This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read this prospectus in its entirety including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in our H Shares.

There are risks associated with any investment. Some of the particular risks in investing in our H Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in our H Shares.

OUR BUSINESS

Overview

We are a fast-growing nutritional supplements retailer in a large and rapidly growing nutritional supplements industry in China. The nutritional supplements industry in China had a market size of over RMB580 billion in 2012, according to SMERI. We manufacture and sell high quality and safe nutritional supplements under our two key brands, namely Zhongsheng (中生) and Cobayer (康培爾), through self-managed retail stores in first- and second-tier cities in China, and a number of our key products are among the top selling products in their respective product categories in China.

We have adopted a branding-focused specialty store business model under which we manage all of our retail stores through our centralized management system, whereby our policies concerning customer services, marketing strategy, business development and financial management are formulated by our headquarters and executed by our self-managed retail stores on a uniform and consistent basis. Our branding-focused specialty store business model enables us to enhance our brand image and effectively provide a comprehensive selection of nutritional supplements and personalized health solutions to our customers. As of June 30, 2013, we operated a total of 49 self-managed retail stores under our two brands, namely Zhongsheng and Cobayer, in first- and second-tier cities in China with key focuses on Jiangsu and Zhejiang provinces, two of the most affluent regions in China. Our self-managed retail stores are strategically located in densely populated areas of our target markets to target affluent individuals, middle to high income families, elderly population and population under sub-health condition. Over the past few years, we have identified and captured market opportunities by successfully developing and launching a number of products in China ahead of our competitors. As a result of our first-mover advantages, we have achieved a leading market position with respect to some of our best-selling products in their respective product categories in China. According to SMERI, our Coenzyme Q_{10} Tablets/Capsules (輔酶Q_{10}片/膠囊) accounted for the largest market share of 67.1% of coenzyme Q_{10} products in China by sales revenue in 2012, representing 7.1 times of the market share of the second largest player for the same year. We are also among the very few companies in China which offer Olive Leaf Extract, Liver Tonic (Milk Thistle) Capsules and Emu Oil Capsules, or products similar to these products in terms of key ingredients and formula.

Our Products

We have commenced our offering of Zhongsheng series products, a nutritional supplements product line developed and manufactured in China and designed for consumers in or over middle ages, since 2001. Following the success of our Zhongsheng series products, we launched the Cobayer series products, a nutritional supplements product line manufactured in and imported from Australia, in 2009. Through this product line, we aim to target a wider range of customers in China, in particular younger and affluent customers, in anticipation of increased customer demand for imported, high-quality nutritional supplements amid rising food safety concerns in China in recent years. In addition to the particular groups of customers we intend to target through our two product lines, we believe our potential customers also include those who are health-conscious or under sub-health condition. We currently own a total of 27 health food product approvals issued by CFDA, which approvals represent the highest product and regulatory standards imposed in China on nutritional supplements. We are currently in the process of applying for ten additional health food product approvals.

As of June 30, 2013, our product offerings primarily included:

- *Zhongsheng series*: consisting of 14 nutritional supplements developed and manufactured in China under our Zhongsheng, Keda and Guishi brands, of which ten were approved by CFDA as health food products; and
- *Cobayer series*: consisting of 24 nutritional supplements under our Cobayer, Conbair, and CoKanga brands, of which 23 were manufactured in and imported from Australia and one was manufactured in and imported from New Zealand.

The following table sets forth, for the periods indicated, selected financial information of our product lines.

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	(RMB in thousands, except percentages)				
Zhongsheng series products					
Turnover	48,410	61,332	95,744	38,547	36,635
Gross profit	41,399	55,147	88,843	35,802	33,563
Gross margin	85.5%	89.9%	92.8%	92.9%	91.6%
Cobayer series products					
Turnover	16,922	40,837	52,613	25,505	45,537
Gross profit	11,570	27,849	40,782	18,909	38,711
Gross margin	68.4%	68.2%	77.5%	74.1%	85.0%

The following table sets forth, for the periods indicated, a breakdown of our turnover by product lines.

