giving to the other not less than three months' prior written notice. Their appointments are subject to the provisions of retirement by rotation of Directors under the Bye-laws. Our Company may also terminate the service agreement without notice if the relevant executive Director is guilty of, among others, dishonesty or grave misconduct or willful default or neglect in the discharge of his duties, becomes bankrupt or of unsound mind, be guilty of conduct tending to bring himself/herself or any companies in our Group into disrepute or be prohibited by law from fulfilling his/her duties under the service agreement.
- (ii) For the first year from the Listing Date, the annual director's fee for each of Mr. Zhou, Mr. Dai, Ms. Yang, and Mr. Lee Chik Yuet shall be HK\$10,000, HK\$10,000, HK\$10,000 and HK\$120,000 respectively and shall accrue on a day to day basis, such fee to be reviewed annually by the remuneration committee of our Board.
- (iii) Each of our executive Directors is entitled to a discretionary performance bonus as may be determined by our Board.
- (iv) Each of our executive Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of our Board or any committee of our Board regarding the amount of annual director's fee or discretionary bonus payable to him/her.

Each of Mr. Zhou, Mr. Dai and Ms. Yang has executed a labour contract with Zhejiang Xin Rui for a term of three years commencing on the Listing Date. Each of Mr. Zhou, Mr. Dai and Ms. Yang is entitled to a monthly salary of RMB16,000, RMB12,000 and RMB10,000 respectively and a monthly bonus which is determined based on the performance of the respective Directors.

Each of our independent non-executive Directors has executed letters of appointment with our Company for a term of two years commencing from the Listing Date. The annual director's fee for each of Mr. Leung Chi Kin, Mr. Ho Hau Cheung and Mr. Sung Hak Keung, Andy shall be HK\$72,000, HK\$72,000 and HK\$72,000 respectively. Their appointments are subject to the provisions of retirement by rotation of Directors under the Bye-laws.

4. Remuneration of our Directors

- (i) Approximately HK\$709,000 and HK\$729,000 was paid to our Directors by our Group as remuneration (including housing allowances, other allowances and benefits in kind) in respect of each of the two financial years ended 31 December 2011 and 2012, respectively.
- (ii) Approximately HK\$988,000 (excluding any management bonus, if any) as remuneration is estimated to be paid to our Directors by our Group in respect of the financial year ending 31 December 2013 pursuant to the present arrangement.
- (iii) Save as disclosed in this prospectus, no Director received any remuneration or benefits in kind from our Group for the financial year ended 31 December 2012.

5. Disclaimers

Save as disclosed in this prospectus, as at the Latest Practicable Date:

- (a) none of our Directors nor any of the persons whose names are listed in the paragraph headed "Consents of experts" under the section headed "Other Information" in this Appendix is interested in the promotion of our Company, or in any assets which have been within the 2 years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (b) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;
- (c) none of our Directors has entered into or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and
- (d) no cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoters of our Company nor is any such cash, securities or benefit intended to be paid, allotted or given to any promoters of our Company in connection with the Placing or related transactions as mentioned in this prospectus.

IV. SHARE OPTION SCHEME

Summary of the terms of the Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme approved and conditionally adopted pursuant to the written resolutions of the sole Shareholder passed on 26 September 2013. The following summary does not form, nor is intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

In this section only:

“Adoption Date”	means the date on which the Share Option Scheme takes effect upon the satisfaction of all conditions under paragraph 3 below (where applicable);
“Invested Entity”	means any entity in which any member of our Group holds any equity interest;
“Option”	means a right granted to the Participant (as defined below) to subscribe for Shares pursuant to the terms of the Share Option Scheme and the term “Options” shall be construed accordingly;
“relevant company”	means our Company, our relevant subsidiary or the relevant Invested Entity, as the case may be;

1. *Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to provide our Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as our Board may approve from time to time.

