

## DEFINITIONS

*Unless the context otherwise requires, the following expressions have the following meanings in this document.*

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| “Accountants’ Report”                         | the accountants’ report on the Group set out in Appendix I to this document  |
| “associate(s)”                                | has the meaning ascribed to it under the relevant rules  |
| “Audit Committee”                             | the audit committee of the Board   |
| “Board” or “Board of Directors”               | the board of Directors   |
| “Business Day”                                | a day (other than a Saturday, Sunday or public holiday) in Hong Kong on which banks in Hong Kong are normally open for business  |
| “BVI”   | the British Virgin Islands   |
| “Bye-laws”                                    | the bye-laws of our Company conditionally adopted on 26 September 2013 with effect from [●] and as amended from time to time, a summary of which is set out in Appendix IV to this document  |
| “CAGR”  | compound annual growth rate  |
| “CFDA”  | China Food and Drug Administration of the PRC (中華人民共和國國家食品藥品監督管理總局, formerly known as the State Food and Drug Administration (中華人民共和國國家食品藥品監督管理局), or SFDA)  |
| “Companies Act” or<br>“Bermuda Companies Act” | the Companies Act 1981 of Bermuda, as amended, supplemented or otherwise modified from time to time  |
| “Companies Ordinance”                         | the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time  |
| “Company” or “our Company”                    | New Ray Medicine International Holding Limited (新銳醫藥國際控股有限公司), a company incorporated in Bermuda on 9 August 2012 as an exempted company with limited liability  |
| “connected transactions”                      | the transactions stipulated and specified in the relevant rules  |
| “Controlling Shareholder(s)”                  | has the meaning ascribed to it under the relevant rules and, in the context of this document, means the controlling shareholders of the Company, namely, Town Health Pharmaceutical, Town Health (BVI) and Town Health International |

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| "Deed of Indemnity"                | a deed of indemnity dated [●] 2013 entered into between [Town Health International] and our Company, pursuant to which [Town Health International] has given certain indemnities in favour of our Company (for itself and as trustee for each of its subsidiaries) subject to and in accordance with the terms and conditions of the Deed of Indemnity, further particulars of which are set out in the sub-paragraph headed "Estate duty, tax indemnity and other indemnities" under the paragraph headed "Other Information" in Appendix V to this document |
| "Director(s)"                      | director(s) of the Company  |
| "Distributor Customer"             | distributor and/or customer (as the case may be) which has a contractual relationship with the Group for purchase of the products distributed by the Group  |
| "GDP"                              | gross domestic product  |
| "Group", "our Group", "we" or "us" | the Company, its subsidiaries and its joint venture, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries and its joint venture  |
| "Haikou Xin Lang"                  | Haikou Xin Lang Pharmaceutical Technology Co. Ltd.* (海口新朗醫藥科技有限公司), a company incorporated in the PRC with limited liability on 18 May 2011 and owned as to 50.1% by Zhejiang Xin Rui Pharmaceutical and 49.9% by an Independent Third Party, Lodays Pharmaceutical (Hubei) Company Limited* (朗天藥業(湖北)有限公司), respectively   |
| "Hangzhou Xin Hong"                | Hangzhou Xin Hong Bio-medical Technology Co. Ltd.* (杭州新泓生物醫藥科技有限公司) (formerly known as Hangzhou Rich Medical Technology Co. Ltd.* 杭州銳琪醫藥科技發展有限公司), a company incorporated in the PRC with limited liability on 14 March 2001 which was deregistered on 19 June 2012   |
| "HK" or "Hong Kong"                | the Hong Kong Special Administrative Region of the PRC  |
| "HKFRSs"                           | Hong Kong Financial Reporting Standards (including Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants  |
| "HK\$" or "HK dollars"             | Hong Kong dollars, the lawful currency of Hong Kong   |

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| “Hong Kong New Rich”           | China New Rich Medicine Holding Co. Limited (中國新銳醫藥控股有限公司) (formerly known as Rich (Hongkong) Holding Co., Limited (銳琪(香港)控股有限公司), a company incorporated in Hong Kong with limited liability on 7 February 2005 and an indirect wholly-owned subsidiary of our Company   |
| “Hong Rui Bio-medical”         | Hong Rui (Hangzhou) Bio-medical Technology Co. Ltd.* (泓銳(杭州)生物醫藥科技有限公司), a company incorporated in the PRC with limited liability on 8 July 2008 and an indirect wholly-owned subsidiary of our Company   |
| “Hong Rui Trading”             | Zhejiang Hong Rui Trading Co., Ltd* (浙江泓銳貿易有限公司) (formerly known as Zhejiang Rich Medicine Co., Ltd.* 浙江銳琪醫藥有限公司), a company incorporated in the PRC with limited liability on 6 September 2005 and an indirect wholly-owned subsidiary of our Company  |
| “Independent Third Party(ies)” | (an) individual(s) or (a) company(ies) who or which is/are not connected with (within the meaning of the relevant rules) any Director, chief executive or substantial shareholder of the Company, or any of its subsidiaries and/or their respective associates   |
| “Latest Practicable Date”      | [●] 2013, being the latest practicable date prior to the printing of this document for ascertaining certain information contained in this document  |
| “Lodays Pharma (Hubei)”        | Lodays Pharmaceutical (Hubei) Company Limited* (朗天藥業(湖北)有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party, which owns 49.9% equity interest in Haikou Xin Lang   |
| “Max Goodrich”                 | Max Goodrich International Limited, a company incorporated in the BVI with limited liability on 21 September 2007 and a direct wholly-owned subsidiary of our Company   |
| “Max Goodrich Shareholders”    | all the shareholders of Max Goodrich immediately prior to the signing of the deed of sale and purchase dated 26 September 2013 referred to in the section headed “Summary of material contracts” in Appendix V to this document, namely, Town Health Pharmaceutical, Mr. Zhou, Mr. Dai, Ms. Yang, Mr. He and Festive Mood Group Limited, who became our Shareholders pursuant to the Reorganisation |