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Zhongsheng series products										
Coenzyme Q_{10} Tablets/Capsules	18,107	27.1	34,504	33.4	42,179	28.0	16,489	25.4	14,969	17.4
Linolenic Acid Soft Capsules	–	–	1,327	1.3	24,280	16.1	12,623	19.5	2,014	2.3
Grapeseed Capsules	253	0.4	574	0.6	20,076	13.4	5,063	7.8	7,391	8.6
Weisi Capsules	483	0.7	4,751	4.6	3,526	2.4	1,405	2.2	9,443	11.0
Others[(1)]	29,567	44.2	20,176	19.5	5,683	3.8	2,967	4.6	2,818	3.3
Subtotal	48,410	72.4	61,332	59.4	95,744	63.7	38,547	59.5	36,635	42.6
Cobayer series products										
Olive Leaf Extract	1,641	2.5	7,673	7.4	22,399	14.9	11,279	17.4	13,504	15.7
Emu Oil Capsules	–	–	3,980	3.9	10,311	6.8	6,600	10.2	10,312	12.0
Evening Primrose Oil Capsules	627	0.9	463	0.4	557	0.4	128	0.2	25	–
Liver Tonic (Milk Thistle) Capsules	2,127	3.2	6,767	6.6	5,276	3.5	931	1.4	5,339	6.2
Algal DHA Composite Oil	–	–	–	–	17	–	–	–	4,450	5.2
Squalene Capsules	3,533	5.3	7,076	6.9	1,662	1.1	937	1.4	712	0.8
Blueberry Capsules	3,680	5.5	5,766	5.6	1,323	0.9	622	1.0	860	1.0
Others[(2)]	5,314	7.9	9,112	8.8	11,068	7.4	5,008	7.7	10,335	12.1
Subtotal	16,922	25.3	40,837	39.6	52,613	35.0	25,505	39.3	45,537	53.0
Others[(3)]	1,518	2.3	1,075	1.0	2,015	1.3	767	1.2	3,793	4.4
Total	66,850	100.0	103,244	100.0	150,372	100.0	64,819	100.0	85,965	100.0

Notes:

(1) Including primarily CFDA health food products such as Keda Green Capsules (科大牌綠芝膠囊), Natural α-Linolenic Acid Soft Capsules (天然α – 亞麻酸膠丸), Zhongsheng Goat Milk Calcium Tablets (中生牌羊乳鈣片), Zhongsheng Calcium and Magnesium/Vitamin D Tablets (中生牌鈣鎂/維D片) and Zhongsheng Propolis Soft Capsules (中生牌蜂膠軟膠囊), and regular nutritional supplements without health food product approvals issued by CFDA such as Zhongsheng Natto Oxytropis Argentata Capsules (中生牌納豆銀棘膠囊), Zhongsheng Cordyceps Capsules (中生牌蛹蟲草膠囊), Zhongsheng Collagen Capsules (中生牌膠原蛋白膠囊), Zhongsheng Prebiotics Yeast Extract Capsules (中生牌益生源酵母精膠囊), Zhongsheng Meridian Soft Capsules (中生牌通絡康軟膠囊), Zhongsheng Oyster Capsules (中生牌生蠔膠囊), Guishi Vegetable Extract Powder (桂氏蔬菜精粉), Keda Sea Cucumber Capsules (科大牌海參寶膠囊), Pomegranate Fruit Drink (石榴果飲) and Blueberry Fruit Drink (藍莓果飲).

(2) Including primarily Australian Extra Virgin Olive Oil, Salmon Oil Capsules, Saw Palmetto Capsules, Omega-3 Capsules, Algal DHA Composite Oil, Cod Fish Oil Capsules, Organic Tasmania Leatherwood Honey and certain protein powder and milk powder products.

(3) Representing third-party branded Australian nutritional food and gifts.

The following table sets forth, for the periods indicated, the turnover of our CFDA-approved health food products and regular nutritional supplements, and their respective percentages of our total turnover.

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
CFDA-approved health food products										
Zhongsheng series products[1]	41,174	61.6	57,485	55.7	93,001	61.8	37,176	57.4	35,400	41.2
Regular nutritional supplements										
Zhongsheng series products[2]	7,236	10.8	3,847	3.7	2,743	1.8	1,371	2.1	1,235	1.4
Cobayer series products	16,922	25.3	40,837	39.6	52,613	35.1	25,505	39.3	45,537	53.0
Others[3]	1,518	2.3	1,075	1.0	2,015	1.3	767	1.2	3,793	4.4
Subtotal	25,676	38.4	45,759	44.3	57,371	38.2	27,643	42.6	50,565	58.8
Total	66,850	100.0	103,244	100.0	150,372	100.0	64,819	100.0	85,965	100.0

Notes:

(1) All of our CFDA-approved health products are Zhongsheng series products.

(2) During the Track Record Period, the regular nutritional supplements offered by us under Zhongsheng series products without health food product approvals issued by CFDA consisted of Zhongsheng Natto Oxytropis Argentata Capsules (中生牌納豆銀棘膠囊), Zhongsheng Cordyceps Capsules (中生牌蛹蟲草膠囊), Zhongsheng Collagen Capsules (中生牌膠原蛋白膠囊), Zhongsheng Prebiotics Yeast Extract Capsules (中生牌益生源酵母精膠囊), Zhongsheng Meridian Soft Capsules (中生牌通絡康軟膠囊), Zhongsheng Oyster Capsules (中生牌生蠔膠囊), Guishi Vegetable Extract Powder (桂氏蔬菜精粉), Keda Sea Cucumber Capsules (科大牌海參寶膠囊), Pomegranate Fruit Drink (石榴果飲) and Blueberry Fruit Drink (藍莓果飲).