2. *Who may join*

Our Board may, at its discretion, invite:

- 2.1 any director of each member of our Group or of any Invested Entity;
- 2.2 any employee (whether full-time or part-time) of each member of our Group or of any Invested Entity (the “**Employee**”);
- 2.3 any discretionary objects of a discretionary trust established by any Employee or any director of each member of our Group or of any Invested Entity;
- 2.4 a company beneficially owned by any Employee or any director of each member of our Group or of any Invested Entity;

- 2.5 any consultant, professional and other adviser to each member of our Group or any Invested Entity (including their employees or executives or any persons, firms or companies proposed to be appointed for providing such services);
- 2.6 any chief executives or substantial shareholders of our Company;
- 2.7 any supplier, customer, service provider, business or joint venture partner, contractor, of our Group or any Invested Entity; and
- 2.8 any person who, at the absolute discretion of our Board, has contributed or may contribute to our Group or any Invested Entity, provided that our Board may at its absolute discretion determine whether or not one falls within the above categories,

(together, the “**Participants**” and each a “**Participant**”), to take up Options to subscribe for Shares at a price determined in accordance with paragraph 6 below.

In determining the basis of eligibility of each Participant, our Board would take into account such factors as our Board may at its discretion consider appropriate.

3. *Conditions*

The Share Option Scheme shall take effect subject to the passing of an ordinary resolution approving the adoption of the Share Option Scheme by our Shareholders and authorising our Directors to grant Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the Share Option Scheme, and is conditional upon:

- 3.1 the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, (i) the Shares in issue and to be issued as mentioned in this prospectus and (ii) any Shares to be issued pursuant to the exercise of Options under the Share Option Scheme, whether the granting of the listing and permission is subject to conditions or not;
- 3.2 the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Bookrunner (for itself and on behalf of the Underwriters) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and
- 3.3 the commencement of dealings in Shares on the Stock Exchange.

If the above conditions are not satisfied on or before the date which is the 30th day after the date of this prospectus, the Share Option Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme. Any Option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such grant shall be of no effect.

4. *Duration and Administration*

- 4.1 Subject to the fulfilment of the conditions in paragraph 3 above and the termination provisions in paragraph 16 below, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options will be granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme, and Options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.
- 4.2 The Share Option Scheme shall be subject to the administration of our Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final, conclusive and binding on all parties.
- 4.3 Subject to compliance with the requirements of the GEM Listing Rules and the provisions of the Share Option Scheme, our Board shall have the right (i) to interpret and construe the provisions of the Share Option Scheme; (ii) to determine the persons who will be granted Options under the Share Option Scheme and the number of Shares to be issued under the Options; (iii) to determine the price per Share at which a Grantee (as defined below) may subscribe for Shares on the exercise of an Option (the “**Subscription Price**”); (iv) to make such appropriate and equitable adjustments to the terms of Options granted under the Share Option Scheme as it deems necessary; and (v) to make such other decisions, determinations or regulations as it shall deem appropriate in the administration of the Share Option Scheme.
- 4.4 A Grantee shall ensure that the acceptance of an Offer, the holding and exercise of his or her Option in accordance with the Share Option Scheme, the allotment and issue of Shares to him or her upon the exercise of his or her Option and the holding of such Shares are valid and comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he or she is subject. Our Board may, as a condition precedent of making an Offer and allotting and issuing Shares upon an exercise of an Option, require a Participant or Grantee (as the case maybe) to produce such evidence as it may reasonably require for such purpose.

5. *Grant of Option*

- 5.1 On and subject to the requirements of the GEM Listing Rules and the terms of the Share Option Scheme, our Board shall be entitled at any time, within 10 years after the Adoption Date to make an offer of the grant of an Option (the “**Offer**”) to any Participant as our Board may at its absolute discretion select, and subject to any such conditions as our Board may at its absolute discretion think fit, to subscribe for such number of Shares as our Board may (subject to paragraphs 9 and 10) determine at the Subscription Price.

