

APPENDIX V

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation of the Company

The Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 19 June 2013. The Company has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance on 23 July 2013 and the principal place of business in Hong Kong is at 14th Floor, Park Building, 476 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong. Mr. Tien who resides at Flat D, 10th Floor, Tower 1, Sorrento, 1 Austin Road West, Tsim Sha Tsui, Kowloon, Hong Kong and Mr. Chan Ka Yu who resides at Unit B, 25th Floor, Block 13, Laguna City, Kowloon, Hong Kong, have been appointed as the authorised representatives of the Company for the acceptance of service of processes and notices in Hong Kong.

As the Company is incorporated in the Cayman Islands, it is subject to the relevant laws of the Cayman Islands and its constitution which comprises the Memorandum of Association and the Articles. A summary of the relevant aspects of the Cayman Companies Law and certain provisions of the Articles is set out in Appendix IV to this Document.

2. Changes in share capital of the Company

As at the date of incorporation of the Company, its authorised share capital was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. On 19 June 2013, 1 Share was issued and allotted nil paid to the subscriber, an independent third party. On the same date, such nil paid Share was transferred from the subscriber to All Divine at nil consideration and 1 Share was issued and allotted nil paid to Fortune Zone.

Pursuant to the written resolutions of the Shareholders passed on 22 November 2013, the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of an additional 9,962,000,000 Shares.

On 22 November 2013, in consideration of the transfer of the entire issued share capital of Great Entrepreneur from Mr. Tien and Mr. Gozashti to the Company, the Company have allotted and issued 500,000 Shares to each of All Divine and Fortune Zone under the instructions of Mr. Tien and Mr. Gozashti respectively.

On 22 November 2013, in consideration of the transfer of the entire issued share capital of Transformed Holdings from Mr. Tien and Mr. Gozashti to the Company, the Company has (i) allotted and issued 499,999 Shares, credited as fully paid, to each of All Divine and Fortune Zone under the instructions of Mr. Tien and Mr. Gozashti respectively; and (ii) credited as fully paid at par the 1 nil paid Share held by each of All Divine and Fortune Zone under the instructions of Mr. Tien and Mr. Gozashti respectively.

[●]

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Save as disclosed in this document, there has been no alteration in the share capital of the Company since the date of its incorporation.

3. Written resolutions of the Shareholders

On 22 November 2013, written resolutions were passed by the Shareholders pursuant to which, among other matters:

- (a) the Articles of Association were approved and adopted, the terms of which are summarized in Appendix IV to this document;
- (b) [●]

4. Corporate Reorganisation

The Group underwent the Reorganisation in preparation for [●]. For further information relating to the Reorganisation, please refer to the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Group structure” in this document.

5. Changes in share capital of subsidiaries of the Company

The subsidiaries of the Company are listed in the Accountant’s Report, the text of which is set out in Appendix I to this document.

Save as disclosed in the paragraph headed “Corporate Reorganisation” above and the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Group structure” in this document, there has been no other change to the share capital of any of the subsidiaries of the Company within the two years immediately prior to the date of this document.

6. [●]

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B. FURTHER INFORMATION ABOUT THE BUSINESS OF THE COMPANY

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this document and are or may be material in relation to the business of the Company taken as a whole:

- (a) [●];
- (b) the deed of indemnity dated [●] executed by the Controlling Shareholders in favour of the Group whereby the Controlling Shareholders agreed to give certain indemnities in relation to tax and other matters including indemnities set out in the paragraph headed “Tax and other indemnities” in the section headed “Other information” in this Appendix;
- (c) the share purchase agreement dated 22 October 2013 entered into between Mr. Tien and Mr. Gozashti as vendors and Great Entrepreneur as purchaser pursuant to which Great Entrepreneur agreed to acquire 3,000,000 shares of HK\$1.00 each in the share capital of Runway HK from Mr. Tien and Mr. Gozashti in consideration of the allotment and issue by Great Entrepreneur of 1 share of US\$1.00 in the share capital of Great Entrepreneur to each of Mr. Tien and Mr. Gozashti;
- (d) the share purchase agreement dated 7 November 2013 entered into between Mr. Tien and Mr. Gozashti as vendors and Transformed Holdings as purchaser pursuant to which Transformed Holdings agreed to acquire 1,000 shares of US\$1.00 each in the share capital of Runway US from Mr. Tien and Mr. Gozashti in consideration of the allotment and issue by Transformed Holdings of 1 share of US\$1.00 in the share capital of Transformed Holdings to each of Mr. Tien and Mr. Gozashti;
- (e) the share purchase agreement dated 22 November 2013 entered into between Mr. Tien and Mr. Gozashti as vendors and the Company as purchaser pursuant to which the Company agreed to acquire a total of 4 shares, being 2 shares of US\$1.00 each in the share capital of Great Entrepreneur from each of Mr. Tien and Mr. Gozashti, in consideration of the allotment and issue by the Company of 500,000 Shares to each of All Divine and Fortune Zone respectively;
- (f) the share purchase agreement dated 22 November 2013 entered into between Mr. Tien and Mr. Gozashti as vendors and the Company as purchaser pursuant to which the Company agreed to acquire a total of 4 shares, being 2 shares of US\$1.00 each in the share capital of Transformed Holdings from each of Mr. Tien and Mr. Gozashti, in consideration of (i) the allotment and issue by the Company of 499,999 Shares, credited as fully paid, to each of All Divine and Fortune Zone respectively; and (ii) the crediting as fully paid at par the 1 nil paid Share held by each of All Divine and Fortune Zone respectively; and
- (g) the Deed of Non-Competition, the principal terms and conditions of which are summarised in the paragraph headed “Deed of Non-competition” in the section headed “Relationship with the Controlling Shareholders” in this document.







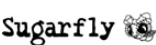

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2. Intellectual property rights

Trademark

As at the Latest Practicable Date, the Group was the registered proprietor and beneficial owner of the following trademarks:

Trademarks	Name of registered owner	Place of registration	Class	Registration number	Next renewal date (dd/mm/yyyy)
	Runway HK	Hong Kong	25	301196848	07/09/2018
	Runway HK	Hong Kong	25	301196857	07/09/2018
	Runway HK	Hong Kong	25	301381329	09/07/2019
	Runway HK	PRC	25	6948041	20/02/2022
	Runway HK	PRC	25	7544389	27/11/2020
	Runway HK	United States	25	4175374	17/07/2022
	Runway HK	United States	25	3503552	23/09/2018
STUDIO COUTURE	Runway HK	United States	25	3566198	20/01/2019
BLANC NOIR	Runway HK	United States	25	2344253	22/01/2020
	Runway HK	United States	25	1967051	09/04/2016

As at the Latest Practicable Date, application had been made by the Group for registration of the following trademark:

Trademark	Applicant	Class	Serial number	Date of application	Place of application
	Runway HK	25	85958813	13/06/2013	United States

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Domain names

As at the Latest Practicable date, the following domain names are owned and used by the Group:

Domain Name	Name of registrant	Next renewal Date (dd/mm/yyyy)
runwayglobal.com	Runway HK	10/08/2017
runwayusa.com	Runway HK	09/09/2015
Runwayglobaljx.com	Runway HK	17/07/2015

C. DISCLOSURE OF INTERESTS

1. [●]

2. [●]

3. Particulars of service agreements

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from 22 November 2013, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after initial fixed term. Each of these executive Directors is entitled to the respective basic salary set out below (subject to an annual increment after 22 November 2014 at the discretion of the Directors of not more than 10% of the annual salary at the time of the relevant review), an additional one-month salary of HK\$110,000 at the end of each year of service and a discretionary bonus not exceeding 5% of the audited combined/consolidated profit after tax and minority interest (if any). An executive Director is required to abstain from voting and is not counted in the quorum in respect of any resolution of the Directors regarding the amount of the monthly salary and the discretionary bonus payable to him. The current aggregate basic annual salaries including the additional one-month salary payment at the end of each year of service of the executive Directors, are as follows:

Name	Amount
Mr. Tien	HK\$1,430,000
Mr. Gozashti	HK\$1,430,000

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Each of the independent non-executive Directors has entered into a letter of appointment with the Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Each of the independent non-executive Directors are appointed with an initial term of three years commencing from 22 November 2013 subject to termination in certain circumstances as stipulated in the relevant letters of appointment. The annual remuneration payable to the independent non-executive Directors under each of the letters of appointment are as follows:

Name	Amount
Mr. LAI Man Sing	HK\$120,000
Mr. TANG Shu Pui, Simon	HK\$120,000
Mr. TANG Tsz Kin, Kevin	HK\$120,000

Save as the aforesaid, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

4. Directors' remuneration

- (a) During the two years ended 31 December 2012 and the five months ended 31 May 2013, the aggregate emoluments paid and benefits in kind granted by the Group to the Directors were approximately HK\$1,176,000, HK\$2,781,000 and HK\$1,187,000 respectively;
- (b) Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus, if any) payable by the Group to and benefits in kind receivable by the Directors for the year ending 31 December 2013 are expected to be approximately HK\$2,860,000;
- (c) None of the Directors or any past directors of any member of the Group has been paid any sum of money for each of the two years ended 31 December 2012 and the five months ended 31 May 2013 (i) as an inducement to join or upon joining the Company or (ii) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group;
- (d) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the two years ended 31 December 2012 and the five months ended 31 May 2013;
- (e) Each of the executive Directors and independent non-executive Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by the Group from time to time or in discharge of his duties to the Group under the service contract; and
- (f) The Company's policy concerning the remuneration of the Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload, the time devoted to the Group and the performance of the Group.

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5. Agency fees or commissions

Save as disclosed in this document, within the two years immediately preceding the date of this document, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries.

6. Connected transactions and related party transactions

Save as disclosed in note 34 to the Accountants’ Report as set out in Appendix I to this document, during the two years immediately preceding the date of this document, the Group has not engaged in any other material connected transactions or related party transactions.

7. Disclaimers

Save as disclosed in this document:

- (a) [●];
- (b) [●];
- (c) none of the Directors or the experts named in paragraph headed “Qualifications of experts” in this Appendix has been directly or indirectly interested in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by or leased to the Company or any other member of the Group nor will any Director apply for the [●] either in his own name or in the name of a nominee;
- (d) none of the Directors or the experts named in the paragraph headed “Qualifications of experts” in the section headed “Other information” of this Appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group taken as a whole;
- (e) none of the Directors or experts named in the paragraph headed “Qualifications of experts” in the section headed “Other information” of this Appendix has any shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group;
- (f) none of the Directors has any existing or proposed service agreements with the Company (excluding agreements expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and
- (g) no remuneration or other benefits in kind have been paid by the Company to any Director since the date of incorporation of the Company, nor are any remuneration or benefits in kind payable by the Company to any Director in respect of the current financial year under any arrangement in force as at the Latest Practicable Date.

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D. [●]

E. OTHER INFORMATION

1. Tax and other indemnities

The Controlling Shareholders (the “Indemnifiers”) have entered into a deed of indemnity with and in favor of the Company (for itself and as trustee for each of the Company’s present subsidiaries) (being the material contract (b) referred to in paragraph headed “Summary of material contracts” in the section headed “Further information about the business of the Company” in this appendix, to provide indemnities on a joint and several basis in respect of, among other matters:

- (a) any estate duty, death duty, inheritance tax, succession duty or any other similar tax or duty which is or becomes payable by the Company or any members of the Group by the operation of any estate duty, death duty, inheritance tax, succession duty or any other similar legislation in Hong Kong, the United States, the PRC or any other relevant jurisdiction as a result or in consequence of any event or transaction occurring on or before the [●], whether or not such event or transaction shall have taken place in conjunction with any circumstances whenever occurring;
- (b) tax liabilities (including all fines, penalties, costs, charges, liabilities, expenses and interests incidental or relating to taxation) which might be payable by any member of the Group in respect of any income, profits or gains earned, accrued or received on or before the [●] or any event or transaction entered into or occurring on or before the [●] whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company; and
- (c) any costs (including but not limited to legal and other professional costs), claims, damages, expenses, losses, penalties, liabilities, actions and proceedings of whatever nature suffered or incurred by any members of the Group directly or indirectly in connection with:
 - (i) any possible or alleged violation or breach or non-compliance by any members of the Group with any laws or regulations of Hong Kong or the PRC or any laws or regulations in any relevant jurisdictions on all matters on or before the [●] which include, without limitation to, (aa) the Companies Ordinance and its subsidiary legislation; (bb) the requirement to obtain all relevant licenses, approvals, permit and certificates for conducting its business; and (cc) the PRC laws and regulations in relation to the contribution to employees social welfare scheme (including but not limited to any failure of the Group to make full social insurance and/or housing provident fund contributions for any of their respective employees as required under the relevant PRC laws and regulations); and (dd) any other applicable laws, rules or regulations in Hong Kong, the United States, the PRC, the Cayman Islands or in any part of the world; or

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- (ii) all litigation, arbitration, claims, counter-claims, actions, complaints, demands, judgments and/or legal proceedings by or against any members of the Group which was issued, accrued and/or arising from any act of any of such members of the Group at any time on or before the [●] including but not limited to the arbitration involving a contract dispute between Runway HK and the Respondent as set out in the paragraph headed “Litigation” in the section headed “Business” in this document.

The Indemnifiers are under no liability under the deed of indemnity in respect of any taxation:

- (a) to the extent that provision has been made for such taxation in the audited accounts of any member of the Group for any accounting period up to 31 May 2013;
- (b) to the extent that such taxation or liability for such taxation falling on any of the members of the Group in respect of any accounting period commencing on 1 June 2013 and ending on the [●], where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily effected by, any member of the Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers, other than any such act, omission or transaction:
 - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or after 1 June 2013; or
 - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 31 May 2013 or pursuant to any statement of intention made in this document; or
 - (iii) consisting of any of members of the Group ceasing, or being deemed to cease, to be a member of any group of companies or being associated with any other company for the purposes of any matter of taxation; or
- (c) to the extent that such taxation liability or 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 any other relevant authority (whether in Hong Kong, the United States, the PRC or any other part of the world) coming into force after the date of the deed of indemnity or to the extent such claim arises or is increased by an increase in rates of taxation after the date of the deed of indemnity with retrospective effect; or
- (d) to the extent that any provision or reserve made for taxation in the audited accounts of any member of the Group for each of the two years ended 31 December 2012 and the five months ended 31 May 2013 and which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifiers’ liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifiers’ liability in respect of taxation shall not be available in respect of any such liability arising thereafter; or

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- (e) to the extent that such taxation arises as a result of the Group or any of members of the Group being in breach of any provision of the deed of indemnity; or
- (f) to the extent that such taxation arises as a result of any incomes, profits or gains earned, accrued or received by the Group or any event occurred or any transactions entered into in the ordinary course of business of the Group on or after 1 June 2013.

2. Litigation

Save as disclosed in the paragraph headed “Litigation” in the section headed “Business” in this document, during the Track Record Period and as at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and, so far as the Directors are aware, no litigation, claim or arbitration of material importance is pending or threatened by or against any member of the Group.

3. [●]

4. [●]

5. [●]

6. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this document:

Name	Qualification
[●]	

7. Consents of experts

Each of the parties listed in the paragraph headed “Qualifications of experts” in the section headed “Other information” in this appendix has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their letters and/or reports and/or valuation certificate and/or references to their names in the form and context in which they are respectively included.

8. [●]

9. [●]

10. [●]

11. [●]