(3) Representing third-party branded Australian nutritional food and gifts.

During the Track Record Period, none of our Cobayer series products or other products was approved by CFDA as health food products. For names and other information of our major Cobayer series products, see "Business – Our Products – Cobayer Series Products".

Our Self-managed Retail Stores

We sell substantially all of our products through self-managed retail stores. By leveraging our in-depth industry and operating experience, we have successfully replicated our branding-focused specialty store business model from our headquarters in Nanjing, Jiangsu province, to other areas of China. As of June 30, 2013, our branding-focused retail network covered 25 cities in eight provinces and centrally administered municipalities in China, consisting of:

- 35 self-managed retail stores under our Zhongsheng brand, comprising 20 specialty stores, 13 regional sales offices and two department store concession counters, in which we sell our Zhongsheng series products as well as selected Cobayer series products; and
- 14 self-managed retail stores under our Cobayer brand, all located in premium shopping malls, in which we sell our Cobayer series products.

In addition to self-managed retail stores, we currently have one distributor which exclusively markets and sells our Zhongsheng and Cobayer series products in Shanghai only. We also started operations of our online shopping platform at **http://conbair.tmall.com** to sell our Cobayer series products in May 2013.

The following table sets forth, for the periods indicated, a breakdown of our turnover by sales channels.

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Retail stores										
Zhongsheng retail stores	62,589	93.6	98,898	95.8	146,055	97.1	63,331	97.7	82,722	96.2
Cobayer retail stores	–	–	–	–	1,598	1.1	12	–	2,878	3.4
Subtotal	62,589	93.6	98,898	95.8	147,653	98.2	63,343	97.7	85,600	99.6
Distributorship	4,261	6.4	4,346	4.2	2,719	1.8	1,476	2.3	365	0.4
Total(1)	66,850	100.0	103,244	100.0	150,372	100.0	64,819	100.0	85,965	100.0

Note:

(1) Our online store commenced sales in May 2013 and has not generated meaningful turnover for the six months ended June 30, 2013.

Zhongsheng retail stores

As of June 30, 2013, we had 35 retail stores opened under our Zhongsheng brand in 22 cities, covering seven provinces and centrally administered municipalities in China. The following table sets forth the movement of the number of our Zhongsheng retail stores during the Track Record Period.

	Number of retail stores as of the beginning of the year/period	Number of retail stores as of the end of the year/period
2010	13	15
2011	15	24
2012	24	34
Six months ended June 30, 2013	34	35

The following table sets forth the geographic coverage of our Zhongsheng retail stores in China by regions as of dates indicated.

	As of December 31,			As of June 30,
Region	**2010**	**2011**	**2012**	**2013**
Jiangsu	9	15	19	20
Zhejiang	2	2	7	7
Guangdong	2	2	3	3
Beijing	1	1	1	1
Hubei	0	1	1	1
Sichuan	0	1	1	1
Shandong	1	2	2	2

Cobayer retail stores

Since we launched our first Cobayer retail store in June 2012 in Nanjing, Jiangsu province, we had opened a total of 14 Cobayer retail stores as of June 30, 2013 in 13 cities, covering Jiangsu, Zhejiang, Guangdong, Shandong and Yunnan provinces. The following table sets forth the geographic coverage of our Cobayer retail stores in China by regions as of the dates indicated.

Region	As of June 30, 2012	As of December 31, 2012	As of June 30, 2013
Jiangsu	1	5	9
Zhejiang	0	0	1
Guangdong	0	0	1
Shandong	0	0	2
Yunnan	0	0	1

Our Production

During the Track Record Period, all of our Zhongsheng series products were manufactured in our production facilities in Nanjing, Jiangsu province, except our three soft gelatin capsule products and two miniature bottled drinks, the production of which was outsourced to certain Independent Third Parties. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we paid RMB0.9 million, RMB0.2 million, RMB0.5 million and RMB0.1 million to third-party manufacturers for our production outsourcing in China, respectively.

