China NT Pharma Group Company Limited
中國泰凌醫藥集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1011

GLOBAL OFFERING

Sole Global Coordinator and Sole Sponsor

UBS

Joint Bookrunners and Joint Lead Managers

UBS

Goldman Sachs

IMPORTANT: If you are in doubt about any of the contents of this prospectus, you should obtain independent professional advice.

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GLOBAL OFFERING

Number of Offer Shares in the Global Offering	**:**	**357,032,000 Shares comprising 270,479,000 New Shares to be offered by the Company and 86,553,000 Sale Shares to be offered by the Selling Shareholders (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**35,703,500 New Shares (subject to reallocation)**
Number of International Placing Shares	**:**	**321,328,500 Shares comprising 234,775,500 New Shares to be offered by the Company and 86,553,000 Sale Shares to be offered by the Selling Shareholders (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$6.00 per Share, plus 1% brokerage, SFC transaction levy of 0.003%, and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**US$0.00000008 per Share**
Stock Code	**:**	**1011**

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix IX, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Hong Kong Companies Ordinance. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners (on behalf of the Underwriters), the Selling Shareholders and us on the Price Determination Date. The Price Determination Date is expected to be on or around April 14, 2011 or such later time as may be agreed between the parties, but in any event, no later than April 19, 2011. The Offer Price will be not more than HK$6.00 per Share and is currently expected to be not less than HK$4.54 per Share. If, for any reason, the Offer Price is not agreed by April 19, 2011 between the Joint Bookrunners (on behalf of the Underwriters), the Selling Shareholders and us, the Global Offering will not proceed and will lapse immediately.

The Joint Bookrunners (on behalf of the Underwriters) may, with, the Selling Shareholders' and our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, an announcement will be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Bookrunners (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See the section headed "Underwriting — Grounds for Termination" in this prospectus.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that the Offer Shares may be offered, sold or delivered to (i) Qualified Institutional Buyers in reliance on an exemption from the registration requirements of the US Securities Act provided by and in accordance with the restrictions of Rule 144A or other exemption(s) from registration under the US Securities Act or (ii) outside the United States in accordance with Regulation S under the US Securities Act.

Prospective investors should consider carefully all the information set out in this prospectus and, in particular, the matters discussed in the section headed "Risk Factors" in this prospectus.

April 8, 2011

EXPECTED TIMETABLE[1]

Latest time to complete electronic applications under **HK eIPO White Form** service through the designated website www.hkeipo.hk[4] .....11:30 a.m. on Wednesday, April 13, 2011

Application lists open[2] ..... 11:45 a.m. on Wednesday, April 13, 2011

Latest time to lodge **white** and **yellow** application forms and give **electronic application instructions** to HKSCC[3] .....12:00 noon on Wednesday, April 13, 2011

Latest time to complete payment of **HK eIPO White Form** applications by affecting internet banking transfer(s) or PPS payment transfer(s) .....12:00 noon on Wednesday, April 13, 2011

Application lists close[5] .....12:00 noon on Wednesday, April 13, 2011

Expected Price Determination Date .....Thursday, April 14, 2011

Announcement of:

- the Offer Price;
- the level of indications of interest in the International Placing;
- the level of applications in the Hong Kong Public Offer; and
- the basis of allocation of the Hong Kong Offer Shares to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese), on the website of our Company at www.ntpharma.com and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk[6] on or before .....Tuesday, April 19, 2011

Results of allocations in the Hong Kong Public Offer (with successful applicants' identification document numbers where appropriate) to be available through a variety of channels (see paragraph headed "Publication of Results" in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus) including the website of our Company at www.ntpharma.com, the website of the Stock Exchange at www.hkexnews.hk and the website of Tricor Investor Services Limited at www.tricor.com.hk/ipo/result from .....Tuesday, April 19, 2011

Dispatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offer on or before[7] .....Tuesday, April 19, 2011

Dispatch of HK eIPO White Form e-Auto Refund payment instructions and refund cheques in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offer on or before[8] .....Tuesday, April 19, 2011

Dealings in Shares on the Hong Kong Stock Exchange
to commence at 9:00 a.m. on .....Wednesday, April 20, 2011

(1) All dates and times refer to Hong Kong local dates and times, except as otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

(2) If there is a tropical cyclone warning signal number 8 or above in force in Hong Kong, or a "black" rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Wednesday, April 13, 2011, the application lists will not open and close on that day. See the section headed "How to Apply for Hong Kong Offer Shares — 8. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus. If the application lists do not open and close on Wednesday, April 13, 2011, the dates mentioned in this section may be affected. A press announcement will be made by us in such event.

(3) Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares — 3. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

(4) You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(5) The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about April 14, 2011 and, in any event, not later than April 19, 2011. If, for any reason, the Offer Price is not agreed between the Joint Bookrunners (on behalf of the Underwriters), the Selling Shareholders and us by April 19, 2011, the Global Offering (including the Hong Kong Public Offer) will not proceed and will lapse.

(6) The announcement will be available for viewing on the "Main Board — Allotment of Results" page on the Hong Kong Stock Exchange's website at www.hkexnews.hk.

(7) Share certificates for the Hong Kong Public Offer Shares are expected to be issued on Tuesday, April 19, 2011 but will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms at any time prior to 8:00 a.m. on the Listing Date, which is expected to be Wednesday, April 20, 2011. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates become valid certificates of title do so entirely at their own risk. If the Global Offering does not become unconditional or the Underwriting Agreements are terminated in accordance with their terms, we will make announcement as soon as possible.

(8) HK eIPO White Form e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications if the final Offer Price is less than the price payable on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Banks may require verification of an applicant's Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate the refund cheque.

You should read carefully the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for details relating to the structure of the Global Offering and how to apply for Hong Kong Offer Shares.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by China NT Pharma Group Company Limited solely in connection with the Hong Kong Public Offer and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Sole Global Coordinator, the Joint Bookrunners, the Sole Sponsor, the Underwriters, any of our or their respective directors, officers, representatives or advisors or any other person or party involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read this whole document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer 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 the Offer Shares.

OVERVIEW

We are the largest fully integrated supply chain and promotion and sales services provider of vaccines[1] as well as the second largest third party promotion and sales services provider for pharmaceutical products in China.[2] Our supply chain services consist of customs clearance, warehousing, delivery, invoicing, receivables collection and other value added services. Our promotion and sales services include educating healthcare practitioners on the clinical uses, benefits, side effects and other characteristics of our product portfolio (i.e., medical detailing), organizing clinical seminars, sponsoring industry conferences and other promotional activities, and ancillary supply chain services. Our promotion services differentiate us from other supply chain service providers in China who do not provide such services.

Our nationwide vaccine supply chain is the largest in China in terms of market share by value.[1] From 2007 to 2009, we increased our market share from 18.0% to 23.4% as well as our market share lead over our nearest competitor from 6.9% to 10.7%.[1] We are also the largest third party provider of promotion services in China for leading global and domestic vaccine manufacturers with a market share of 8.7% in 2009.[1] Our vaccine business focuses on the Type II Vaccines segment (i.e. vaccines which are paid for by end users rather than the Chinese government), which by value represented over 64% of the vaccine market in China in 2009. We have established partnerships with four of the five largest global vaccine manufacturers — GSK, Sanofi Pasteur, Pfizer and Novartis — and three major domestic vaccine manufacturers, including Hualan, which is one of the largest private vaccine manufacturers in China. We also promote and sell products manufactured by CNBG, which is the largest state-owned vaccine manufacturer in China. These manufacturers supplied more than 54% (in terms of ex-factory sales revenue) of the Type II Vaccines sold in China in 2009. Our vaccine supply chain and promotion and sales network has nationwide coverage in China (except Tibet). As of December 31, 2010, we directly covered approximately 79% of the CDCs and 72% of the urban POVs in China[3].

[1] For our vaccine supply chain business, from 2007 to 2009, and for our vaccine promotion and sales business, for 2009, each according to the Frost & Sullivan Report. Our market share in the vaccine supply chain market refers to the revenues generated by our vaccine supply chain business from sales of Type II Vaccines to provincial Centers for Disease Control as a percentage of the aggregate revenues generated by all supply chain service providers from sales of Type II Vaccines to provincial Centers of Disease Control. Our market share in the third party vaccine promotion market refers to the revenues generated by our vaccine promotion and sales business from sales of Type II Vaccines to provincial Centers of Disease Control as a percentage of the aggregate revenues generated by all third party promotion service providers from sales of Type II Vaccines to provincial Centers of Disease Control.

[2] According to the Frost & Sullivan Report in terms of revenues for 2009.

[3] Total numbers of the CDCs and urban POVs are based on data as of 2009 according to the Frost & Sullivan Report.

We are also the second largest third party promotion and sales services provider of pharmaceutical products in China.[2] We provide promotion and sales services primarily for products manufactured by leading global pharmaceutical manufacturers, focusing on anti-infective and CNS medicines. Our promotion team regularly makes sales calls to over 26,500 doctors and 3,500 hospitals, including over 900 class-three (i.e. the highest ranked regional hospitals by the Ministry of Health) (over 70% of the total class-three hospitals[4]) and over 1,250 class-two hospitals (approximately 20% of the total class-two hospitals[4]) as of December 31, 2010, giving us an extensive promotion network in China. We also offer pharmaceutical supply chain services, which primarily distribute the pharmaceutical products we promote throughout China. We believe that the fully integrated services we offer set us apart from our competitors. Our supply chain services are important in helping global pharmaceutical manufacturers manage their legal compliance, quality control, and costs in China. We expect that our growing partnerships with global and domestic pharmaceutical manufacturers, and our expanding network coverage, should help us continue to grow our pharmaceutical promotion and sales services business.

We maintain two separate teams of managers and sales representatives to promote vaccine and pharmaceutical products. Our promotion teams are well educated and experienced in understanding and promoting the clinical profiles of our vaccine and pharmaceutical products. We have grown our vaccine promotion team from 33 personnel at the beginning of 2008 to 297 as of December 31, 2010, and our pharmaceutical promotion team from 99 personnel at the beginning of 2008 to 396 as of December 31, 2010.

Our Business Segments

Our vaccine and pharmaceutical business are operated through the following four segments:

Vaccine supply chain:

In our vaccine supply chain segment, we distribute 19 vaccines manufactured by global and domestic vaccine manufacturers. These vaccines include six of the 15 best selling vaccines by sales value from October 2008 to October 2009 in China, such as Prevenar (a pneumococcal vaccine), Hiberix (a HIB vaccine) and Priorix (a measles, mumps and German measles vaccine). We derive turnover from providing supply chain services for vaccine products, which we purchase and then sell through our supply chain network. Approximately 73% of our vaccine sales in 2010 were made directly to CDCs, which are the exclusive channels of distribution for Type II Vaccines in China; and the remaining 27% of our vaccine sales in 2010 were made to local distributors. Our advanced temperature-controlled cold chain infrastructure, know-how and broad supply chain network coverage are significant barriers to entry for potential competitors.