- 5.2 Our Company may not make any Offer after inside information (having the meaning defined in the SFO) has come to its knowledge, until it has announced the information. In particular, our Company may not make any offer during the period commencing 1 month immediately before the earlier of (i) the date of the meeting of our Board (as such date is first notified by our Company to the Stock Exchange under the GEM Listing Rules) for approving our Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and (ii) the deadline for our Company to announce its results for any year, half-year or quarter-year period under the GEM Listing Rules, or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement.
- 5.3 An Offer shall be made to a Participant by letter in such form as our Board may from time to time determine (the "**Offer Letter**") specifying the number of Shares under the Option, the Subscription Price, the vesting schedule (if any), the conditions to vesting (if any), and the period to be determined by our Board at its absolute discretion and notified by our Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with the Share Option Scheme (the "**Option Period**") and requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme. An Offer must be made on a Business Day and shall remain open for acceptance by the Participant to whom an Offer is made for a period from the date on which an Offer is made to a Participant (the "**Offer Date**") to such date as our Board may determine and specify in the Offer Letter (both days inclusive) (the "**Acceptance Period**"), provided that no such Offer shall be open for acceptance after the 10th anniversary from the Adoption Date or after the Share Option Scheme has been terminated in accordance with the provisions hereof, whichever is earlier.
- 5.4 An Offer shall be deemed to have been accepted by any Participant who accepts an Offer in accordance with the terms of the Share Option Scheme, or (where the context so permits) the personal representative(s) entitled to any such Option in consequence of the death of the original Participant (the "**Grantee**") and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the Offer Letter comprising acceptance of the Offer duly signed by the Grantee together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the granting thereof is received by our Company within the Acceptance Period. Such remittance shall in no circumstances be refundable or be considered as part of the Subscription Price.
- 5.5 Any Offer may be accepted by a Participant in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of such number of Shares as representing board lot(s) for dealing in Shares on the Stock Exchange or an integral multiple thereof and the number of Shares in respect of which the Offer is accepted is clearly stated

in the duplicate of the Offer Letter received by our Company as mentioned in sub-paragraph 5.4. To the extent that the Offer is not accepted within the Acceptance Period and in the manner stipulated in sub-paragraph 5.4, it will be deemed to have been irrevocably declined by the Participant and the Offer shall automatically lapse and becomes null and void.

- 5.6 Subject to the provisions of the Share Option Scheme and the GEM Listing Rules, our Board may when making the Offer impose any terms, conditions, restrictions or limitations in relation to the Option as it may at its absolute discretion think fit.
- 5.7 Any Offer to a connected person of our Company, or any of his or her associates, must be in accordance with the requirements of the GEM Listing Rules.
- 5.8 Our Board may not make an Offer to a Participant who is a director of our Group during the periods or times in which such director is prohibited from dealing in Shares pursuant to Rule 5.56 of the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

6. *Subscription Price*

Subject to any adjustments made pursuant to paragraph 11, the Subscription Price in respect of each Share issued pursuant to the exercise of Options granted hereunder shall be a price solely determined by our Board and notified to a Participant and shall be at least the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day;
- (b) a price being the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding the Offer Date (provided that the new issue price shall be used as the closing price for any Business Day falling within the period before listing of the Shares where our Company has been listed for less than 5 Business Days as at the Offer Date); and
- (c) the nominal value of a Share.

7. *Exercise of Options*

- 7.1 An Option shall be personal to the Grantee and shall not be assignable or transferable. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests (whether legal or beneficial) in favour of any third party over or in relation to any Option or enter into any agreement to do so. Where the Grantee is a company, any change of its controlling shareholder or any substantial change in its management (which is to be determined by our Board at its absolute discretion) will be deemed to be a sale or transfer of interest aforesaid. Where the Grantee is a trust, any change of the beneficiary of the Grantee will be deemed to be a sale or

transfer of interest aforesaid. Where the Grantee is a discretionary trust, any change of the discretionary objects of the Grantee will be deemed to be a sale or transfer of interest aforesaid. Any breach of the foregoing by a Grantee shall entitle our Company to cancel any outstanding Option or part thereof to such Grantee (to the extent that it has not already been exercised) without incurring any liability on the part of our Company.