We are currently undergoing expansion of our production facilities in Nanjing, Jiangsu province, including (i) construction of a new production line; (ii) building of a research and development and testing center; and (iii) establishment of an information and logistics control center, which is expected to complete by the end of 2015. Through these efforts, we expect to significantly expand our in-house manufacturing capabilities of nutritional supplements in various forms, enhance our storage ability and improve our existing technologies and research and development capabilities. With the new production line, we expect to be able to manufacture products in the forms of soft gelatin capsules, canned powder and miniature bottled drinks with a designed annual capacity of 800,000 units, 650,000 units and 2.0 million units, respectively. We expect to incur a minimum of RMB100.0 million for our expansion plan, which will be funded by the proceeds from the Global Offering and cash generated from our operations.

Upon completion of our new production facilities, we expect our cost structure will have the following changes: (i) we will not have subcontracting charges as a component of our cost of sales as we will be able to manufacture all of our Zhongsheng series products in our own production facilities; and (ii) our total costs of raw materials and packaging materials, depreciation costs, labor costs, utilities and other production costs will increase and may account for a higher percentage of our total cost of sales for a given period, subject to the sales performance of our Zhongsheng series products as compared with Cobayer series products during the same period. The Directors anticipate that our addition of new production facilities will result in an increase in depreciation cost of approximately RMB4.7 million on an annual basis, upon completion by the end of 2015, assuming a 10-year useful life of the new production line and a 20-year useful life of the associated production facility.

With our expansion of retail network, strong product pipeline, growing economies of scale and marketing efforts in the future, we expect to generate additional turnover from new products to be manufactured by our new production facility to achieve gross profit margins comparable to our historical level. Notwithstanding these efforts, we cannot assure you that our gross profit margin will not experience any decrease following completion of our new product facility by the end of 2015. For the associated risks, see “Risk Factors – Risks Relating to Our Business and Industry – There can be no assurance that we will be able to maintain or increase our historical levels of profitability” and “Risk Factors – Risks Relating to Our Business and Industry – Any constraints on our production capacity would be detrimental to our business development and our production capacity expansion plan may not be successful”.

The following table sets forth, for the periods indicated, the production capacities and utilization rates for our major product categories in respect of our Zhongsheng series products manufactured by us.

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	(units in million, except percentages)				
Tablets					
Designed annual production capacity	13.3	13.3	13.3	6.7	6.7
Actual production volume	1.6	6.5	5.0	1.1	0.6
Utilization rate(1)	12.0%	48.9%	37.6%	16.4%	9.0%
Hard-shell capsules					
Designed annual production capacity	134.4	134.4	134.4	67.2	67.2
Actual production volume	58.1	23.2	18.1	8.2	7.5
Utilization rate(1)	43.2%	17.3%	13.5%	12.2%	11.2%

Note:

(1) Utilization rate is calculated by dividing the actual production volume for the relevant period with the designed production capacity for the same period. The designed annual production capacity is based on a production schedule of 250 days per year and one four-hour production shift per day. Such four-hour shift per day is used for the calculation of our designed annual production capacity, primarily because we deduct four hours for sanitization of the plant area, equipment and facilities, which process is required on a daily basis to meet GMP standards, despite the fact that all of our relevant employees are still paid on an eight-hour shift per day basis. The calculation basis of 250 days per year is primarily due to temporary suspension of production in July and August of each year to avoid unfavorable working environment as a result of high temperature and to ensure product quality.

We execute a sales-oriented production plan. Our utilization rates for products in the form of tablets increased in 2011 as compared to 2010, primarily due to our launch of Coenzyme Q_{10} Tablets, one of our best selling products, in 2011. Our utilization rates for products in the form of tablets experienced a decrease in 2012 and the first half of 2013, and our utilization rates for products in the form of hard-shell capsules decreased during the Track Record Period, primarily due to the change in our product portfolio and adjustments to our production plans, driven primarily by our launch of new products and introduction of existing products with increased servings during the same periods. As of June 30, 2013, the net carrying amount of our plant and machinery was RMB390,000. We do not expect to recognize any write-off in respect of our existing production facilities as the turnover generated historically and expected to be generated in the future from the products manufactured in such facilities significantly exceeds the relevant cost of such facilities.

Despite the low utilization rates of our existing production facilities, we are currently not able to manufacture products in the forms of soft gelatin capsules, canned powder and miniature bottled drinks in our own production facilities and such product forms are commonly used for nutritional supplements in China as well as other countries. We believe the addition of the new manufacturing capability of these forms of products will help us further expand our product portfolio. In addition, our new production line is also expected to afford us greater flexibilities in forming production plans of products in these forms, enhanced in-house quality control of such types of products, and capabilities to launch additional products in these forms from time to time in the future to grasp market shares rapidly without incurring management and financial resources to engage third-party manufacturers. Among our product candidates of Zhongsheng series products that we plan to offer in the near future, 17 products are expected to be offered in the forms of soft gelatin capsules, canned powder and miniature bottled drinks. For details of these products, see "Business – Our Product Pipeline – Zhongsheng Series Products".