Vaccine promotion and sales:

For the vaccine promotion and sales segment, we derive turnover from selling and marketing vaccine products manufactured by global and domestic vaccine manufacturers to customers, and providing both promotion and ancillary supply chain services.

[4] Total numbers of class-three and class-two hospitals are based on data as of 2009 according to the Ministry of Health of the PRC.

Our experienced vaccine promotion teams promote a diversified portfolio of over ten vaccines to CDCs and POVs to help to generate demand for these vaccines. Our vaccine promotion and sales product portfolio includes Engerix-B (Junior) (GSK) (a hepatitis B vaccine for children), which our promotion team has helped to make the top-selling Type II hepatitis B vaccine for children by sales value in China with a leading market share of 37.1% in 2009; Twinrix (GSK), the only imported hepatitis A and B vaccine for adults in China; and Meningo A+C (Sanofi Pasteur), the only imported 2-valent meningococcal vaccine in China from 2008 to 2009. We mainly sell the vaccines to CDCs and local distributors. These CDCs and local distributors in turn supply the POVs for whom we promote the relevant vaccines.

Overall, these two segments which make up our vaccine operations represented 57.1% of our total turnover and 34.9% of our total segment operating profit in 2010, growing at a CAGR of 28.0% and 47.6%, respectively, from 2008 to 2010.

Pharmaceutical promotion and sales:

We provide promotion and sales services primarily for drugs manufactured by leading global pharmaceutical manufacturers, focusing on anti-infective and CNS medicines. We generate turnover from our pharmaceutical promotion and sales segment by selling globally and domestically-manufactured pharmaceutical products to our distributors located across China, who then sell these pharmaceutical products to local Chinese hospitals to whom we promote the relevant products. We provide both promotion and ancillary supply chain services in this business segment.

We are generally the sole promoter of our key pharmaceutical products in China. Our pharmaceutical promotion teams have a good track record of driving the growth of, and generating the demand for, the products we promote. Our services complement the strategies of global manufacturers aiming to take advantage of the fast-growing market in China and generate revenue from a wide range of products. Our pharmaceutical promotion portfolio includes Fortum (GSK), a well-known third generation cephalosporin injectable medicines in China; Relenza (GSK), a medicine well-known around the world for the treatment of influenza; Unasyn, Cefobid and Sermion, widely used anti-infective and CNS medicines manufactured by Pfizer; and our own-branded and in-house manufactured Shusi, one of the only two generic equivalents sold in China for Seroquel, an atypical antipsychotic medicine with multi-billion dollar sales worldwide. According to MENET,[5] Unasyn, Cefobid and Fortum had the largest market shares in their respective categories in China in both 2008 and 2009.

Other pharmaceutical:

In addition to our pharmaceutical promotion and sales segment, we also manufacture and sell certain generic pharmaceutical products through our manufacturing facility located in Suzhou and provide supply chain services for domestic and international pharmaceutical manufacturers.

For the other pharmaceutical segment, we derive turnover from supply chain services for pharmaceutical products sold through our supply chain network and through the manufacture and sale of certain generic pharmaceutical products.

[5] MENET is a pharmaceutical market research institution affiliated with the SFDA.

Overall, these two segments which make up our pharmaceutical operations represented 42.9% of our total turnover and 65.1% of our total segment operating profit in 2010, growing at a CAGR of 53.8% and 86.3%, respectively, from 2008 to 2010. The growth of our pharmaceutical operations was primarily due to our success in growing our pharmaceutical promotion and sales segment while focusing on originator branded generics manufactured by global pharmaceutical manufacturers. An originator branded generic medicine is a pharmaceutical product that has lost patent protection but still carries the original proprietary brand. Such products have a large market and high growth potential in China attributable to their recognized brands and good clinical track record. For example, according to IMS, in 2008, 15 out of the top 70 medicines by value in China were originator brand generics.

The Chinese Vaccine Market

The Chinese vaccine market consists of Type I Vaccines, which are funded by the government and provided free of charge to the public, and Type II Vaccines, which are paid for by end users. The selling prices of Type II Vaccines sold by vaccine manufacturers and distributors are not subject to price controls. In 2009, Type II Vaccines accounted for over 64% of total vaccine market in China by value. From 2006 to 2009, the Type I Vaccine market grew at a CAGR of 20.7%, while the Type II Vaccine market expanded at a CAGR of 24.4%, by value. However, China's per capita vaccine spending in 2009 was still only a small fraction of that in more developed countries. In addition to robust growth, we believe that the vaccine distribution market in China has begun to consolidate. The collective market share for the top three vaccine distributors increased from 31.3% in 2007 to 39.3% to 2009.[6] Our turnover from our vaccine business grew from RMB930.4 million in 2008 to RMB1,524.6 million in 2010 at a CAGR of 28.0% (the growth of our vaccine business in 2010 was slower than prior periods — see below) which is significantly higher than the sales revenue CAGR of 15.2% experienced by the Type II Vaccine market over the same period. We have achieved our above-market growth by promoting a diversified portfolio of vaccines, growing the breadth and depth of our vaccine supply chain and promotion and sales networks, and maintaining our long-standing relationships with key suppliers and manufacturers.

The growth in demand for some of our vaccine products and our results of operations in 2010 have been slower than the historical trend due to recent negative public perception of the vaccine industry and the related governmental policies. In the past, there have been allegations that poor handling of vaccines by CDCs and sub-standard vaccines produced by certain suppliers have caused health problems among end-users. For example, in March 2010 there were allegations that vaccines were improperly stored and handled, and caused the deaths of four children and illness in 74 others in Shanxi province; in March 2010 there were allegations that a large amount of sub-standard rabies vaccines manufactured by a supplier in Jiangsu province were sold in the PRC market; and in September 2010 there were allegations that a high school student in Guangxi died after receiving a measles vaccination. None of the reported incidents involved vaccines supplied by us or our suppliers. Such incidents have caused reputational damage to the vaccine industry in China and could reduce the demand for vaccine products by creating negative public perception of vaccines. Partly as a result of such incidents, the CDCs shifted significant resources to implement extensive internal reviews of their operations in 2010, which resulted in the slow down of inspection,

[6] According to the Frost & Sullivan Report. The market share refers to the revenues generated by the top three vaccine distributors from sales of Type II Vaccines to provincial Centers for Disease Control as a percentage of the aggregate revenues generated by all supply chain service providers from sales of Type II Vaccines to provincial Centers of Disease Control.

screening, and purchasing of vaccines by the CDCs. In 2010, primarily as a result of the above incidents, the growth in demand for vaccines has decreased and this decrease in demand had led a number of our customers in our vaccine business to request longer credit terms or payment periods. According to the Frost & Sullivan Report, it is estimated that the year-over-year growth rate of the PRC Type II Vaccine distribution market in 2010 has slowed down to 7.6%. Our directors are of the view that such incidents should not change the overall market condition going forward and should not have further material impact on our results of operations.

Our Turnover

Our turnover grew from RMB1,414.0 million in 2008 to RMB2,395.0 million in 2009, and to RMB2,668.0 million in 2010, representing a CAGR of 37.4%. Our gross profit grew from RMB235.1 million in 2008 to RMB479.9 million in 2009 and to RMB663.2 million in 2010, representing a CAGR of 68.0%.

Our Liquidity and Working Capital

Lengthening in turnover days of inventory, trade debtors and bills receivable, and trade creditors and bills payable

In 2010, our financial condition and working capital requirements have been affected by the slowdown in growth of demand for vaccines, the introduction of new products from Novartis, increased sales of Fortum, as well as seasonality. The impact has been reflected in changes in turnover days of inventory, trade debtors and bills receivables and trade creditors and bills payables from typical levels. For our vaccine business, we generally grant credit terms up to 150 days with credit terms usually being longer for our vaccine promotion and sales operations than supply chain operations. For our pharmaceutical promotion and sales segment, we grant customers credit terms up to 120 days. In 2010, we were notified that certain of our CDC customers temporarily required longer payment periods due to the slowdown in growth of demand for vaccines as the result of various incidents which occurred in 2010 described in the section headed "Summary — The Chinese Vaccine Market". As a result, during 2010, we extended the credit terms offered to 28.4% of our active CDC customers. As of December 31, 2010, our active CDC customers[7] accounted for approximately RMB662.2 million of our trade debtors and bills receivable, of which approximately RMB234.0 million were past due but not impaired. In an exceptional case, we granted a credit term of 240 days to the Henan CDC, a customer which accounted for 1.8% of our turnover in 2009 and 2.4% of our turnover in 2010. Our turnover days of inventory, trade debtors and bills receivable, and of trade creditors and bills payable increased from 34 days, 125 days and 92 days, respectively, in 2009 to 69 days, 183 days and 127 days, respectively, in 2010.

While the credit terms granted to certain of our CDC customers were lengthened in 2010, the credit periods granted by certain of our suppliers were also lengthened. In 2009, the credit periods granted by our suppliers ranged from 60 to 90 days. During 2010, the credit periods granted by our suppliers increased and ranged from 60 to 180 days, primarily due to the introduction of new products into our product line for which our suppliers granted longer credit terms, and also due to negotiated

[7] These are CDCs who have placed orders with us during the year ended December 31, 2010, which also include the CDCs who have ordered vaccines promoted by us (i.e. turnover derived from such sales are recognized under our vaccine promotion and sales business).

delays in payment terms as a result of the slowdown in payment from our CDC customers. The delay in payments from CDCs also, to certain extent, impacted the collection of payments from our local distributors in relation to sales in our vaccine business, as our local distributor customers purchase from us and on sell to CDCs.

With respect to our outstanding balances of trade debtors and bills receivable, we have taken a number of steps to facilitate the collection of payment from our customers.

In order to recover the RMB643.5 million of trade debtors and bills receivable from our customers that were past due and not impaired as of December 31, 2010, we have:

a. agreed in writing with our local distributor customers on repayment plans for approximately 82.8% of the balances of RMB188.9 million from our local distributor customers that are past due for more than six months and not impaired; however, we do not have specific payment schedules with our CDC customers;
b. increased the number of staff engaged in trade receivable collections by approximately 41 people since July 2010;
c. modified the performance evaluation system of our staff, linking their key performance indicators to successful trade receivable collections;
d. convened routine senior management meetings to review the past due balance of trade debtors and bills receivable on a bi-weekly basis; and
e. enhanced the communications between our collection department and our CDC and local distributor customers through more frequent telephone calls and site visits with an aim to expedite the repayment of outstanding balances.

Based on the above, we expect that the trade debtors and bills receivable that were past due but not impaired as of December 31, 2010 to be settled by the end of 2011. In particular, as of February 28, 2011, approximately 15.9% of the trade debtors and bills receivable that were past due but not impaired as of December 31, 2010 were subsequently settled.

As of February 28, 2011, approximately 13.9% of our trade debtors and bills receivable of approximately RMB1,566.7 million as of December 31, 2010 were subsequently settled.

For further information, see the sections headed "Risk Factors — Risks Relating to Our Business — We are subject to credit risk in respect of trade debtors and bills receivable", "Business — Our Vaccine Business", "Business — Our Pharmaceutical Business" and "Financial Information — Working Capital — Trade and Other Receivables" in this prospectus.