- 7.2 Unless otherwise determined by our Board and specified in the Offer Letter at the time of the Offer, there is neither any performance targets that need to be achieved by the Grantee before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised. An Option may be exercised in whole or in part in the manner as set out in the Offer Letter, this sub-paragraph and sub-paragraph 7.3 by the Grantee (or his or her personal representative(s)) giving notice in writing to our Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the total Subscription Price for the Shares in respect of which the notice is given. Subject to paragraph 12, within 28 Business Days after receipt of the notice and the remittance, and where appropriate, receipt of the certificate from the independent financial adviser or the auditors for the time being of our Company (the “**Auditors**”) (as the case may be) pursuant to paragraph 11, our Company shall allot and issue the relevant Shares to the Grantee (or his or her personal representative(s)) credited as fully paid and issue to the Grantee (or his or her personal representative(s)) a share certificate in respect of the Shares so allotted.
- 7.3 Subject as hereinafter provided and subject to the terms and conditions upon which such Option was granted, an Option may be exercised by the Grantee at any time during the Option Period provided that:
- (a) in the event of the Grantee ceases to be a Participant for any reason other than on the Grantee’s death, ill-health, retirement (in the case of the Grantee being an Employee) or the termination of the Grantee’s employment, directorship, office, appointment or engagement on one or more of the grounds specified in sub-paragraph 8(f) below, the Option granted to such Grantee shall lapse on the date of cessation (to the extent which has not already been exercised) and will not be exercisable unless our Board otherwise determines to grant an extension at the discretion of our Board in which event the Grantee may exercise the Option in accordance with the provisions of sub-paragraph 7.2 above within such period of extension and up to a maximum entitlement directed at the discretion of our Board on the date of grant of extension (to the extent that it has become exercisable and has not already been exercised) and subject to other terms and conditions decided at the discretion of our Board. For the avoidance of doubt, such period of extension (if any) shall be granted within the expiration of the period of 1 month following the date on which the Grantee ceases to be a Participant, which date shall be the Grantee’s last actual working day with the relevant company whether salary is paid in lieu of notice or

not, or the last date of office or appointment or engagement as director, officer or employee of, or as consultant, professional or other adviser to, the relevant company, as the case may be, in the event of which, the date of cessation as determined by a resolution of the board of directors or governing body of the relevant company shall be conclusive;

- (b) in the event of the Grantee (who is an Employee) ceases to be an Employee by reason of death, ill-health or retirement in accordance with his or her contract of employment before exercising the Option in full and none of the events which would be a ground for termination of the Grantee's employment under sub-paragraph 8(f) arises, the personal representative(s) of the Grantee or, as appropriate, the Grantee, shall be entitled within a period of 6 months following the date of cessation of employment or such longer period as our Board may at its discretion determine, to exercise the Option up to the entitlement of such Grantee as at the date of cessation of employment (to the extent that it has become exercisable and has not already been exercised) or, if appropriate, make an election pursuant to sub-paragraphs 7.3(c), (d), (e) or (f);
- (c) if a general offer by way of take-over (other than by way of scheme of arrangement pursuant to sub-paragraph 7.3(d)) is made to all holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror (the "**Dissenting Shareholders**")) and if such offer becomes or is declared unconditional and the offeror is entitled to and does give notice pursuant to the Companies Act 1981 of Bermuda, as consolidated and revised, to acquire Shares held by the Dissenting Shareholders prior to the expiry of the relevant Option Period, the Grantee (or his or her personal representative(s)) may by notice in writing to our Company within 21 days of the notice of the offeror exercise the Option (to the extent that it has become exercisable on the date of the notice of the offeror and has not already been exercised) to its full extent or to the extent specified in such notice;
- (d) if a general offer by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary majority of holders of Shares at the requisite meetings, the Grantee (or his or her personal representative(s)) may thereafter (but only until such time as shall be notified by our Company, after which it shall lapse), by notice in writing to our Company, exercise the Option (to the extent that it has become exercisable and has not already been exercised) to its full extent or to the extent specified in such notice;
- (e) other than a general offer or a scheme of arrangement contemplated in sub-paragraphs 7.3(c) and (d), if a compromise or arrangement between our Company and our members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or our amalgamation with any other company or

companies, our Company shall give notice thereof to the Grantee on the same date as it despatches the notice which is sent to each member or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee (or his or her personal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the court of competent jurisdiction, exercise any of his or her Options (to the extent that it has become exercisable and has not already been exercised) whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the Share Option Scheme. Our Company may require the Grantee (or his or her personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement; and

- (f) in the event of a notice being given by our Company to our Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, our Company shall on the same date as or soon after it despatches such notice to convene the general meeting, give notice thereof to all Grantees and thereupon, the Grantees (or their respective personal representative(s)) may, subject to the provisions of all applicable laws, by notice in writing to our Company (such notice to be received by our Company not later than 2 Business Days prior to the proposed general meeting of our Company) exercise the Option (to the extent that it has become exercisable and has not already been exercised) either to its full extent or to the extent specified in such notice, such notice to be accompanied by a payment for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Grantee credited as fully paid.