Our Production Outsourcing to Independent Third Parties in Australia and New Zealand

During the Track Record Period, we outsourced the production of all of our Cobayer series products to various Independent Third Party manufacturers in Australia (except one product which was manufactured in New Zealand). The purchase value of Cobayer series products from our third-party manufacturers in Australia and New Zealand was RMB4.0 million, RMB12.8 million, RMB9.4 million and RMB2.5 million for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively.

As of the Latest Practicable Date, we had a total of nine third-party manufacturers in Australia and New Zealand, with which our relationship ranged from less than one year to approximately four years. None of these third-party manufacturers produced our Cobayer series products on an exclusive basis. To ensure the safety and quality of our Cobayer series products, we carefully select third-party manufacturers based on their overall track record, experience, reputation, size of operations, ability to manufacture high-quality products and quality control effectiveness. Most of our third-party manufacturers in Australia and New Zealand are large and medium-size enterprises specialized in production of nutritional supplements. In particular, our largest third-party manufacturer, GMP Pharmaceuticals Pty Ltd., is one of the largest manufacturers of nutritional supplements in Australia and New Zealand. All of our third-party manufacturers in Australia and New Zealand have complied with the highest requirements of TGA when they manufacture our Cobayer series products.

We are exposed to foreign currency risk for our purchases in Australian dollars and New Zealand dollars from third-party manufacturers in Australia and New Zealand. Considering the level of our current exposure to foreign currency risk, we have not used any derivative contracts to hedge against our exposure to foreign currency risk. Such risk, however, may continue to increase in the future, taking into consideration our retail network expansion plan to open additional Cobayer retail stores from 2014 to 2016, which is expected to be supported by increased purchases from third-party manufacturers in Australia and New Zealand. We will continue to monitor closely the foreign currency risk exposure and will consider hedging foreign currency exposure if the depreciation of Renminbi against Australian dollars or New Zealand dollars is over 5% during a six-month period. Our hedging measures may include entering into contracts with financial institutions to fix exchange rates for our purchases in foreign currencies. In the event that we take any hedging measures in the future, we intend to designate our chief financial officer to oversee such hedging measures, and engage staff with necessary qualifications and experience to conduct hedging activities. Our Board of Directors plans to review our hedging policies, activities and results on an annual basis and adjust our hedging policies and activities to meet our actual needs arising from business operations. For our foreign currency risk, see "Risk Factors – Risks Relating to Doing Business in the PRC – We face foreign exchange risk, and fluctuations in exchange rates could have a material and adverse effect on our business and investors' investment".

COMPETITIVE STRENGTHS

- We are well positioned to capitalize on high growth opportunities in the large and fast-growing nutritional supplements industry in China.

- We have established an effective brand-based marketing strategy and have achieved strong brand recognition in our target markets.

- Our fast-growing retail network and diversified sales platform enable us to serve a broad customer base and meet growing and different customer demand.

- We provide comprehensive health solutions to a broad, age-balanced and loyal customer base.

- We offer a broad, diversified product mix with a number of top selling products in their respective product categories in China and maintain a strong pipeline of nutritional supplements for future development.

- Our experienced management team has strong execution capabilities and a proven track record of generating growth for us.

STRATEGIES

- Further expand our Zhongsheng and Cobayer sales network to enhance geographical and customer coverage.

- Enhance our brand recognition to attract new customers.

- Continue improving our customer services to maintain high customer satisfaction level and attract new customers.

- Seek to develop new products with high growth potential to optimize and diversify our product offerings.

- Seek to identify compelling investment and acquisition opportunities.

SHAREHOLDERS' INFORMATION

Controlling Shareholders

Mr. Gui and Ms. Wu are our Controlling Shareholders, who will together hold approximately 65.0% of our issued share capital upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Pre-IPO Investment

Pursuant to the Shanghai Fosun Pre-IPO Investment Agreement among our Company, our Controlling Shareholders, Zhongyan Investment and Shanghai Fosun, Shanghai Fosun subscribed for 10.0% of our issued share capital immediately following completion of the pre-IPO investment on May 22, 2013, which represents approximately 7.5% of our enlarged issued share capital upon completion of the Global Offering (assuming the Over-allotment Option is not exercised). For further details, see "History and Development – Pre-IPO Investment".

RISK FACTORS

The list below sets forth the major risk factors in relation to our operations:

- We have experienced rapid growth and significantly expanded our business in recent years. Our failure to effectively manage our rapid growth could materially and adversely affect our business prospects and results of operations.