Net cash flow from operating activities

In addition, primarily as a result of the expansion of our business, we had experienced a net cash outflow from operating activities in 2008, 2009 and 2010, with our net cash used in operating activities being RMB37.7 million, RMB251.3 million and RMB383.2 million in 2008, 2009 and 2010. These net cash outflows were mainly attributable to significant increases in trade and other receivables and in inventories, both of which were related to the expansion of our business during the Track Record Period, particularly increasing purchases of products such as Fortum and new products from Novartis, and in 2010, changes in payment practices by certain of our CDC customers which required longer credit terms due to the slowdown in growth of demand for vaccines as the

result of various incidents occurred in 2010 described in the section headed "Summary — The Chinese Vaccine Market". For further information, see the section headed "Risk Factors — Risks Relating to Our Business — We experienced net cash outflows from operating activities in 2008, 2009 and 2010 and may continue to do so in the future".

To address these matters, we plan to manage our working capital requirements going forward by: maintaining sufficient banking facilities; communicating with our suppliers and with our customers to better align credit periods; and assessing our inventory controls and through management of our procurement needs. For further information, see the sections headed "Financial Information — Liquidity and Capital Resources" and "Financial Information — Working Capital" in this prospectus.

Taking into account our cash and cash equivalents on hand, our available credit facilities, cash that we anticipate will be generated from our future operations and the estimated net proceeds from the Global Offering, our Directors are of the opinion that we have sufficient working capital to meet our financial requirements for at least the next 12 months from the date of this prospectus.

Seasonality

We have historically experienced higher sales in the second half of each year as compared to the first half, particularly during the fourth quarter of the year. This seasonality is the result of a combination of many factors. Our sales have increased sequentially within each year as a result of our growth during the Track Record Period. In addition, we typically experience lower sales in the first quarter due to reduced business activity around the Chinese New Year holiday as our customers, particularly the local distributors, generally place some of their orders for first quarter consumption in the fourth quarter of the previous year. As a result, turnover from our promotion and sales of vaccine and pharmaceutical segments, which have higher gross margin than the other two segments, have been more skewed towards the fourth quarter. Moreover, CDCs are typically more active during this period due to peak periods of demand. Our vaccine sales are especially affected by the seasonally higher sales of certain flu, chicken pox and meningococcal vaccines during the second half of each year, particularly from the end of the third quarter to the end of the fourth quarter. This period coincides with the start of school semester when students usually receive their flu vaccines and the peak period for flu, chicken pox and meningitis. For example, we have distributed most of GSK's Fluarix, Varilrix and Sanofi Pasteur's Meningo A+C and Hualan's Meningococcal ACYW during August to December of each year. These products together accounted for approximately 19.7%, 13.9% and 18.5% of our total turnover in 2008, 2009 and 2010, respectively. As a result, we expect to realize a significant portion of our vaccine supply chain revenues from Fluarix and Varilrix and supply chain and promotion and sales revenues for meningococcal vaccines from the end of the third quarter to end of fourth quarter each year. In addition, as a result, our inventory levels and trade creditors and bills payable are typically at higher levels before our peak sales period.

In addition to the effects on turnover, the pattern of our operating expenses also contributed to the seasonal breakdown of our operating profit. During the Track Record Period, our operating expenses have been less affected by seasonality factors and have typically been evenly spread out during the year except if new products are introduced during a particular period.

For further details, see the sections headed "Risk Factors — Risks Relating to Our Business — Our vaccine and pharmaceutical business operations are affected by seasonality" and "Financial Information — Significant Factors Affecting our Results of Operations — Seasonality" in this prospectus.

Price Controls

The prices of some of the vaccine products we promote and distribute and all of the pharmaceutical products we promote, sell and manufacture are subject to price controls imposed by the PRC government. The PRC government has enacted regulations relating to the prices of certain vaccines and pharmaceutical products including setting retail price caps for some pharmaceutical products. The scope of products subject to such price control measures are determined and amended by the PRC government at the national or local level from time to time. Our pharmaceutical business represented 34.2% of our turnover and 61.4% of our gross profit in 2008, 38.2% of our turnover and 64.7% of our gross profit in 2009 and 42.9% of our turnover and 66.5% of our gross profit in 2010. However, there are no price controls imposed on the selling prices of our Type II vaccine products, which are the focus of our vaccine business. Our vaccines that are subject to price controls, Fluarix, Havrix and Priorix, being Type I Vaccines, collectively accounted for 3.0%, 5.1% and 1.8% of our turnover and for 0.6%, 0.9% and 0.4% of our gross profit during 2008, 2009 and 2010, respectively. See "Risk Factors—Risks Relating to Our Business—The prices of some of the products we promote and distribute are subject to government price controls" for further information.

On March 7, 2011, the PRC government, through the National Development and Reform Committee, announced a reduction in the retail price ceilings for 162 pharmaceutical products. The new price ceilings became effective on March 28, 2011. Two of the pharmaceutical products which we promote and sell were included in this price ceiling reduction. The retail price ceilings for these two products were reduced by approximately 29% and 28%, respectively. In 2010, sales of one of the products accounted for 15.8% of our total turnover and 50.3% of our turnover from our pharmaceutical promotion and sales segment and sales of the other product accounted for 1.6% of our total turnover and 5.2% of our turnover from our pharmaceutical promotion and sales segment. Had the retail price of these two products been reduced by 29% and 28%, respectively, for 2010, our total gross profit in 2010 would have been reduced by approximately RMB57.2 million, assuming our sales volume and other factors had remained constant.

The price ceilings are being reduced from RMB78.0 to RMB55.3 per unit and from RMB36.9 to RMB26.6 per unit for these two products, respectively. The tender prices for pharmaceutical products vary from province to province in the PRC. Due to prevailing market conditions in many provinces, the existing tender prices of these two products are already lower than the previous retail price ceilings. Our current average tender prices for the two products are approximately RMB65.5 per unit and RMB29.0 per unit, respectively. As a result, our average selling prices may not necessarily be negatively impacted at the same rates at which the price ceilings were reduced. We expect the revised tender prices for these two products to be established in the next few months as we engage in the tender process. However, we cannot assure you that our effective selling prices will not be reduced at the same rate as the retail price ceilings.

Our promotion and sales agreements with the suppliers of these two products respectively, include clauses that enable us to negotiate with them on the commercial terms to eliminate or lessen the impact a retail price ceiling reduction has on us by decreasing the supply prices of these two products. We are currently engaged in discussions with the suppliers of these two products with an aim toward minimizing the impact of the lower retail price ceilings. Although these discussions are ongoing and the terms have not yet been finalized, we have obtained a legal and valid written confirmation from the supplier of one of the products that we will be able to maintain our current percentage gross margin for this product and have also received legal and valid written confirmations from the suppliers of both products that they will compensate us and our customers for any losses incurred from the sale of our or our customers' inventories as of March 27, 2011 as a result of the reduced price ceilings for these two products. The abovementioned confirmations will be used by us and the suppliers of these two products as the bases to negotiate lower supply prices for these products. We will then enter into new or supplemental agreements with these suppliers which will set out the new supply prices for these products after the conclusion of our negotiations. As a service provider and in line with market practice, we focus on gross margin when negotiating with our suppliers and aim to achieve stable and commercially reasonable gross margin levels for each of our products. Our discussions with the suppliers of these two products are related to gross margin. We may not be able to maintain the same level of gross profit subsequent to the reduction in retail price ceilings. Such negotiations take into account various factors, including our service capability and track record, coverage of doctors that prescribe the relevant pharmaceutical products, competition and the perceived cost of switching service providers for the supplier, government policies and regulations, market conditions and other considerations. Historically we have been successful in obtaining commercially acceptable gross margins for the products we promote and sell. Our gross margins for our pharmaceutical promotion and sales segment were 58.2%, 43.2% and 47.5% in 2008, 2009 and 2010, respectively. However, we cannot assure you that our discussions with the suppliers of these two products will ultimately result in an increase in our service income derived from the promotion and sale of these two products to fully offset the impact from the retail price ceiling reduction.

No Material Adverse Change

Our Directors confirm that they have performed sufficient due diligence to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since December 31, 2010 (being the date to which our Company's latest consolidated audited financial results were prepared) and there has been no event since December 31, 2010 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

Investment by TPG

In 2008, TPG made an investment in NT Holdings, our parent company prior to the completion of the Reorganization. Under the relevant investment documents, TPG enjoy certain special rights as holders of Series A Preference Shares in NT Holdings (including the Anti-Dilution Option), all of which will terminate upon the completion of the Global Offering. As TPG has elected not to exercise the Anti-Dilution Option, upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised), TPG will hold approximately 20.32% of our share capital and will not be a controlling shareholder. TPG may also receive additional Shares from Golden Base after the completion of the Global Offering if the NPAT of the Company (as defined in the Securities Purchase Agreement entered into between NT Holdings, its subsidiaries, the Founders, Golden Base and TPG

on July 25, 2008) for 2011 is below RMB250 million. However, provided that the Global Offering is completed prior to June 30, 2011 and the Company has a pre-money valuation exceeding US$650 million, then Golden Base will not be required to transfer any Shares to TPG even in the event that the actual 2011 NPAT of the Company is below the RMB250 million target. For further information, see the section headed "Our History and Reorganization" and Appendices V and VI to this prospectus.

Pre-IPO Share Option Scheme

Our Company has adopted the Pre-IPO Share Option Scheme, the principal terms of which are summarized in the section headed "Pre-IPO Share Option Scheme" in Appendix VIII. Our share-based compensation recorded on our income statement in relation to the Pre-IPO Share Option Scheme granted as of December 31, 2010 was RMB24.8 million in 2010 and is expected to be RMB16.9 million in 2011, RMB6.3 million in 2012 and RMB0.7 million in 2013. For further information, see the section headed "Risk Factors — Risks Relating to the Global Offering and Our Shares — Grant of Shares pursuant to the Pre-IPO Share Option Scheme could result in dilution to our Shareholders".

OUR COMPETITIVE STRENGTHS

We are the only large scale integrated services provider in China for the promotion and distribution of vaccine and pharmaceutical products. Our principal strengths are that:

- We strategically target the highly attractive segments of the fast-growing healthcare industry in China;
- We are the largest supply chain and vaccine promotion and sales services provider in China and we expect to continue to benefit from our leading industry position;
- We have the largest integrated vaccine promotion and supply chain platform in China;
- We have established relationships with our suppliers who are leading global and domestic vaccine manufacturers;
- We have a diversified and expanding vaccine promotion and sales portfolio with strong market acceptance and growth potential;
- We have a leading third party pharmaceutical promotion and sales business primarily serving global pharmaceutical manufacturers; and
- We have an experienced and entrepreneurial management team.

OUR STRATEGIES

We aim to consolidate and strengthen our position as the largest fully integrated supply chain and promotion and sales services provider for vaccines as well as the second largest third party promotion and sales services provider for pharmaceutical products in China. We aim to achieve these objectives through the following business strategies:

- Actively expanding our vaccine and pharmaceutical promotion networks;
- Strengthening the coverage and services capability of our vaccine supply chain network; and
- Expanding and deepening our network coverage;
- Investing in our cold chain infrastructure and know-how;
- Developing an advanced information management system; and
- Growing our vaccine and pharmaceutical promotion and sales portfolios by adding profitable products with high growth potential manufactured by global and domestic companies.

