

## APPENDIX V

## STATUTORY AND GENERAL INFORMATION

### 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 document.

#### 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

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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 of 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 of sale and purchase;
- (c) our Company conditionally approved and adopted the Bye-laws.

### **4. Corporate reorganisation**

The companies comprising our Group underwent a reorganisation to rationalise our Group's structure. 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 document.

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

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**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 document 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 of 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 Deed of Indemnity.

**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

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- (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:

<b>Registrant</b>	<b>Domain Name</b>	<b>Expiry Date</b>
Max Goodrich	www.newraymedicine.com	21 August 2014

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

**III. FURTHER INFORMATION ABOUT DIRECTORS, SENIOR MANAGEMENT AND STAFF**

**1. 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 [●]. 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 from [●] 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 annual salary 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 salary 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 salary 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 from [●]. The [monthly salary] for each of Mr. Zhou, Mr. Dai and Ms. Yang shall be [RMB[●]], [RMB[●]] and [RMB[●]] respectively.

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Each of our independent non-executive Directors has executed letters of appointment with our Company for a term of two years commencing from [●]. 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.

### 5. Disclaimers

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

- (a) none of our Directors 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 document, 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 document which is significant in relation to the business of our Group; and
- (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).

#### IV. 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 "**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 accounting 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 document;

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- (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 document.

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. Miscellaneous

- (a) Save as disclosed in this Appendix, within the two years immediately preceding the date of this document:
  - (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;

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- (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 document were made up, there has been no material adverse change in the financial or trading position or prospects of our Group;
- (c) the Company has no outstanding convertible debt securities;
- (d) there are no arrangements in existence under which future dividends are to be or agreed to be waived; and
- (e) 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 document.

**4. Bilingual Document**

The English language and Chinese language versions of this document are being published separately.