- 7.4 The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Memorandum and the Bye-laws and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of their allotment and issue, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment and issue,

provided always that when the date of exercise of the Option falls on a date upon which the register of shareholders of the Company is closed, then the exercise of the Option shall become effective on the first Business Day in Hong Kong on which the register of shareholders of our Company is re-opened.

- 7.5 Any Shares allotted and issued upon the exercise of an Option shall not carry voting rights until the registration of the Grantee (or any other person) has been duly entered on the register of shareholders of our Company as the holder thereof.

8. *Lapse of Option*

An Option shall lapse automatically and not be exercisable (to the extent that it has not already been exercised) on the earliest of:

- (a) the expiry of the Option Period (subject to the provisions of sub-paragraph 4.1 and paragraph 14);
- (b) the date on which the Grantee ceases to be a Participant as referred to in sub-paragraph 7.3(a) (in the case where our Board has not determined an extension of time in which the Option may be exercised) or the expiry of the extended period of time in which the Option may be exercised as determined by our Board as referred to in sub-paragraph 7.3(a);
- (c) the expiry of the periods referred to in sub-paragraphs 7.3(b) or (c);
- (d) subject to the scheme of arrangement as referred to in sub-paragraph 7.3(d) becoming effective, the expiry of the period referred to in sub-paragraph 7.3(d);
- (e) subject to the compromise or arrangement referred to in sub-paragraph 7.3(e) becoming effective, the expiry of the period referred to in sub-paragraph 7.3(e);
- (f) the date on which the Grantee ceases to be a Participant by reason of the termination of his or her employment, office, directorship, appointment or engagement as director, officer or employee of, or as consultant, professional or other adviser to, the relevant company on one or more of the following grounds, namely, that he or she has been guilty of misconduct, or has been in breach of material terms of the relevant employment contract or service contract, or has stopped payment to creditors generally or been unable to pay his or her debts within the meaning of any applicable legislation relating to bankruptcy or insolvency, or has become bankrupt or insolvent, or has been served with a petition for bankruptcy, or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty, or (if so determined by our Board or the board of the relevant company, as the case may be) on any other ground on which any employer or any engaging party would be entitled to terminate his or her employment, office, directorship, appointment or engagement at common

law or pursuant to any applicable laws or under the Grantee's employment contract or service contract with our Company or the relevant company (as the case may be), in the event which a resolution of our Board or the board of directors or governing body of the relevant company (as the case may be) to the effect that the employment, office, directorship, appointment or engagement of a Grantee has or has not been terminated on one or more of the grounds specified in this sub-paragraph 8(f) shall be conclusive and binding on the Grantee;

- (g) the close of 2 Business Days prior to the general meeting of our Company held for the purpose of approving the voluntary winding-up of our Company or the date of the commencement of the winding-up of our Company;
- (h) the date on which our Board exercises our Company's right to cancel the Option at any time after the Grantee commits a breach of sub-paragraph 7.1; or
- (i) the date on which the Option is cancelled by our Board as provided in paragraph 15.

Our Company shall owe no liability to any Grantee for the lapse of any Option under this paragraph 8.

9. *Maximum number of Shares available for subscription*

9.1 Subject to sub-paragraph 9.2:

- (a) The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company shall not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Placing and the Capitalisation Issue, unless our Company obtains an approval from our Shareholders pursuant to sub-paragraphs 9.1(b) or 9.1(c). Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating such 10% limit.
- (b) Our Company may seek approval of our Shareholders in general meeting for refreshing the 10% limit set out in sub-paragraph 9.1(a) under the Share Option Scheme such that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company under the limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval to refresh such limit. Options previously granted under the Share Option Scheme and any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes or exercised options) will not be counted for the purpose of calculating such limit as refreshed. In such a case, our Company shall send a circular to our Shareholders containing the information and disclaimer as required under the GEM Listing Rules.

- (c) Our Company may seek separate approval by our Shareholders in general meeting for granting Options beyond the 10% limit provided that the Options in excess of such limit are granted only to Participants specifically identified by our Company before such approval is sought. In such a case, our Company shall send a circular to our Shareholders containing, amongst other terms, a generic description of the specified Participant(s) who may be granted such Options, the number of Shares subject to the Options to be granted, the terms of the Options to be granted, the purpose of granting Options to the specified Participant(s), an explanation as to how the terms of the Options serve such purpose and such other information and disclaimer as required under the GEM Listing Rules.