RISK FACTORS

There are risks inherent in our operations which potential investors should evaluate prior to investing in the Offer Shares. These risks can be categorized into (i) risks relating to our business; (ii) risks relating to the industry in which we operate; (iii) risks relating to conducting business in China; and (iv) risks relating to the Global Offering and our Shares.

Risks Relating to Our Business

- We may not be able to respond sufficiently and promptly to changes in government regulation in the PRC vaccine and pharmaceutical industries.
- Scientific and technological developments in our industries or changes in consumer preferences could materially and adversely affect our business, financial condition and results of operations.
- We are subject to credit risk in respect of trade debtors and bills receivable.
- We experienced net cash outflows from operating activities in 2008, 2009 and 2010 and may continue to do so in the future.
- Our vaccine and pharmaceutical business operations are affected by seasonality.
- We rely substantially on GSK for a significant portion of our turnover.
- We rely on certain key suppliers in our vaccine and pharmaceutical supply chain and promotion operations. The termination of any distribution or promotion and sales agreement with our key suppliers may materially and adversely affect our business, financial condition and results of operations.
- Any of our key suppliers could fail in the government-mandated tendering processes for the sale of pharmaceuticals to hospitals, fail to obtain necessary permits and licenses or fail to comply with the requirements of the Pharmacopeia of the PRC, with respect to products supplied to us.
- The prices of some of the products we promote and distribute are subject to government price controls.
- We may not be able to maintain historical levels of profitability.
- We may not be able to expand our supplier base and product portfolio, which may materially and adversely affect our growth prospects.
- We may be unable to maintain relationships with our key customers such as CDCs.
- Changes in the operating and financial policies of CDCs could materially impact our business and marketing.
- Our business and operations require significant working capital.
- We are subject to covenants under certain banking facilities and may not have complied with certain covenants.
- We may not be successful in expanding our supply chain infrastructure, facilities or vaccine and pharmaceutical promotion networks.
- We may experience prolonged delays and/or significant disruptions to our cold chain infrastructure.
- Our supply chain services require us to use third party contractors and we face operating risks associated with the use of third party contractors.
- We may incur losses resulting from product liability, personal injury or wrongful death claims, product recalls, complaints or adverse publicity.
- We are subject to legal and business risks if we fail to obtain or renew the licenses and permits which enable us to conduct our business.

- We operate in a highly competitive market and our business, financial condition and results of operations may be materially and adversely affected if we are not able to compete effectively and the competition could negatively affect the overall market as well.
- We may experience difficulty in managing our rapid growth.
- We may not be able to successfully identify acquisition targets, acquire them on satisfactory terms or successfully integrate them, which may materially and adversely affect our growth and expansion plans.
- We rely on information systems in managing our operations and our plan to develop an advanced information management system may not materialize.
- Our operations are subject to operational hazards and may not be fully covered by our insurance policies.
- We rely on our executive directors and senior management members and our ability to attract and retain a sufficient number of qualified and skilled staff, especially our vaccine and pharmaceutical promotion teams.
- Violations of health and safety regulations and the occurrence of accidents and injuries at our manufacturing plant could disrupt our operations.
- We may not be able to maintain proper inventory levels for our vaccine and pharmaceutical operations.
- There is no assurance that we will continue to receive preferential tax treatment and government subsidies.
- We have not obtained title certificates to some of the properties we occupy.
- We have limited control over the CDCs and local distributors who purchase and on-sell our products.
- If the products we distribute or promote for our suppliers or products manufactured by us fail to gain acceptance among CDCs, POVs, hospitals, doctors or patients, then our business, financial condition and results of operations may be materially and adversely affected.
- We have experienced problems with our internal controls. If we fail to develop and maintain effective internal controls over financial reporting, we may be unable to report our results in an accurate or timely manner and our business, results of operations and reputation may be materially and adversely affected.
- We may fail to achieve the agreed minimum quantities of vaccines which we promote for our suppliers.

Risks Relating to the Industry in which We Operate

- Our vaccine business may be adversely affected by product recalls or defects in the vaccine industry, and any other incident that negatively affects the reputation and public perception of the vaccine industry as a whole.
- Changes in the regulatory framework of the PRC healthcare industry, including changes related to the PRC's latest healthcare reform plan, or any inability to obtain, maintain or renew the permits, licenses or certifications required to carry on our business may disrupt our business or results of operations.
- Our business could be materially and adversely affected by the expansion of Type I Vaccines by the PRC government.
- The existence of counterfeit vaccine and pharmaceutical products in China may damage the brand and reputation of the products of our suppliers and our manufactured products.

- We are subject to risks to violations of anti-corruption measures taken by the PRC government to prevent fraud and abuse in the vaccine and pharmaceutical industry.
- We may be materially and adversely affected by the imposition and enforcement of more stringent environmental and social regulations in China.
- Our future growth may be constrained by PRC regulatory restrictions on foreign investment in the industries in which we operate.

Risks Relating to Conducting Business in China

- The legal system in China is not fully developed and has inherent uncertainties that could limit the legal protections available to our shareholders.
- Changes in political or economic policies of the PRC government, and a slowdown in China's economy may have an adverse impact on our operations.
- The current global market fluctuations and economic downturn could materially and adversely affect our business, financial condition and results of operations.
- Exchange rate fluctuations of the Renminbi may affect our results of operations.
- It may be difficult to effect service of process upon us or our directors or executive officers that reside in China or to enforce against them or us in China any judgments obtained from non-PRC courts.
- Any future outbreaks of contagious diseases in China may have a material adverse effect on our business operations, financial condition and results of operations.
- PRC regulation of direct investment and loans by offshore holding companies to PRC entities may delay or limit us from using the proceeds of the Global Offering to make additional capital contributions or loans to our PRC subsidiaries.
- We may be deemed a PRC "resident enterprise" under the new PRC Enterprise Income Tax Law and be subject to PRC taxation on our worldwide income.
- Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to withholding taxes under PRC tax laws.
- We rely principally on dividends paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business.

Risks Relating to the Global Offering and Our Shares

- There has been no prior public market for our Shares, and an active trading market may not develop.
- The price and trading volume of our Shares may be volatile, which could result in substantial losses for investors purchasing our Shares in the Global Offering.
- Future sale or major divestment of shares by any of our substantial shareholders could adversely affect the prevailing market price of our Shares.
- Facts and statistics in this prospectus relating to China, the PRC economy and the industries in which we operate are derived from various sources and may not be fully reliable.
- We may not be able to pay any dividends on our Shares.
- Our Controlling Shareholders have significant influence over our management, and the interests of our Controlling Shareholders may not be aligned with our interests or the interests of other Shareholders.
- As the Offer Price of our Shares is higher than our net tangible book value per Share, you will incur immediate dilution to your attributable net tangible book value per Share.

- Grants of Shares pursuant to the Pre-IPO Share Option Scheme could result in dilution to our Shareholders.
- Due to a gap of up to four business days between pricing and trading of the Offer Shares and that our Offer Shares will not commence trading on the Hong Kong Stock Exchange until the Listing Date, the initial trading price of the Offer Shares could be lower than the Offer Price.

REGULATORY ENVIRONMENT

The selling prices of Type II Vaccines, which are the focus of our vaccine business, sold by vaccine manufacturers and distributors in China are not subject to price controls. Since our vaccine business derives a substantial percentage of its revenue from the promotion and distribution of Type II Vaccines, our vaccine business was not materially affected by the PRC government's price control policies during the Track Record Period.

The PRC government implements price control policies for a wide range of pharmaceutical products, which are primarily those included in the Medical Insurance Catalog. The main forms of price control are retail price ceilings and fixed prices. All of our pharmaceutical products are subject to price controls. For further information about recent reductions in price ceilings and how they have affected our products, see the discussion under "Price Controls" in this section.

The Guiding Opinions concerning the Urban Medical and Health System Reform (關於城鎮醫藥衛生體制改革的指導意見) requires public hospitals and healthcare institutions to purchase medicines through a centralized tendering process, including through government-mandated price controls at the provincial level. Manufacturers of provincial catalog medicines that are in demand by hospitals can bid in the centralized tendering process to manufacture various categories of medicines for them. The bidding process is supervised by a committee of pharmaceutical and clinical medical experts. Manufacturers are selected based on various factors, which include the bidding price, clinical effectiveness and the manufacturer's reputation, service and quality. Particular types of medicines are generally supplied on a non-exclusive basis by multiple manufacturers and distributors. Our role is to assist vaccine and pharmaceutical manufacturers in this centralized tendering process and distribute vaccine and pharmaceutical products (including our own) that have won bids upon receiving hospitals' purchase orders.

For further information on the PRC pharmaceutical regulatory environment for our industry, see the section headed "Regulations" in this prospectus.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our selected historical combined financial information for the periods indicated.

Combined Income Statement Data:

	Year ended December 31,		
	2008	2009	2010
		(RMB'000)	
Turnover	1,413,985	2,395,038	2,667,978
Cost of sales	(1,178,904)	(1,915,167)	(2,004,775)
Gross profit[1]	235,081	479,871	663,203
Other revenue	48,196	7,670	28,698
Other net (loss)/income	(44,311)	(1,739)	8,148
Distribution costs	(108,129)	(237,418)	(354,456)
Administrative expenses	(43,147)	(55,999)	(90,056)
Profit from operations[1]	87,690	192,385	255,537
Finance costs	(14,277)	(17,128)	(45,379)
Profit before taxation	73,413	175,257	210,158
Income tax	(20,150)	(58,087)	(80,748)
Profit for the year	53,263	117,170	129,410
Attributable to:			
Equity shareholders of the Company	53,263	117,170	128,610
Non-controlling interests	—	—	800
Profit for the year[2][3]	53,263	117,170	129,410

(1) Gross profit and profit from operations included a one-off charge of RMB7.9 million in 2008, due to adjustments related to the termination of our consignment sales business.

(2) Profit for the year in 2010 included, on an after-tax basis, IPO-related expenses of RMB12.3 million.

(3) Profit for the year in 2009 and 2010 included, on an after-tax basis, expenses associated with the Pre-IPO Share Option Scheme of RMB4.1 million and RMB24.8 million, respectively.

