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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

Please refer to the section headed “Business — Our Business Strategies” from page 153 to page 157 in this prospectus for a detailed description of our future plans. We currently do not have any specific acquisition plans or targets and have not entered into any definitive agreements with any potential targets.

### USE OF PROCEEDS

We estimate that the aggregate net proceeds we will receive (after deducting underwriting fees and estimated expenses, assuming the Over-allotment Option is not exercised) from the Global Offering, assuming an Offer Price of approximately HK\$12.74 per Offer Share, being the mid-point of the indicative Offer Price range set out in this prospectus, will be approximately HK\$4,071.4 million (or if the Over-allotment Option is exercised in full, approximately HK\$4,695.6 million, assuming an Offer Price of approximately HK\$12.74 per Offer Share, being the mid-point of the indicative offer price range set out in this prospectus). We adopt article 32 of the Hong Kong Accounting Standards for the accounting treatment of transaction costs, in which we assess the nature of each category of listing expenses, and those incremental costs directly attributable to the proposed Global Offering will be accounted for as a deduction from share premium of the new issued shares following the Global Offering. Therefore, we expect that listing expenses that should be charged to the income statement is insignificant. As compared to the use of proceeds for our fundraising activities in the PRC, proceeds of the Global Offering will be used for more diverse purposes, which include research and development focusing on generic drugs with limited competition and generic drugs with high barriers-to-entry in the PRC and overseas, domestic and international acquisitions, and repayment of the principal and interest of interest-bearing liabilities. Unlike the previous fundraising activities in the PRC, part of the proceeds of the Global Offering will be used for activities outside of the PRC. We intend to use the net proceeds we receive from the Global Offering as follows:

Usage	Proportion	Description
Acquisitions and consolidation in the areas of pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services and diagnostic products and medical devices	48% or HK\$1,954.3 million	<p>In the PRC, we plan to acquire domestic pharmaceutical companies that offer technologies, products or business lines that complement our existing portfolio. We also plan to acquire pharmaceutical companies in therapeutic areas that have high growth prospects and/or those that have leading market positions in their respective areas. As we do not have a definite plan of acquisition to the Latest Practicable Date, we are open to any therapeutic area with high growth and large customer base.</p> <p>Internationally, we plan to acquire (i) pharmaceutical companies that have a large presence or great potential in the PRC market, or (ii) those that have unique product portfolios, strong research and development capabilities as well as sales networks in the U.S. or Europe. Such overseas pharmaceutical companies are expected to help us to diversify product lines and increase our sales in the PRC and overseas. Our international acquisitions and expansion may expose us to additional risks. See “Risk Factors — Risks Relating to Our Businesses and Industries — We may not be able to successfully identify acquisition targets or complete acquisitions or integrate the acquired businesses” from page 62 to page 63.</p> <p>We currently do not have any specific acquisition plans or targets and have not entered into any definitive agreements with any potential targets.</p>

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Usage	Proportion	Description
Funding for existing research and development projects, expansion of our research and development team and acquisition of new research and development projects	19% or HK\$773.6 million	We will continue to focus on the research and development of innovative drugs, generic drugs with limited competition and generic drugs with high barriers-to-entry. These drugs include those that require substantial technical know-how and research and development capabilities for a company to develop, heavy capital investment in new facilities for the manufacturing of such products as well as proficient technological expertise and skilled employees for the managing and operations of the manufacturing process. The research and development expenses for these generic drugs will primarily be spent on clinical studies to test the effectiveness of the drugs. We will also expand investment in the research and development of innovative drugs to support our long-term growth. Similarly, we will invest in the expansion of our research and development team and acquisition of new research and development projects if suitable targets are identified.
Repayment of a portion of our Group's principal and interests of interest-bearing liabilities	23% or HK\$936.4 million	<p>We expect to use the proceeds to repay the principal and interest of interest-bearing liabilities, which include loan facilities, mid-term notes and corporate bonds. Within the one year prior to our Listing in October 2012, we issued corporate bonds of RMB1,500.0 million in April 2012, proceeds of which are used to repay outstanding loan facilities, and to supplement our general working capital.</p> <p>As at 30 June 2012, interest rates of the PRC domestic interest-bearing debts to be repaid range from 4.76% to 7.22% per annum, and the maturity dates of these borrowings range from the second half of 2012 to September 2018.</p> <p>We may also use the proceeds to repay the principal and interest of certain short-term commercial papers, in respect of which we are in the process of obtaining relevant government approvals and may issue them before the end of 2012.</p>
Supplementing our Group's general working capital	10% or HK\$407.1 million	We will use the proceeds to consolidate our leading position in the healthcare industry and build up our Group's core market competitiveness by expanding our Group's business operations, and strengthening our Group's marketing capabilities.