- We experienced high levels of profitability historically. For the six months ended June 30, 2013, our gross profit margin and net profit margin were 86.9% and 34.5%, respectively. There can be no assurance that we will be able to maintain or increase our historical levels of profitability.

- Any constraints on our production capacity would be detrimental to our business development and our production capacity expansion may not be successful.

- The turnover derived from our individual products varies from period to period, depending on a number of factors including the market demand for the individual product and our sales efforts devoted to it during a given period. The average selling prices of our major products also fluctuated during the Track Record Period.

- Our turnover has been, and may continue to be, significantly dependent on sales in certain geographic markets. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, turnover derived from sales in our three largest geographic markets, namely Jiangsu, Guangdong and Zhejiang provinces, accounted for 93.1%, 90.8%, 91.6% and 88.6% of our total turnover, respectively.

- The success of our business depends significantly on our ability to maintain and enhance our brand awareness and customer loyalty.

- Unfavorable publicity or consumer perception of our products, the ingredients they contain and any similar products distributed by other companies could cause fluctuations in our operating results and could have a material adverse effect on our reputation, the demand for our products and our ability to generate revenues.

A detailed discussion of the risk factors is set forth in the section headed "Risk Factors" in this prospectus.

HISTORICAL NON-COMPLIANT ADVERTISEMENT

Between 2006 and 2011, Jiangsu provincial agency of CFDA posted public notices on its website setting forth non-compliance instances of our newspaper advertisements of certain products, including (i) improperly claiming, overstating or guaranteeing the effect of our Coenzyme Q_{10} Capsules and Keda Propolis Yangshengbao Capsules which may mislead consumers; (ii) failure to disclose the advertisement approval of our Coenzyme Q_{10} Capsules; (iii) posting of advertisements of our Coenzyme Q_{10} Tablets and Keda Propolis Yangshengbao Capsules without obtaining prior CFDA advertisement approval; (iv) amending the approved advertisements of Keda Propolis Yangshengbao Capsules without obtaining prior CFDA approval; and (v) improperly claiming, overstating or guaranteeing the effect of, and using the name or image of government authorities, research institutions, experts, doctors or patients in the advertisements of, Zhongke Ganoderma Spore Capsules (中科牌靈芝孢子膠囊), a third-party product sold by us before early 2006. Our Directors believe that we did not publish non-compliant advertisements of Coenzyme Q_{10} Tablets and Zhongke Ganoderma Spore Capsules. In addition, following the release of the public notices on these non-compliance instances by Jiangsu provincial agency of CFDA, we did not receive any notice from any local agencies of CFDA or SAIC, requiring us to cease our advertisements of the relevant products or imposing any penalties on us. We ceased our advertisements of Coenzyme Q_{10} Capsules in January 2011, Keda Propolis Yangshengbao Capsules in the first quarter of 2010 and Zhongke Ganoderma Spore Capsules in the fourth quarter of 2005, respectively. Based on an interview with Jiangsu provincial agency of SAIC on October 18, 2013 and certificates issued by the relevant local agencies of SAIC, certifying that no penalties were imposed on our Company or subsidiaries historically, our PRC legal advisor, Yongheng Partners, is of the view that we or any of our Directors would not be subject to penalties for these historical non-compliance instances.

For details of the above historical non-compliant instances, see "Business – Legal and Compliance" in this prospectus.

SUMMARY OF CONSOLIDATED RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following tables set out selected financial data derived from the Accountants' Report as set out in Appendix I to this prospectus.

Selected Consolidated Statements of Comprehensive Income Data

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Turnover	66,850	103,244	150,372	64,819	85,965
Cost of sales	(13,588)	(20,080)	(20,276)	(9,881)	(11,264)
Gross profit	53,262	83,164	130,096	54,938	74,701
Profit before income tax	20,995	47,207	76,912	34,433	40,278
Income tax expense	(5,207)	(12,393)	(19,675)	(8,265)	(10,578)
Profit for the year/period	15,788	34,814	57,237	26,168	29,700
Other comprehensive income					
Exchange differences on translation of foreign operations	75	(108)	(11)	–	(412)
Total comprehensive income for the year/period	15,863	34,706	57,226	26,168	29,288
Earnings per share (RMB)					
– Basic and diluted	0.29	0.63	1.04	0.48	0.53

Selected Consolidated Statements of Financial Position Data

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Non-current assets	25,037	24,338	28,204	28,494
Current assets	45,970	89,558	111,427	164,634
Total assets	71,007	113,896	139,631	193,128
Equity and liabilities				
Current liabilities	10,520	18,703	20,118	20,327
Total equity	60,487	95,193	119,513	172,801
Total equity and liabilities	71,007	113,896	139,631	193,128

Key Financial Ratios

		Year ended December 31/ As of December 31,			Six months ended June 30/ As of June 30,
	Notes	2010	2011	2012	2013
Current ratio	*(1)*	4.4	4.8	5.5	8.1
Quick ratio	*(2)*	3.9	4.2	4.9	7.6
Debt to assets ratio	*(3)*	n.a.	n.a.	n.a.	n.a.
Gearing ratio	*(4)*	n.a.	n.a.	n.a.	n.a.
Interest coverage	*(5)*	n.a.	n.a.	n.a.	n.a.