Combined Balance Sheet Data:

	As of December 31,		
	2008	2009	2010
		(RMB'000)	
Non-current assets	158,797	234,188	288,076
Current assets			
Inventories	125,690	231,016	527,054
Trade and other receivables	575,514	1,213,754	1,738,213
Pledged bank deposits	51,262	55,990	47,080
Cash at bank and in hand	67,803	212,240	154,913
Current assets	820,269	1,713,000	2,467,260
Total assets	979,066	1,947,188	2,755,336
Non-current liabilities			
Deferred tax liabilities	882	2,005	2,661
Non-current liabilities	882	2,005	2,661
Current liabilities			
Trade and other payables	563,188	1,042,657	1,358,270
Bank loans and overdrafts	186,497	440,719	833,687
Other loan	—	70,000	6,500
Current taxation	12,823	54,931	51,941
Current liabilities	762,508	1,608,307	2,250,398
Total liabilities	763,390	1,610,312	2,253,059
Net current assets	57,761	104,693	216,862
Equity			
Total equity attributable to equity shareholders of the Company	200,546	321,746	487,147
Non-controlling interests	15,130	15,130	15,130
Total equity	215,676	336,876	502,277

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,256.0 million (assuming an Offer Price of HK$5.27 per Share, being the mid-point of the estimated Offer Price range), after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering.

We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately 25% of net proceeds we receive (approximately HK$314.0 million, assuming an Offer Price of HK$5.27 per Share, being the mid-point of the estimated Offer Price range) will be used for expanding and enhancing our distribution network, primarily for our vaccine business, both through organic growth and by mergers and acquisitions. This will be an on-going initiative for the Company during the next several years. We intend to selectively set up new offices in local growth markets in China to deepen our market penetration. The locations where we intend to set up new offices will depend on whether the expected costs of expanding into these new regions are justified by the expected sales generated. We will analyze factors such as maturity of the potential local markets (e.g. population and income demographic profiles) and level of awareness and acceptance of the products we distribute. As of the Latest Practicable Date, we do not have specific targeted locations for setting up new offices nor have we decided on the number of new offices to be opened. We will also focus on acquiring or obtaining controlling stakes in local distributors, primarily in the vaccine area, which either supplement our existing business and/or fit into our long-term strategy. We expect the expansion of our distribution network should allow us to deal more directly with different levels of CDCs and POVs in local markets and help to strengthen our relationships with our existing customers and promotion targets. As of the Latest Practicable Date, the Directors confirm that the Company has not entered into any agreement or negotiation nor does it have any definitive plans at present in relation to any potential acquisition;

- approximately 25% of net proceeds we receive (approximately HK$314.0 million, assuming an Offer Price of HK$5.27 per Share, being the mid-point of the estimated Offer Price range) will be used for upgrading and expanding our infrastructure, including further investments in our advanced cold chain technology and equipment to improve monitoring accuracy, real-time response and reliability, building new logistics centers in strategic locations to increase our storage capacity, and upgrading and integrating information management systems to improve operational efficiency. We plan to use approximately 70% of the abovementioned amount to build the new logistics centers and to invest the remaining amount in our cold chain infrastructure and information management system. We have identified the site for the Taizhou logistics center and we are in the process of obtaining the related land and permits. Based on our current plan, our total storage area should be almost doubled following completion of the new logistic center in Taizhou. Other than the Taizhou site, we have not identified any other sites to build logistics centers as at the Latest Practicable Date;

- approximately 10% of net proceeds we receive (approximately HK$125.6 million, assuming an Offer Price of HK$5.27 per Share, being the mid-point of the estimated Offer Price range) will be used for expanding our vaccine and pharmaceutical promotion teams. We plan to add

team members to our vaccine and pharmaceutical promotion teams. With expanded promotion teams, we expect to be able to cover more geographic areas, in particular in third tier cities or rural areas. We also plan to expand our pharmaceutical products into, and establish teams specializing, in new therapeutic areas such as cardiovascular and oncological products;

- approximately 20% of net proceeds we receive (approximately HK$251.2 million, assuming an Offer Price of HK$5.27 per Share, being the mid-point of the estimated Offer Price range) will be used to expand our product portfolio through the licensing of rights to distribute and/or promote additional vaccine and pharmaceutical products. We already have a licensing of rights arrangement for DanShenTong. We look for licensing of rights for products which we believe to have high potential to generate long-term revenues. We take into consideration factors such as the reputation and reliability of the manufacturer, superior safety record and proven efficacy of the products as well as demonstrated market acceptance or potential to generate revenue. Such arrangements also depend on whether we are able to conclude commercially acceptable terms with the manufacturer. We believe we have sufficient knowledge and expertise to manage licensing of rights of new products developed from our existing vaccine and pharmaceutical businesses. Save as disclosed above, as at the Latest Practicable Date, the Directors confirm that the Company has not identified or entered into any licensing of right arrangements with any third party; and

- approximately 20% of net proceeds we receive (approximately HK$251.2 million, assuming an Offer Price of HK$5.27 per Share, being the mid-point of the estimated Offer Price range) will be used for purchasing imported vaccines or pharmaceutical products from well-known foreign suppliers, in order to fulfill any PRC market demand for high-end imported vaccines and pharmaceutical products, and for funding our working capital and other general corporate purposes. The amount of proceeds used for our working capital and other general corporate purposes will not exceed 10% of the total net proceeds.

To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above they will be placed in interest bearing demand deposits with financial institutions.

We estimate the net proceeds of the Global Offering to the Selling Shareholders will be approximately HK$437.9 million (assuming an Offer Price of HK$5.27 per Share, being the mid-point of the estimated Offer Price range), after deducting the underwriting fees and commissions and estimated expenses payable by the Selling Shareholders in relation to the Global Offering and assuming the Over-allotment Option is not exercised. In the event that the Over-Allotment Option is exercised in full, the Selling Shareholders will receive additional net proceeds of approximately HK$65.7 million (assuming an Offer Price of HK$5.27 per Share, being the mid-point of the estimated Offer Price range). We will not receive any of the net proceeds of the Global Offering from the sale of shares by the Selling Shareholders.

PROFIT FORECAST FOR THE SIX MONTHS ENDING JUNE 30, 2011

Forecast combined profit attributable to equity shareholders of the Company [(Note)] .....Not less than RMB6.5 million (HK$7.6 million)

Note: The bases and assumptions on which the above profit forecast for the six months ending June 30, 2011 has been prepared are set out in Appendix III. The forecast of the combined profit attributable to the equity shareholders of the Company is converted into Hong Kong dollar at the rate of HK$1.00 = RMB0.8509 prevailing on December 31, 2010.

We have historically experienced significantly higher sales in the second half of each year as compared to the first half, particularly towards the fourth quarter of the year.

For further details, see the sections headed "Risk Factors — Risks Relating to Our Business — Our vaccine and pharmaceutical business operations are affected by seasonality" and "Financial Information — Significant Factors Affecting our Results of Operations — Seasonality" in this prospectus.

INTERIM REPORT

Our Company's financial statements as of and for the six months ending June 30, 2011 to be included in the interim report for the six months ending June 30, 2011 will be audited pursuant to Rule 11.18 of the Listing Rules if the Shares are listed on the Hong Kong Stock Exchange.

UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE FOR THE SIX MONTHS ENDING JUNE 30, 2011

Unaudited pro forma forecast earnings per Share [(Note)]	Not less than RMB0.0060 (HK$0.0071)

Note: The calculation of the unaudited pro forma forecast earnings per Share for the six months ending June 30, 2011 is based on the forecast of the combined net profit attributable to equity shareholders for the six months ending June 30, 2011 assuming that a total of 1,081,916,500 Shares were in issue during the entire period, without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option. The unaudited pro forma forecast earnings per Share is converted into Hong Kong dollar at the rate of HK$1.00 = RMB0.8509 prevailing on December 31, 2010.

OFFERING STATISTICS

	Based on an Offer Price of HK$4.54	Based on an Offer Price of HK$6.00
Market capitalization of our Shares[(1)]	HK$4,912 million	HK$6,491 million
Pro forma forecast price/earnings multiple[(2)]	32.5 times	42.9 times
Unaudited pro forma adjusted net tangible asset value per Share[(3)]	RMB1.25 (HK$1.47)	RMB1.55 (HK$1.82)

Notes:

(1) The calculation of market capitalization is based on 1,081,916,500 Shares expected to be in issue immediately following completion of the Global Offering.

(2) The calculation of the pro forma forecast price/earnings multiple is based on the unaudited pro forma forecast earnings per Share for the year ended December 31, 2010, assuming 1,081,916,500 Shares are in issue, at the respective Offer Prices of HK$4.54 and HK$6.00.

(3) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus on the basis of a total of 1,081,916,500 Shares expected to be in issue and taking into account the indicative Offer Prices of HK$4.54 and HK$6.00 per Offer Share.

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Anti-Dilution Option"	the anti-dilution granted by NT Holdings, the details of which are set out in section headed "Our History and Reorganization — The Anti-Dilution Option"
"Application Form(s)"	white application form(s), yellow application form(s) and green application form(s) or where the context so requires, any of them
"Articles" or "Articles of Association"	the second amended and restated articles of association of our Company, conditionally adopted on March 26, 2011
"Board"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"Business Monitor International"	a global consulting firm established in 1984 with a presence in over 140 countries and regions
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Cayman Companies Law"	the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	the People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to "China" and the "PRC" do not include Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC

"CNBG"	China National Biotec Group, a pharmaceutical company incorporated in China and an independent third party
"Controlling Shareholders"	Golden Base, Mr. Ng and Ms. Chin
"Director(s)"	the director(s) of our Company
"Founder(s)"	Mr. Ng and Ms. Chin or any one of them
"Frost & Sullivan Report"	the report on the vaccine market in China commissioned by our Company and prepared by Frost & Sullivan
"Fudan-Zhangjiang"	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司), a pharmaceutical company incorporated in China, and an independent third party. Fudan-Zhangjiang is the manufacturer of Libod
"Global Offering"	the Hong Kong Public Offer and the International Placing
"Golden Base"	Golden Base Investment Limited, one of our Controlling Shareholders and a company incorporated in the British Virgin Islands with limited liability, whose principal business is investment holding
"GSK"	GlaxoSmithKline Plc, a pharmaceutical, biological, and healthcare company incorporated in the United Kingdom, and an independent third party
"Hebei Xili"	Hebei Xinglong Xili Pharmaceutical Co., Limited (河北興隆希力藥業有限公司), a pharmaceutical company incorporated in China, and an independent third party
"HK eIPO White Form"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of HK eIPO White Form www.hkeipo.hk
"HK eIPO White Form Service Provider"	the HK eIPO White Form service provider designated by the Company, as specified on the designated website www.hkeipo.hk
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	The Hong Kong Special Administrative Region of the PRC
"Hong Kong Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended from time to time)

"Hong Kong Offer Shares"	the 35,703,500 New Shares (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus) initially being offered by the Company for subscription pursuant to the Hong Kong Public Offer
"Hong Kong Public Offer"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offer listed in the section headed "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the conditional underwriting agreement dated April 7, 2011 relating to the Hong Kong Public Offer entered into by, among others, Golden Base, Ng Tit, Chin Yu, the Joint Bookrunners, the Hong Kong Underwriters and us, as further described in the section headed "Underwriting — Underwriting Arrangements and Expenses" in this prospectus
"Hualan"	Hualan Biological Bacterin Co., Ltd., a privately owned pharmaceutical and blood products company incorporated in China, and an independent third party
"IMBCAMS"	Institute of Medical Biology, Chinese Academy of Medical Sciences, which is a leading research institute and manufacturer for biological products including vaccines. Since the 1960s, it has manufactured and supplied the Chinese market with more than five billion doses of vaccines. It is an independent third party
"IMS"	IMS Health Incorporated, a global provider of market intelligence to the pharmaceutical and healthcare industries
"International Placing"	the conditional placing by the International Underwriters of the International Placing Shares, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Placing Agreement"	the conditional placing and purchase agreement relating to the International Placing to be entered into by, among others, our Company, the Selling Shareholders and the International Underwriters on or around the Price Determination Date
"International Placing Shares"	the 321,328,500 Shares, initially comprising 234,775,500 New Shares and 86,553,000 Sale Shares, subject to the Over-allotment Option and reallocation as described in the section headed "Structure of the Global Offering" in this prospectus