9.2 Notwithstanding any provision in sub-paragraph 9.1 and subject to paragraph 11, the limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the Shares in issue from time to time (or such higher percentage as may be allowed under the GEM Listing Rules). No options may be granted under the Share Option Scheme and any other share option schemes of our Company if this will result in such limit being exceeded.

10. *Maximum entitlement of Shares of each Participant*

- 10.1 (a) Subject to sub-paragraphs 10.1(b), (c) and (d), the total number of Shares issued and to be issued upon exercise of the options granted to each Participant under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- (b) Notwithstanding sub-paragraph 10.1(a), where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Participant under the Share Option Scheme and any other share option schemes of our Company (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of Shares in issue, such further grant must be separately approved by our Shareholders in general meeting with such Participant and his or her associates abstaining from voting. The number of Shares subject to the Options to be granted to such Participant and the terms of the Options to be granted to such Participant shall be fixed before shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price. In such a case, our Company shall send a circular to our Shareholders containing, amongst other terms, the identity of such Participant, the number and the terms of the Options to be granted

(and options previously granted to such Participant) and such other information and disclaimer as required under the GEM Listing Rules.

- (c) In addition to paragraph 9 and sub-paragraphs 10.1(a) and 10.1(b), any grant of Options to a Participant who is a director, chief executive or substantial shareholder of our Company or their respective associates must be approved by our independent non-executive Directors (excluding independent non-executive Director who is the Grantee).
- (d) In addition to paragraph 9 and sub-paragraphs 10.1(a) and 10.1(b), where any grant of Options to a Participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) to him or her in the 12-month period up to and including the proposed date of such grant:
 - (i) representing in aggregate more than 0.1% of the total number of Shares in issue on the proposed date of such grant; and
 - (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the proposed date of such grant, in excess of HK\$5,000,000,

such proposed grant of Options must be approved by our Shareholders in general meeting. In such a case, our Company shall send a circular to our Shareholders containing all those terms as required under the GEM Listing Rules. The Participant concerned and all other connected persons of our Company must abstain from voting in favour of the resolution at such general meeting. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

The Participant and all other connected persons of our Company may vote against the resolution at the general meeting provided that such intention to do so has been stated in the circular. Any such party may change his or her mind as to whether to abstain or vote against the resolution, in which case our Company shall, if it becomes aware of the change before the date of the general meeting, immediately despatch a circular to our Shareholders or publish an announcement notifying our Shareholders of the change and, if known, the reason for such change. Where the circular is despatched or the announcement is published less than 10 Business Days before the date originally scheduled for the general meeting, the meeting shall be adjourned before considering the relevant resolution to a date that is at least 10 Business Days from the date of despatch of the circular or publication of the announcement.

10.2 Subject to sub-paragraphs 9.1, 9.2 and 10.1, in the event of any alteration in the capital structure of our Company whether by way of capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of our Company or otherwise howsoever (other than as a result of an issue of Shares as consideration in a transaction), the maximum number of Shares referred to in sub-paragraphs 9.1, 9.2 and 10.1 will be adjusted in such manner as an independent financial adviser or the Auditors (acting as experts and not as arbitrators) shall confirm to our Directors in writing to be in compliance with the requirements under the GEM Listing Rules.

11. Alteration of capital structure

In the event of any alteration in the capital structure of our Company whilst any Option remains exercisable, whether by way of capitalisation issue, rights issue, sub-division, consolidation, or reduction of the share capital of our Company or otherwise howsoever in accordance with the applicable legal requirements and requirements of the Stock Exchange (excluding any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in respect of a transaction to which our Company is a party) at any time after the date on which dealings in the Shares first commence on the Stock Exchange, such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares subject to the Option so far as unexercised; and/or
- (ii) the Subscription Price;

as an independent financial adviser appointed by our Company or the Auditors shall at the request of our Board in respect of any such alterations, other than any made on a capitalisation issue, certify in writing to our Directors, either generally or as regards any particular Grantee, that any such alterations shall satisfy the requirements set out in the note to rule 23.03(13) of the GEM Listing Rules, the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding adjustments to the exercise price and number of share options under rule 23.03(13) of the GEM Listing Rules and any other applicable guidance from time to time issued by the Stock Exchange and shall give a Grantee the same proportion of the issued share capital of our Company as that to which the Grantee was previously entitled, provided that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of Shares as consideration in a transaction may not be regarded as a circumstance requiring alteration. The capacity of the independent financial adviser or the Auditors in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the Grantees. The costs of the independent financial adviser or the Auditors shall be borne by our Company. Notice of such alteration(s) shall be given to the Grantees by our Company.