Notes:

(1) Current ratio = Current assets/Current liabilities.

(2) Quick ratio = (Current assets - Inventory)/Current liabilities.

(3) Debt to assets ratio = Total liabilities/Total assets. We had no interest bearing debt during the periods indicated.

(4) Gearing ratio = Total interest-bearing debts/Total equity. We had no interest bearing debt during the periods indicated.

(5) Interest coverage = Earnings before interest and tax/Interest expense. We had no interest bearing debt during the periods indicated.

Financial Performance Subsequent to the Track Record Period

Selected financial information

The following discussion of the selected financial information, including turnover, cost of sales and gross profit, for the four months ended October 31, 2013, is based on unaudited consolidated management accounts of our Group.

For the four months ended October 31, 2013, our turnover, cost of sales and gross profit was RMB66.3 million, RMB6.4 million and RMB59.9 million, respectively. Our gross profit margin for the four months ended October 31, 2013 was 90.3%. Our outstanding bank borrowing as of October 31, 2013 was nil. Our financial information as of and for the four months ended October 31, 2013 is not indicative of our actual results or the results for any future periods. Such financial information should be read in conjunction with our audited financial statements for the Track Record Period and related notes and other financial information included elsewhere in this prospectus. See "Financial Information" for information regarding trends and other factors that may influence our results of operations.

Subsequent utilization of inventory and subsequent settlement of trade and other receivables

The following table sets forth information regarding our subsequent utilization of inventory and subsequent settlement of trade and other receivables after June 30, 2013.

	As of June 30, 2013	**Subsequent utilization/ settlement by October 31, 2013**
	RMB'000	*RMB'000*
Inventory	9,962	4,248
Trade and other receivables		
Trade receivables	339	330
Other receivables[1]	3,849	2,308
Total	4,188	2,638

Note:

(1) Our unsettled other receivables primarily included prepaid rental expenses and deposits for our self-managed retail stores, and prepaid taxes for our purchase of Cobayer series products.

LISTING EXPENSES

As of June 30, 2013, we incurred expenses in connection with the Global Offering in an amount of RMB2.0 million, which were accounted for as part of our administrative expenses for the six months ended June 30, 2013. Between June 30, 2013 and completion of the Global Offering, we expect to incur additional listing expenses of RMB31.7 million, among which an estimated amount of RMB13.8 million will be recognized as our administrative expenses and an estimated amount of RMB17.9 million will be recognized directly in equity.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that: (i) the Global Offering has been completed and 203,800,000 H Shares are newly issued in the Global Offering; and (ii) 814,911,000 Shares are issued and outstanding following completion of the Global Offering.

	Based on an Offer Price of HK$1.50 per H Share	**Based on an Offer Price of HK$2.00 per H Share**
Market capitalization of our Shares upon completion of the Global Offering	HK$1,222.4 million	HK$1,630.0 million
Unaudited pro forma adjusted net tangible assets per Share[(1)]	HK$0.62	HK$0.74

Note:

(1) The unaudited pro forma adjusted net tangible assets per Share is calculated after making the adjustments referred to in Appendix II to this prospectus.

USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$1.75 per H Share (being the mid-point of the Offer Price range), will be approximately HK$333.9 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

We intend to use the net proceeds of the Global Offering for the following purposes:

- approximately 43%, or HK$143.6 million, will be used to expand our production facilities in Nanjing, Jiangsu province, among which:
  - approximately 31%, or HK$103.6 million, will be used to construct a new production line to manufacture products in the forms of soft gelatin capsules, canned powder and miniature bottled drinks with a designed annual capacity of 800,000 units, 650,000 units and 2.0 million units, respectively;
  - approximately 6%, or HK$20.0 million, will be used to build a research and development and testing center; and
  - approximately 6%, or HK$20.0 million, will be used to establish an information and logistics control center;
- approximately 34%, or HK$113.5 million, will be used to finance our marketing and promotional activities for the next two years so as to enhance the nationwide brand awareness of our Zhongsheng and Cobayer brands, among which:
  - approximately 23%, or HK$76.8 million, will be used for TV, print, radio and online advertising;
  - approximately 6%, or HK$20.0 million, will be used for engagement of celebrity spokespersons;
  - approximately 3%, or HK$10.0 million, will be used for promotion and enhancement of our corporate and brand image by creating and introducing new corporate video, new product packaging design and new marketing materials; and
  - approximately 2%, or HK$6.7 million, will be used for promotional events across China during major holidays;