"International Underwriters"	the underwriters of the International Placing, who are expected to enter into the International Placing Agreement
"Joint Bookrunners" or "Joint Lead Managers"	UBS AG, Hong Kong Branch and Goldman Sachs (Asia) L.L.C.
"Latest Practicable Date"	April 1, 2011, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"Listing Date"	the date, expected to be on April 20, 2011 on which dealings in the Shares first commence on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Memorandum" or "Memorandum of Association"	the second amended and restated memorandum of association of our Company, conditionally adopted on March 26, 2011, with effect from the Listing Date (as amended from time to time)
"MENET"	a pharmaceutical market research institute affiliated with the SFDA
"MOFCOM"	the Ministry of Commerce of the PRC
"MOH"	the Ministry of Health of the PRC
"Mr. Ng"	Mr. Ng Tit, co-founder of our Group, our Chairman, Chief Executive Officer, executive Director, one of our Controlling Shareholders and the spouse of Ms. Chin
"Ms. Chin"	Ms. Chin Yu, co-founder of our Group, non-executive Director, one of our Controlling Shareholders and the spouse of Mr. Ng
"New Shares"	the 270,479,000 Shares being offered by our Company for subscription at the Offer Price under the Global Offering
"Novartis"	Novartis AG, a global healthcare company incorporated in Switzerland and an independent third party
"NT BVI"	NT Pharma (Group) Co., Ltd, a limited liability company incorporated on December 5, 2002 in the British Virgin Islands, and a subsidiary of the Company, whose principal business is investment holdings
"NT Holdings"	NT Pharma (Holdings) Company Limited, a limited liability company incorporated in the Cayman Islands, our parent company at the time of our incorporation, whose principal business is investment holdings

"Offer Price"	the final Hong Kong dollar price per Offer Share (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at which the Offer Shares are to be subscribed pursuant to the Hong Kong Public Offer
"Offer Shares"	the Hong Kong Offer Shares and the International Placing Shares together, where relevant, with any additional Shares being sold pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by us and the Selling Shareholders to the Sole Global Coordinator and exercisable by the Sole Global Coordinator on behalf of the International Underwriters under the International Placing Agreement, pursuant to which we may be required to issue and allot and the Selling Shareholders may be required to sell (in proportion to the number of Offer Shares offered by us and the Selling Shareholders in the Global Offering) up to an aggregate of 53,554,000 Shares, representing in aggregate approximately 15% of the initial number of Offer Shares, at the Offer Price, to, among other things, cover over-allocations in the International Placing, if any
"Pfizer"	Pfizer Inc., a pharmaceutical company incorporated in the United States, and an independent third party which was formed as the result of the merger between Pfizer Inc. and Wyeth Inc.
"Price Determination Date"	the date, expected to be on or around April 14, 2011 (Hong Kong time), but no later than April 19, 2011, on which the Offer Price is fixed for the purpose of the Global Offering
"Pre-IPO Share Option Scheme"	our pre-IPO share option scheme conditionally adopted pursuant to a resolution of our directors and shareholders on April 7, 2011, the principal terms of which are summarized in the section headed "Pre-IPO Share Option Scheme" in Appendix VIII
"Qualified Institutional Buyer(s)" or "QIBs"	qualified institutional buyer(s) within the meaning of Rule 144A
"Regulation S"	Regulation S under the US Securities Act
"Reorganization"	the reorganization of the businesses comprising our Group in preparation for the Global Offering, as described in the section headed "Our History and Reorganization — Our Reorganization" in this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the US Securities Act

"SAFE"	State Administration for Foreign Exchange of the PRC
"SAIC"	State Administration of Industry and Commerce of the PRC
"Sale Shares"	the 86,553,000 Shares being offered by the Selling Shareholders as part of the International Placing (assuming the Over-allotment Option is not exercised), and 12,982,500 additional Shares if the Over-allotment Option is exercised in full, subject to reallocation as described in the section headed "Structure of the Global Offering in this prospectus
"Sanofi Pasteur"	Sanofi Pasteur S.A, a vaccine and healthcare company incorporated in France, and an independent third party. It is a subsidiary of Sanofi-Aventis S.A.
"SDA"	the State Drug Administration, the SFDA's predecessor
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"Selling Shareholders"	TPG Biotech and TPG Star
"Series A Preference Shares"	preference shares with nominal value of US$0.00000008 each in the share capital of NT Holdings
"SFDA"	State Food and Drug Administration of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
"Share(s)"	ordinary share(s) with nominal value of US$0.00000008 each in the share capital of our Company
"SmithKline Beecham"	a pharmaceutical company incorporated in the United Kingdom and merged with Glaxo Wellcome in 2000 to form GSK
"Sole Global Coordinator" or "Sole Sponsor" or "UBS"	UBS AG, Hong Kong Branch
"Suzhou First"	Suzhou First Pharmaceutical Co., Ltd. (蘇州第壹製藥有限公司), which is 80% owned by our Group and the operator of our newly completed manufacturing facility in Suzhou
"TPG"	TPG Biotech and TPG Star
"TPG Biotech"	TPG Biotech III Jaguar Ltd., a shareholder of our Company and a company incorporated in the Cayman Islands with limited liability, whose principal business is investment holding

"TPG Star"	TPG Star Jaguar Ltd., a shareholder of our Company and a company incorporated in the Cayman Islands with limited liability, whose principal business is investment holding
"Track Record Period"	the period comprising the years ended December 31, 2008, 2009 and 2010
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Placing Agreement
"United States" or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US Securities Act"	the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"VAT"	value added tax, a consumption tax that is levied on goods and services in most countries in the world
"Walvax Biotech"	Walvax Biotechnology Co., Ltd., a pharmaceutical company incorporated in China, and an independent third party

In this prospectus:

- "Company", "our Company" refer to China NT Pharma Group Company Limited, a company incorporated on March 1, 2010 as an exempt company with limited liability under the laws of the Cayman Islands and, except where the context otherwise requires, all of its subsidiaries, or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it;
- "We", "us", "our", "our Group" or "the Group" means the Company together with its subsidiaries from time to time;
- the terms "associate", "connected person", "connected transaction", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires; and
- the terms "value" and "sales revenue", for purposes of PRC vaccine distribution and promotion and sales market data, means revenue generated from sales of vaccines to provincial and municipal CDCs.

This glossary contains explanations of certain technical terms used in this prospectus in connection with our Company and its business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"Agrippal"	a flu vaccine manufactured by Novartis
"ampicillin"	a broad-spectrum antibiotics that belongs to the penicillin family
"anti-infective"	a substance capable of acting against infection, by inhibiting the spread of an infectious agent or by killing the infectious agent outright
"atypical antipsychotic"	second generation of antipsychotic medications that are used to treat schizophrenia and schizophrenia-related mental disorders
"cardiovascular"	relating to or affecting heart and blood vessels, or circulatory systems
"CDCs"	centers for disease control and prevention, which are provincial, municipal and county level governmental bodies primarily responsible for purchasing and distributing vaccines within their respective designated geographical regions
"ceftazidime"	semisynthetic, broad-spectrum antibacterial derived from cephaloridine and used especially for pseudomonas and other gram-negative infections in debilitated patients
"Cefobid"	a cephalosporin antibiotic used in treating pseudomonas bacterial infections manufactured by Pfizer
"cefoperazon"	semisynthetic antibacterial with a spectrum of activity against aerobic and anaerobic gram-positive and gram-negative pathogens
"cephalosporin"	a class of antibiotics similar both chemically and in their mode of action to penicillin
"class two hospitals"	regional hospitals designated as class two hospitals by the Ministry of Health hospital classification system that provide multiple communities with integrated medical services and engage in certain educational and scientific research missions

"class three hospitals"	highest ranked regional hospitals in China designated as class three hospitals by the Ministry of Health hospital classification system that provide multiple regions with high-quality professional medical services and undertake higher education and scientific research initiatives
"CNS medicines"	central nervous system (CNS) is the part of the nervous system that coordinates the activity of all parts of the human body and consists of the brain and the spinal cord. CNS medicines can be used to adjust brain activity and may be prescribed by a physician to treat anxiety, schizophrenia, muscle tension, pain, insomnia, acute stress reactions, panic attacks, seizure and other CNS related disorders
"cold chain"	a term commonly used in the food, healthcare, chemical and other industry to refer to a system which maintains a specified temperature range, typically around or below zero degrees Celsius, for the goods moved through the supply chain from manufacturers to end users
"DanShenTong"	a traditional Chinese medicine used in fighting infections and dermatological conditions manufactured by Hebei Xili
"doxorubicin"	a medicine developed in the 1950's and used as a chemotherapy treatment of various cancers. It belongs to the antharacycline family, a class of medicine derived from Streptomyces bacteria
"Engerix-B (Junior)"	a hepatitis B vaccine for children manufactured by GSK
"Fluad"	a flu vaccine manufactured by Novartis
"Fortum"	a cephalosporin antibiotic used in treating severe infections manufactured by GSK
"GMP" or "Good Manufacturing Practices"	guidelines and regulations issued from time to time pursuant to the Law of the People's Republic of China on the Administration of Pharmaceuticals to provide quality assurance and ensure that pharmaceutical products subject to the guidelines and regulations are consistently produced and controlled to the quality and standards appropriate for their intended uses

"GSP" or "Good Supply Practices"	guidelines and regulations issued from time to time pursuant to the Law of the People's Republic of China on the Administration of Pharmaceuticals to provide quality assurance and ensure that pharmaceutical distribution enterprises distribute pharmaceutical products in compliance with such guidelines and regulations
"hepatitis A"	an acute infectious disease of the liver caused by the hepatitis A virus (HAV) which can be prevented by vaccination
"hepatitis B"	inflammation of the liver due to the hepatitis B virus (HBV). The disease typically contains both an acute phase and a chronic phase and can cause irreversible damage to the liver. The infection is preventable by vaccination
"ISO9001 Certificate"	a certificate issued by the International Organization for Standardization certifying that a company is in compliance with a set of internationally recognized standards for the quality management of business
"Libod"	a PEG-modified liposome doxorubicin injection for various types of cancer or AIDS manufactured by Fudan-Zhangjiang
"liposome"	a tiny bubble (vesicle), made out of the same material as a cell membrane
"local CDCs"	all CDCs other than provincial and municipal CDCs
"medical detailing services"	services involving providing information and educating healthcare professionals on a vaccine or pharmaceutical product's uses, benefits and side effects
"Medical Insurance Catalog	the State Basic Medical Insurance, Work Injury and Maternity Insurance Medicine Catalog (《國家基本醫療保險、工傷保險和生育保險藥品目錄》) issued by the Ministry of Labor and Social Security of the PRC in 2009. Medicines included in the catalog are eligible for reimbursement under the medical insurance programs provided by the government. The provincial governments are allowed to make limited changes to the national catalog published by the central government to form provincial catalogs applicable to their respective jurisdictions
"Meningo A+C"	a 2-valent meningococcal vaccine manufactured by Sanofi Pasteur. Sanofi Pasteur is the owner of the registered trademark "Meningo A+C"