To the extent that the net proceeds we will receive from the Global Offering are not immediately required for the above purposes, we presently plan to deposit such net proceeds into short-term interest-bearing accounts, such as saving accounts or money market-funds, with licensed commercial banks or other authorized financial institutions.

In the event that the Offer Price is finally determined at the high-end of the indicative Offer Price range, the estimated net proceeds we will receive from the Global Offering will be approximately HK\$4,378.5 million (assuming the Over-allotment Option is not exercised), or approximately HK\$5,048.7 million (assuming the Over-allotment Option is exercised in full). Our Directors intend to apply the additional net proceeds in the same proportions as set out above. In the event that the Offer Price is finally determined at the low-end of the indicative Offer Price range, the estimated net proceeds we will receive from the Global Offering will be approximately HK\$3,764.4 million (assuming the Over-allotment Option is not exercised) or approximately HK\$4,342.5 million (assuming the Over-allotment Option is exercised in full). Our Directors intend to apply the reduced net proceeds in the same proportions as set out above and we will finance such shortfall by internal cash resources and/or additional bank borrowings, as and when appropriate.

## FUTURE PLANS AND USE OF PROCEEDS

### Fund Raising Activities

During the Track Record Period and as at the Latest Practicable Date, other than the Global Offering, we have completed or are in the process of completing the following fund raising activities:

	Time of the fund raised/to be raised	Amounts of funds raised/to be raised	Use of Proceeds	Status
Private Placement of new A Shares	May 2010	RMB635.4 million	Investment in the development of the following products or projects: <ul style="list-style-type: none"> <li>• Recombinant Human Erythropoietin Industrialized Project</li> <li>• Artesunate High-tech Industrialized Model Project</li> <li>• In Vitro Diagnostic Products Production Facilities Project</li> </ul>	Completed
Mid-term Notes	November 2010	RMB1,000.0 million	<ul style="list-style-type: none"> <li>• Repay outstanding loan facilities in the PRC; and</li> <li>• Supplement general working capital</li> </ul>	
Mid-term Notes	March 2011	RMB1,600.0 million	<ul style="list-style-type: none"> <li>• Repay outstanding loan facilities in the PRC; and</li> <li>• Supplement general working capital</li> </ul>	
Corporate Bonds	First tranche raised in April 2012; second tranche to be raised	No more than RMB3,000.0 million in various tranches	<p>First tranche: RMB1,500 million</p> <ul style="list-style-type: none"> <li>• RMB300 million on repaying our Group's outstanding loan facilities</li> <li>• RMB1,200 million on supplementing our Group's working capital, among which: <ol style="list-style-type: none"> <li>(1) RMB700 million on expansion of our drug production capacities and our sales network;</li> <li>(2) RMB150 million on new drug research and development; and</li> <li>(3) RMB350 million on improvement of our production environment and engineering</li> </ol> </li> </ul> <p>Second tranche: use of proceeds to be decided</p>	CSRC approval dated 18 November 2011 and obtained on 23 November 2011