  As of the Latest Practicable Date, we only maintained effective CFDA advertising approvals for five major health food products, namely Coenzyme Q_{10} Capsules, Coenzyme Q_{10} Tablets, Linolenic Acid Soft Capsules, Keda Green Capsules and Weisi Capsules. We intend to apply for CFDA advertising approvals for selected health food products when there comes an actual advertising need, based on the most recent market demand and customer feedback of such specific products, and launch such advertisements upon obtaining the relevant CFDA advertising approvals. In the absence of CFDA advertising approval for any particular health food product, we intend to, among other marketing strategies, rely upon advertising of our brand and corporate image without referring to any particular health food product. For details of our marketing strategies, see “Business – Marketing and Customer Service – Marketing and Promotional Activities”.

- approximately 18%, or HK$60.1 million, will be used to strengthen and expand our existing sales network and expand into new regions in the next few years, in particular, first-tier cities, provincial capitals and affluent second-tier cities in China, among which:

  – approximately 6%, or HK$20.0 million, will be used to support our expansion of sales network in 2014. Based on prevailing market conditions, we currently contemplate increasing the number of our Zhongsheng retail stores to 45 and the number of our Cobayer retail stores to 72 by the end of 2014, respectively; and

  – approximately 12%, or HK$40.1 million, will be used to support our expansion of sales network in 2015 and 2016. Subject to the prevailing macroeconomic conditions and the market demand of our products, and based on the minimum capital required to open Zhongsheng and Cobayer retail stores, the proceeds will allow us to open 20 and 80 additional Zhongsheng and Cobayer retail stores, respectively, in 2015 and 2016; and

- the remaining amount of approximately 5%, or HK$16.7 million, will be used for our working capital and other general corporate purposes.

In the event that the Over-allotment Option is exercised in full, we intend to apply the additional net proceeds to the above uses in the proportions stated above.

The above allocation of the net proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range stated in this prospectus.

DIVIDEND POLICY

Our Board of Directors is responsible for submitting proposals in respect of dividend payments, if any, to our Shareholders' general meeting for approval. Our dividend distribution was based on our profit available for appropriation. Under the PRC Company Law and our Articles of Association, all of our Shareholders have equal rights to dividends and other distributions in proportion to their shareholdings. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we declared and paid dividends in the amount of RMB6.0 million, nil, RMB35.0 million and RMB26.0 million, respectively. Dividends paid in prior periods may not be indicative of future dividend payments. We cannot guarantee when, if and in what form dividends will be paid in the future. We currently intend to pay dividends to our Shareholders of approximately 30% of our profit available for distribution after the Global Offering, subject to, in each case, our Board's decision after a comprehensive review of our Company's financial performance, future expectations and other factors deemed relevant by our Board, and our Shareholders' approval.

RECENT DEVELOPMENTS

Set forth below are certain developments after the end of the Track Record Period regarding our business.

- We opened 13 new Cobayer retail stores in Beijing, Shanghai, Wuxi, Chongqing, Zhenjiang, Shenyang, Hefei, Xiamen, Hangzhou, Guangzhou, Suzhou, Zhengzhou and Xi'an, which increased our geographic coverage of Zhongsheng and Cobayer retail network to 32 cities in 15 provinces and centrally administered municipalities in China as of the Latest Practicable Date.

- We closed one Zhongsheng retail store in Suzhou, Jiangsu province in September 2013, which was a department store concession counter, primarily due to this store's inability to meet our sales target. This department store concession counter was opened in December 2012 and its turnover contribution to our Group for the six months ended June 30, 2013 was approximately 0.1%. Our Directors believe that the close of this department store concession counter does not have a material adverse impact on our results of operation and financial condition.

- We launched three new honey products and two cereal products under our Conbair brand.

POTENTIAL ADVERSE CHANGE IN NET PROFIT FOR THE YEAR ENDING DECEMBER 31, 2013

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position of our Company since June 30, 2013 (being the date to which our latest consolidated financial information was prepared as set out in the "Accountants' Report" in Appendix I to this prospectus). Based on our current estimates, we will recognize RMB13.8 million as our administrative expenses between June 30, 2013 and completion of the Global Offering, which is likely to have a material adverse impact on our net profit for the year ending December 31, 2013.