"meningococcal"	meningococcal disease describes infections caused by the bacterium Neisseria Meningitidis (also termed meningococcus) and is a major cause of meningitis. Meningitis is an inflammation of the membranes (called meninges) that surround the brain and spinal cord. It carries a high mortality rate if untreated. An important forms of prevention of meningococcal disease is vaccination against the bacterium Neisseria Meningitidis
"Meningococcal ACYW"	a meningococcal vaccine manufactured by Hualan
"nicergolin"	a chemical that has been used as a cerebral blood vessel dilator and can improve cognitive deficits in cerebrovascular disease
"oncology"	the branch of medicine concerned with the study and treatment of tumors
"PEG"	polyethylene glycol. The term "PEG modified", or "Pegylated" refers to the process of forming chemical attachment of polyethylene glycol polymer chains to another molecule
"POVs"	points of vaccination where vaccines are administered to the end users in China. All POVs require proper license and authorizations from CDCs
"Prevenar"	a streptococcus pneumoniae vaccine manufactured by Pfizer
"Priorix"	a measles, mumps and rubella vaccine manufactured by GSK
"Rabipur"	a rabies vaccine manufactured by Novartis
"recombinant DNA"	artificially created DNA
"Relenza"	an antiviral inhalable medicine manufactured by GSK
"Sermion"	a neuro-protective agent indicated for chronic cerebral insufficiency and impaired brain function manufactured by Pfizer
"Seroquel"	an atypical antipsychotic medicine
"Shusi"	an atypical antipsychotic medicine used in treating schizophrenia, bipolar mania and other disorders such as insomnia and anxiety manufactured by the Company

"sulbactam"	a molecule which is given in combination with beta-lactam antibiotics to inhibit beta-lactamase, an enzyme produced by bacteria that destroys the antibiotics
"Twinrix"	a combined heptatitis A and heptatitis B vaccine manufactured by GSK
"Type I Vaccines"	vaccines which are provided free of charge to end users by the Chinese government
"Type II Vaccines"	vaccines which are privately paid for by the end users
"Unasyn"	an injectable antibacterial combination manufactured by Pfizer
"Varilrix"	a varicella-zoster vaccine manufactured by GSK
"Weisairuiji"	a lyophilized live attenuated hepatitis A vaccine manufactured by the IMBCAMS
"zanamivir"	an antiviral medicine that inhibits the function of the viral neuraminidase protein and is used in the treatment for influenza caused by Influenza virus A and Influenza virus B. Zanamivir is developed by GSK under the brand name Relenza

This prospectus contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our Company's management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in the section headed "Risk Factors" in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. These statements include, but are not limited to, statements relating to the following:

- our business prospects, including statements relating to the growth of our promotion and sales segments, opportunities for third party promotion service providers in China, our ability to expand our customer base and our ability to maintain or expand relations with suppliers;
- future developments, trends and conditions in the vaccine and pharmaceutical industries and vaccine and pharmaceutical markets in China;
- our strategies, plans, objectives and goals;
- changes to regulatory and operating conditions in the healthcare industry in China;
- our ability to maintain our margins;
- our dividend policy;
- the seasonality of our business;
- the expected settlement of outstanding trade debtors and bills receivable by our customers;
- our information systems;
- our expected production capacity and volume for our pharmaceutical manufacturing operations;
- the availability of adequate financing on commercially acceptable terms or at all and our ability to meet our working capital requirements; and
- certain statements in the section headed "Financial Information" in this prospectus with respect to, among other things, trends in prices, volumes, operations, margins and overall market trends.

Subject to the requirements of the Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

You should carefully consider all of the information contained in this prospectus, including the risks and uncertainties described below, before making any investment decision in relation to the Offer Shares. Our Company's business, financial condition, results of operations or prospects could be materially and adversely affected by any of these risks. The trading price of the Offer Shares could decline due to any of these risks, and you may lose all or part of your investment. The risks described below are those that we believe are material, but these may not be the only risks and uncertainties that we face.

RISKS RELATING TO OUR BUSINESS

We may not be able to respond sufficiently and promptly to changes in government regulation in the PRC vaccine and pharmaceutical industries.

The vaccine and pharmaceutical industries in China are subject to extensive government regulation and supervision. The PRC government has implemented certain regulatory measures and announced plans to implement additional rules and regulations with respect to the vaccine and pharmaceutical industries. In particular, the PRC government has proposed or may propose changes in:

- legislation or regulations governing the distribution, manufacturing or pricing of vaccine and pharmaceutical products;
- quality control, licensing and certification requirements;
- legislation or regulations governing the pricing, procurement, prescription and dispensing of essential and other medicines by public hospitals and other healthcare institutions; and
- governmental funding for individual healthcare and pharmaceutical services.

These measures may lead to significant changes in the PRC vaccine and pharmaceutical industries and could result in increased costs and lower profit margins for distributors of vaccines and promoters of vaccines and pharmaceuticals such as us. The measures could also lead to decreases in the amount of the products we sell to our customers or the price they are willing to pay for these products. We cannot give any assurance that the PRC government will continue to adopt policies benefiting the vaccine and pharmaceutical industries. The PRC government may reduce support for healthcare services and benefits provided in China, in which case demand for our services may decrease. We cannot assure you that we will be able to adapt to such changes, and the failure to sufficiently and promptly respond to such changes may materially and adversely affect our business, financial condition and results of operations.

Scientific and technological developments in our industries or changes in consumer preferences could materially and adversely affect our business, financial condition and results of operations.

The PRC vaccine and pharmaceutical industries are characterized by rapid advances in science and technology and the emergence or mutation of viruses and bacteria that together lead vaccine and pharmaceutical manufacturers to discover and develop new vaccines, medicines, and other products and treatments. To succeed in the future, we must continue to improve and diversify our product portfolios by responding to these developments. We must also secure promotion and distribution agreements from leading vaccine and pharmaceutical manufacturers for new and competitively priced vaccines and pharmaceutical products. We cannot give any assurance that we will be able to respond to these rapid changes by improving our product portfolio and services or distributing new products in a timely fashion.

In addition to regulatory and industry changes, the preferences and purchasing patterns of our customers with regard to vaccine and pharmaceutical products can rapidly change. We depend on our ability to anticipate product lead-time and demand, identify customer preferences and adapt our product selection to these preferences. We must adjust our product availability, selection and inventory levels based on operational requirements, sales trends and other market data. In addition, our product selection may not accurately reflect product life cycles, seasonality, backorders or customer preferences at any given time. We cannot give any assurance that we will be able to accurately respond to such changes in customer preferences and purchasing trends, and any such failure may have a material adverse effect on our business, financial condition and results of operations.

We are subject to credit risk in respect of trade debtors and bills receivable.

We typically extend credit terms up to 120 days or 150 days, depending on the business segment, to our customers. As of December 31, 2008, 2009 and 2010, our trade debtors and bills receivable were RMB534.3 million, RMB1,110.8 million and RMB1,566.7 million, which accounted for 54.6%, 57.0% and 56.9% of our total assets, respectively. We recognized impairment losses for trade debtors and bills receivable of RMB8.2 million and RMB3.1 million in 2009 and 2010, respectively.

In 2010 we have experienced significant increases in our turnover days of trade debtors and bills receivable from typical levels during the Track Record Period. Our turnover days of trade debtors and bills receivable increased from 125 days in 2009 to 183 days in 2010. During 2010, we extended the credit terms offered to 28.4% of our active CDC customers. As of December 31, 2010, our active CDC customers accounted for approximately RMB662.2 million of our trade debtors and bills receivable, of which approximately RMB234.0 million were past due but not impaired.

As of December 31, 2010, approximately 56.6% of the trade and bills receivables, based on the invoice date, was recorded within the three months prior, 20.4% was recorded between three months to six months prior, 9.5% was recorded more than six months but within one year and 13.5% was recorded more than 12 months prior. As a result of decreased demand in the vaccine industry in 2010, we have been notified that certain of our CDC customers temporarily require longer payment periods. As a result, during 2010, we extended credit terms offered to 28.4% of our active CDC customers. In an exceptional case, we granted a credit term of 240 days to the Henan CDC, a customer which accounted for 1.8% of our turnover in 2009 and 2.4% of our turnover in 2010. Should a significant number of our customers fail to settle their trade and bills receivables in full for any reason, we may incur impairment losses and our results of operations and financial position could be materially and adversely affected.

As of December 31, 2010, we had past due but not impaired trade debtors of bills receivable of RMB643.5 million. Of those trade debtors and bills receivable, approximately RMB188.9 million were with our local distributor customers and were more than six months past due but not impaired. We have agreed, in writing, on repayment plans for approximately 82.8% these trade debtors and bills receivable balances with our local distributor customers that were past due for more than six months but not impaired. If these local distributor customers fail to follow the agreed repayment plans or we are unable to collect these or our other past due trade receivable balances, our results of operations and financial condition could be materially and adversely affected.

We experienced net cash outflows from operating activities in 2008, 2009 and 2010 and may continue to do so in the future.

Primarily as a result of the expansion of our business, we had experienced a net cash outflow from operating activities in 2008, 2009 and 2010, with our net cash used in operating activities being RMB37.7 million, RMB251.3 million and RMB383.2 million in 2008, 2009 and 2010. These net cash outflows were mainly attributable to significant increases in trade receivables and in inventories, both of which were related to the expansion of our business during the Track Record Period particularly increasing purchases of products such as Fortum and new products from Novartis, and in 2010 changes in payment practices by our CDC customers which required longer credit terms due to the slowdown in growth of demand for vaccines primarily as the result of various incidents occurred in 2010 described in the section headed "Summary — The Chinese Vaccine Market". As our business continues to expand, we may continue to experience net cash outflows from operating activities.

Our vaccine and pharmaceutical business operations are affected by seasonality.