12. *Share Capital*

The exercise of any Option shall be subject to our Shareholders in a general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Board shall make available sufficient authorised but unissued share capital of our Company to meet subsisting requirements on the exercise of Options.

13. *Disputes*

Any dispute arising in connection with the Share Option Scheme (whether as to the number of Shares the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the decision of the Auditors or an independent financial adviser appointed by our Company who shall act as experts and not as arbitrators and whose decision shall be final and binding.

14. *Alteration of the Share Option Scheme*

14.1 The provisions of the Share Option Scheme may be altered in any respect by resolution of our Board at its absolute discretion except that the provisions of the Share Option Scheme as to:

- (a) the definitions of “Grantee”, “Option Period” and “Participant” in sub-paragraph 1.1;
- (b) the provisions of paragraphs and sub-paragraphs 4.1, 5.1, 5.2, 5.3, 6, 7, 8, 9, 10, 11 and this paragraph 14; and
- (c) all such other matters set out in Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of the Participants except with the prior approval of our Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the affected Grantees as would be required of our Shareholders under the Bye-laws for a variation of the rights attached to the Shares.

14.2 Any alteration to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of the Options granted must be approved by our Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

14.3 The amended terms of the Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

14.4 Any change to the authority of our Directors or scheme administrators in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

15. *Cancellation of the Options granted*

Our Board may, with the consent of the relevant Grantee, at any time at its absolute discretion cancel any Option granted but not exercised. Where our Company cancels Options and makes an Offer of the grant of new Options to the same Option holder, the Offer of the grant of such new Options may only be made under the Share Option Scheme with available Options (to the extent not yet granted and excluding the cancelled Options) within the limit approved by our Shareholders as mentioned in paragraph 9.

16. *Termination of the Share Option Scheme*

Our Company by resolution in general meeting or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme, and Options which are granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme and their terms of issue. Upon such termination, details of the Options granted (including options exercised or outstanding) under the Share Option Scheme and (if applicable) Options that become void or non-exercisable as a result of the termination are required under the GEM Listing Rules to be disclosed in the circular to shareholders seeking approval of the first new scheme established thereafter.

Application has been made to the Listing Division for listing of, and permission to deal in, 80,000,000 Shares which may fall to be issued pursuant to the exercise of the Options.

As at the date of this prospectus, no Option has been granted or agreed to be granted by our Company under the Share Option Scheme.

V. OTHER INFORMATION

1. Estate duty, tax indemnity and other indemnities

Indemnity on estate duty and taxation

Town Health International (the “**Indemnifier**”) has, pursuant to the Deed of Indemnity referred to in the paragraph headed “Summary of material contracts” under the section headed “Further information about the business of our Group” in this Appendix, given indemnities in favour of our Group in connection with, among other things, any taxation which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received or alleged to have been earned, accrued or received on or before the date on which the Placing becomes unconditional (the “**Effective Date**”). The Indemnifier has also undertaken to, among other things, indemnify and at all times keep each member of our Group fully indemnified on demand against all actions, claims, losses, damages, costs (including all legal costs), expenses

or other liabilities which any member of our Group may make, suffer or incur in respect of or arising directly or indirectly from or on the basis of or in connection with any taxation payable by Town Health Pharmaceutical under SAT Circular No. 698.

The Indemnifier has also pursuant to the Deed of Indemnity referred to above, given indemnities in favour of our Group in connection with, among other things, any estate duty which is or thereafter becomes payable by any member of our Group by virtue of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) by reason of the death of any person and by reason of the assets of any members of our Group or any of such assets being deemed for the purpose of estate duty to be included in the property passing on his death by reason of that person making or having made a relevant transfer to our Group or any member of our Group at any time prior to 11 February 2006 (i.e. being the date on which The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect).