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| "Medical Insurance Drugs Catalogs"                | the National Medical Insurance Drugs Catalog and the Provincial Medical Insurance Drugs Catalogs  |
| "Memorandum" or "Memorandum of Association"       | the memorandum of association of the Company adopted upon the incorporation of the Company and as amended, supplemented or modified from time to time, a summary of the current version of which is set out in Appendix IV to this document |
| "Ministry of Human Resources and Social Security" | the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部)  |
| "MOFCOM"  | the Ministry of Commerce of the PRC (中華人民共和國商務部)  |
| "Mr. Dai"   | Dai Haidong (戴海東), an executive Director, the chief executive officer of our Company, one of the founding members of our Group and a Shareholder  |
| "Mr. He"  | Mr. He Linxing, one of the members of our senior management   |
| "Mr. Zhou"  | Zhou Ling (周凌), the chairman of our Company, an executive Director and one of the founding members of our Group, a substantial Shareholder and the spouse of Ms. Yang   |
| "Ms. Yang"  | Yang Fang (楊芳), an executive Director and the spouse of Mr. Zhou  |
| "National Bureau of Statistics"                   | the National Bureau of Statistics of China (中華人民共和國國家統計局)   |
| "National List of Essential Drugs"                | the National Essential Drugs List (國家基本藥物目錄), issued by the Ministry of Health in 2013  |
| "National Medical Insurance Drugs Catalog"        | the State Basic Medical Insurance, Work Injury Insurance and Maternity Insurance Drugs Catalog (國家基本醫療保險、工傷保險和生育保險藥品目錄), issued by the Ministry of Human Resources and Social Security in 2009, as amended                                  |
| "NDRC"  | the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)   |
| "NHFPC"   | the National Health and Family Planning Commission of the PRC (中華人民共和國國家衛生和計劃生育委員會, the successor of the Ministry of Health of the PRC (中華人民共和國衛生部))  |

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| “PRC” or “China”                              | the People’s Republic of China excluding, for the purpose of this document only, Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan  |
| “Province” or “province”                      | each being a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the central government of the PRC  |
| “Provincial Medical Insurance Drugs Catalogs” | the list of pharmaceutical products under Grade B of the National Medical Insurance Drugs Catalog as varied with limited changes by different provincial level authorities with respect to the medicines that are included in that grade, which results in some regional variations between different provinces with respect to the medicines that are included under the Provincial Medical Insurance Drugs Catalogs of the respective provinces |
| “Reorganisation”                              | the reorganisation arrangements undergone by our Group, which are more particularly described in the section headed “History and development” in this document  |
| “RMB” or “Renminbi”                           | Renminbi, the lawful currency of the PRC  |
| “SAFE”  | the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)  |
| “SAIC”  | the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)   |
| “Share(s)”                                    | ordinary share(s) of nominal value HK\$0.01 each in the share capital of the Company  |
| “Shareholder(s)”                              | holder(s) of the Share(s)   |
| “State Council”                               | the State Council of the PRC (中華人民共和國國務院)   |
| “Stock Exchange”                              | The Stock Exchange of Hong Kong Limited   |
| “subsidiary(ies)”                             | has the meaning ascribed to it in section 2 of the Companies Ordinance  |
| “substantial shareholder(s)”                  | has the meaning ascribed to it under the relevant rules   |

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| "Town Health (BVI)"               | Town Health (BVI) Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Town Health International, which is a Controlling Shareholder   |
| "Town Health International"       | Town Health International Investments Limited (康健國際投資有限公司) (formerly known as Town Health International Holdings Company Limited), a company incorporated in the Cayman Islands and continued in Bermuda as an exempted company with limited liability, whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 3886, being transferred from GEM (stock code: 8138) on 12 August 2008) and one of the Controlling Shareholders |
| "Town Health Pharmaceutical"      | Town Health Pharmaceutical Limited (康健藥業有限公司) (formerly known as Sino Allied Development Limited), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Town Health International through Town Health (BVI), which is a Controlling Shareholder   |
| "Track Record Period"             | the period comprising each of the two years ended 31 December 2011 and 2012 and the six months ended 30 June 2013  |
| "US\$" or "U.S. dollars"          | United States dollars, the lawful currency of the United States of America   |
| "Zhejiang Xin Rui Pharmaceutical" | Zhejiang Xin Rui Pharmaceutical Co., Ltd* (浙江新銳醫藥有限公司) (formerly known as Zhejiang Yangtze River Delta Pharmaceutical Co., Ltd* 浙江長三角醫藥有限公司), a company incorporated in the PRC with limited liability on 26 April 2006 and an indirect wholly-owned subsidiary of our Company   |
| "%"                               | per cent.  |

\* The English names of the PRC entities mentioned in this document are translations from their Chinese names. If there is any inconsistency, the Chinese names shall prevail.

*Unless otherwise expressly stated or the context otherwise requires, all data in this document is as at the date of this document.*

*Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*

*For the purpose of illustration only and unless otherwise specified in this document, amounts denominated in RMB have been translated into HK\$ at the rate of RMB0.8152 = HK\$1. No representation is made that the RMB amounts could have been, or could be, converted into HK\$ at such rates or at any other rate on such date or on any other date.*