The Indemnifier will, however, not be liable under the Deed of Indemnity for taxation where:

- (a) to the extent that provision or allowance has been made for such taxation in the audited consolidated accounts of our Group for each of the two years ended 31 December 2011 and 2012 and for the six months ended 30 June 2013 (the “**Accounts**”);
- (b) the taxation falling on any member of our Group in respect of any period commencing on or after 1 July 2013, where liability for such taxation would not have arisen but for some act or omission of, or transaction voluntarily effected by members of our Group or any of them (whether alone or in conjunction with some other act, omission or transaction, whenever occurring), without the prior consent or agreement of the Indemnifier, otherwise than (i) in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Effective Date; or (ii) pursuant to a legally binding commitment created on or before the Effective Date; or (iii) pursuant to any statement of intention made in this prospectus;
- (c) to the extent of any provision or reserve made for taxation in the Accounts which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifier’s liability (if any) in respect of taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied to reduce the Indemnifier’s liability in respect of taxation shall not be available in respect of any such liability arising thereafter; or
- (d) to the extent that such taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority of the PRC or any other relevant authority (whether in Hong Kong or the PRC or any other part of the world) coming into force after the Effective Date or to the extent that such taxation claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect.

Pursuant to the Deed of Indemnity, the Indemnifier has also given indemnities in favour of our Group on demand against all claims, actions, demands, proceedings, judgments, losses, damages, costs (including all legal costs), charges, fees, expenses, fines, penalties or liability suffered, sustained or incurred by any member of our Group directly or indirectly as a result of or in connection with the non-compliance with sections 111(1) and 122 of the Companies Ordinance by Hong Kong New Rich occurred prior to the Effective Date, details of which are set out in the sub-section headed “Legal proceedings and non-compliance – (ii) Non-compliance incidents relating to our Group” in the section headed “Business” of this prospectus.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries under the laws of Hong Kong, the PRC, the BVI or Bermuda, being jurisdictions in which one or more of the companies comprising our Group are incorporated.

2. Litigation

No member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group.

3. Sole Sponsor

Kingsway Capital has made an application on behalf of our Company to the Listing Division of the Stock Exchange for listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned herein (including any Shares falling to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme).

4. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK\$45,842 and have been paid by our Company.

5. Promoter

Our Company has no promoter for the purposes of the GEM Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit had been paid, allotted or given, nor are any such cash, securities or other benefit intended to be paid, allotted or given, to the promoter of our Company in connection with the Placing or the related transactions described in this prospectus.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:-

Name	Qualification
Kingsway Capital	licensed under the SFO to carry out type 1 regulated activity (dealing in securities) and type 6 regulated activity (advising on corporate finance) under the SFO

Name	Qualification
Commerce & Finance Law Offices	PRC lawyers
Deloitte Touche Tohmatsu	Certified public accountants
Ascent Partners Valuation Service Limited	Property valuer
Conyers Dill & Pearman	Bermuda barristers and attorneys
Ms. Wong, Joyce N.Y.	Hong Kong barrister-at-law

7. Consents of experts

Each of Kingsway Capital, Commerce & Finance Law Offices, Deloitte Touche Tohmatsu, Ascent Partners Valuation Service Limited, Conyers Dill & Pearman and Ms. Wong, Joyce N.Y. has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or the references to its name included herein in the form and context in which they are respectively included.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance insofar as applicable.

9. Agency fees or commission received

The Underwriters will receive an underwriting commission, and the Sole Sponsor will receive a financial advisory fee and documentation fee, as referred to under “Commission and expenses” in the section headed “Underwriting” in this prospectus.

10. Miscellaneous

- (a) Save as disclosed in this Appendix, within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries;
 - (iv) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
- (b) Since 30 June 2013, being the date to which the latest audited consolidated financial results of our Group as set out in Appendix I to this prospectus were made up, there has been no material adverse change in the financial or trading position or prospects of our Group.

- (c) None of Kingsway Capital, Commerce & Finance Law Offices, Deloitte Touche Tohmatsu, Ascent Partners Valuation Service Limited, Conyers Dill & Pearman and Ms. Wong, Joyce N.Y.:-
 - (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;
- (d) all necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement;
- (e) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (f) the Company has no outstanding convertible debt securities;
- (g) there are no arrangements in existence under which future dividends are to be or agreed to be waived; and
- (h) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group within 24 months preceding the date of this prospectus.

11. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).