Our business operations are affected by seasonality. We have historically experienced higher sales in the second half of each year as compared to the first half, particularly during the fourth quarter of the year. This seasonality is the result of a combination of many factors. Our sales have increased sequentially within each year as a result of our growth during the Track Record Period. In addition, we typically experience lower sales in the first quarter due to reduced business activity around the Chinese New Year holiday as our customers, particularly the local distributors, generally place some of their orders for first quarter consumption in the fourth quarter of the previous year. As a result, turnover from our promotion and sales of vaccine and pharmaceutical segments, which have higher gross margin than the other two segments, have been more skewed towards the fourth quarter. Moreover, CDCs are typically more active during this period due to peak periods of demand. Our vaccine sales are especially affected by the seasonally higher sales of certain flu, chicken pox and meningococcal vaccines during the second half of each year, particularly from the end of the third quarter to end of fourth quarter. This period coincides with the start of school semester when students usually receive their flu vaccines and the peak period for flu, chicken pox and meningitis. For example, we have distributed most of GSK's Fluarix, Varilrix and Sanofi Pasteur's Meningo A+C and Hualan's Meningococcal ACYW during August to December of each year. These products together accounted for approximately 19.7%, 13.9% and 18.5% of our total turnover in 2008, 2009 and 2010, respectively. As a result, we expect to realize a significant portion of our vaccine supply chain revenues from Fluarix and Varilrix and supply chain and promotion and sales revenues for meningococcal vaccines from the end of the third quarter to end of fourth quarter. In addition, as a result, our inventory levels and trade creditors and bills payable are typically at higher levels before our peak sales period.

In addition to the effects on turnover, the pattern of our operating expenses also contributed to the seasonal breakdown of our operating profit. During the Track Record Period, our operating expenses are less affected by seasonality factors and have typically been evenly spread out during the year except if new products are introduced during a particular period.

We rely substantially on GSK for a significant portion of our turnover.

We have had a business relationship with GSK (and its predecessor SmithKline Beecham) since 1995. We derive a significant portion of our turnover from the provision of services to GSK, primarily in

our vaccine supply chain and vaccine promotion and sales segments. In 2008, 2009 and 2010, approximately 63.4%, 65.6% and 60.7%, respectively, of our total turnover and approximately 44.1%, 46.6% and 46.5%, respectively, of our gross profit was derived from products manufactured by GSK, our largest supplier. We anticipate that we will continue to derive a significant portion of our turnover from products manufactured by GSK, which ranks among the largest international manufacturers in the vaccine and pharmaceutical industries in China. If we fail to maintain or enhance our relationship with GSK, our business, results of operations and financial condition could be materially and adversely affected. There can be no assurance that GSK will continue to sell vaccine products to us on commercially reasonable terms or at all. Our distribution and promotion agreements with GSK are generally for three years. We cannot assure you that we will be able to renew our agreements with GSK on the same terms or at all. Also, certain of these agreements are terminable at will prior to their specified termination date or upon a change in the legal or beneficial ownership in our subsidiary that is a party to that agreement (which may include sales of our equity securities). If we fail to renew our agreements with GSK on acceptable terms, or if GSK terminates these agreements, there could be a material adverse effect on our business, financial condition and results of operations. Additionally, GSK may decide to further develop its in-house capabilities in China, which could decrease the amount of business we receive from GSK. Our continued reliance on GSK also means that changes in the operations of GSK could materially and adversely affect our business, results of operations and financial condition.

We rely on certain key suppliers in our vaccine and pharmaceutical supply chain and promotion operations. The termination of any distribution or promotion and sales agreement with our key suppliers may materially and adversely affect our business, financial condition and results of operations.

In our vaccine supply chain operations, we depend on our relationships with leading multinational and domestic vaccine manufacturers such as GSK, Sanofi Pasteur, Pfizer, Novartis, Hualan and Walvax Biotech. In our pharmaceutical operations, we depend on our relationships with leading multinational pharmaceutical manufacturers such as Pfizer and GSK. Products manufactured by our top five suppliers represented approximately 85.0%, 86.5% and 82.3% of our total turnover in 2008, 2009 and 2010, respectively. Our top five suppliers varied from year to year depending on market demand, customer relationships and changes in our strategic focus. These suppliers mainly included GSK, Pfizer, Novartis and Hebei Xili. We have over six vaccine suppliers for our vaccine promotion and sales segment. We typically distribute and promote vaccine products pursuant to distribution or promotion and sales agreements entered into directly between us and our suppliers. The terms of our agreements with our suppliers for our supply chain business range from one to three years. There can be no assurance that our suppliers will continue to sell vaccine products to us on commercially reasonable terms or at all. We also cannot assure you that we will be able to establish new manufacturer and supplier relationships, or extend existing relationships with suppliers when our agreements with them expire. Furthermore, certain of our agreements with our suppliers may be terminated at will prior to their specified termination dates, the suppliers may alter the specifications and/or types of products they sell to us, and the suppliers are under no obligation to continue manufacturing the products. If we are unable to maintain our relationships with our key suppliers, or any of our distribution or promotion and sales agreements with our key suppliers are terminated, our business, financial condition and results of operations may be materially and adversely affected.

Any of our key suppliers could fail in the government-mandated tendering processes for the sale of pharmaceuticals to hospitals, fail to obtain necessary permits and licenses or fail to comply with the requirements of the Pharmacopeia of the PRC, with respect to products supplied to us.

We are subject to the risk that our pharmaceutical suppliers may be unsuccessful in winning bids in the government-mandated tendering processes, through which hospitals solicit public bids from pharmaceutical manufacturers as part of their pharmaceutical procurement processes. These tendering processes are typically conducted annually. If our suppliers are unsuccessful in these tendering processes, our pharmaceutical sales to hospitals could decrease, which could result in a material adverse effect on our business, financial condition and results of operations. Conversely, there can be no assurance that the success of our suppliers in these tendering processes will guarantee the success of the business of our pharmaceutical segment. See the section headed "Regulations — Centralized Tendering System For Medicine Purchases" in this prospectus for more information regarding the tendering process.

We have internal operating procedures through which we examine applicable permits and licenses obtained by our suppliers for the products we provide services for. Thus far, nothing has come to our attention that would indicate the products supplied to us have not obtained any required permits and licenses. However, if our suppliers fail to obtain any required permits or licenses for the manufacture or sale of the products they supply to us, such failure could materially and adversely affect our business, financial condition and results of operations.

In addition, the vaccines and pharmaceuticals supplied to us must comply with the standards set out in the Pharmacopeia of the PRC (中華人民共和國藥典, the **"Pharmacopeia"**), which is an official compendium of specifications of medicines compiled by the Chinese Pharmacopeia Commission. The production, circulation and prescription of medicines and biological products (including vaccines) in China are required to be in compliance with the standards set out in the Pharmacopeia, which is updated periodically (since 1985 it has been updated every five years). Such requirements may relate to medicine composition, usage, prescription, properties, production, testing, transportation and validity. The 2010 edition of the Pharmacopeia has been effective since October 1, 2010. All national mandatory medicine standards are required to be compliant with the 2010 edition of the Pharmacopeia. Prior to the 2010 edition, to our knowledge, the products supplied to us by our suppliers have met the requirements of the Pharmacopeia. The 2010 edition of the Pharmacopeia affected certain vaccine imports by certain non-PRC manufacturers. Certain of our suppliers have taken measures to mitigate the short-term impact of changes to the Pharmacopeia, such as importing additional inventory before the Pharmacopeia took effect and obtaining the regulatory clearance to sell that inventory even after the 2010 edition of the Pharmacopeia took effect. In addition, certain of our suppliers have had discussions with the SFDA in order to ensure that their products comply with the standards set out in the Pharmacopeia. Our suppliers' products that have been affected by changes in the Pharmacopeia in 2010 are Priorix, Varilrix, Havrix and Rabipur, which collectively accounted for 20.1% of our turnover and 4.8% of our gross profit in the 2010. However, although our suppliers have taken steps to mitigate any adverse impact related to our products which are affected by the 2010 edition of the Pharmacopeia, our suppliers' compliance with these standards is out of our control, and we cannot assure you that our business, financial condition and results of operations will not be materially and adversely affect in the medium to long-term by past and future changes in the Pharmacopeia.

The prices of some of the products we promote and distribute are subject to government price controls.

The prices of some of the vaccine products we promote and distribute and all of the pharmaceutical products we promote, sell and manufacture are subject to price controls imposed by the PRC government. The PRC government has enacted regulations relating to the prices of certain vaccines and pharmaceutical products including setting retail price caps for some pharmaceutical products. The scope of products subject to such price control measures are determined and amended by the PRC government at the national or local level from time to time. However, there are no price controls imposed on the selling prices of our Type II vaccine products, which are the focus of our vaccine business. Our vaccines that are subject to price controls, Fluarix, Havrix and Priorix, being Type I vaccines, collectively accounted for 3.0%, 5.1% and 1.8% of our turnover and for 0.6%, 0.9% and 0.4% of our gross profit during 2008, 2009 and 2010, respectively. Our vaccine distribution and promotion contracts specify the prices that are payable to our suppliers and may recommend the prices we charge our customers. On March 7, 2011, the PRC government, through the National Development and Reform Committee, announced a reduction in the retail price ceilings for 162 pharmaceutical products. The new price ceilings, which became effective on March 28, 2011, affected two of the products which we promote and sell, namely Fortum and Unasyn. The retail price ceilings for these two products were reduced by approximately 29% and 28%, respectively. In 2010, sales of Fortum accounted for 15.8% of our total turnover and 50.3% of our turnover from our pharmaceutical promotion and sales segment and sales of Unasyn accounted for 1.6% of our total turnover and 5.2% of our turnover from our pharmaceutical promotion and sales segment. For further details, see "Financial Information—Recent Developments." We cannot guarantee that we will be able to pass any increases in the prices we pay for vaccines and pharmaceutical products in the future on to our customers quickly or at all or will be able to offset any negative impact on our results of operations from any price controls. Therefore, any increase in such prices or any such price controls could lower our gross profit margin, and materially and adversely affect our results of operations.

We may not be able to maintain historical levels of profitability.

We recorded profit for the year of RMB53.3 million, RMB117.2 million and RMB129.4 million in 2008, 2009 and 2010, respectively. Our ability to maintain and increase profitability is dependent upon, among other things, the following: conditions in the PRC vaccine and pharmaceutical industries both from consumer and regulatory perspectives; our relationships with suppliers and customers; and our product mix and ability to expand our product line. Any of these factors, among the other risk factors which are discussed in this section, could materially and adversely affect our results of operations, which would in turn negatively affect our profitability in the future. Furthermore, the growth of our profit in 2010 was slower than prior periods. These can be no assurance that such slower growth will not continue in the future.

We may not be able to expand our supplier base and product portfolio, which may materially and adversely affect our growth prospects.

The continued expansion of our business operations is partially dependent on our ability to expand our supplier base and our product portfolio. Throughout the Track Record Period, we added new major suppliers and a number of new vaccine and pharmaceutical products to our product portfolios. This growth has helped us generate additional revenue by enabling us to market more

products to a wider range of customers. If we are unable to continue to establish relationships with new suppliers, or if our existing suppliers are unable to assist us in expanding our product portfolios, we may be unable to expand our operations at the pace we have during the Track Record Period, or at all. As a result, our growth prospects may be materially and adversely affected.

We may be unable to maintain relationships with our key customers such as CDCs.

We rely on our key customers, including CDCs, as the customers of our vaccine supply chain and promotion and sales and pharmaceutical promotion and sales businesses. There can be no assurance that we will continue to maintain stable relationships with any of our key customers due to increased competition or other factors beyond our control. If we fail to maintain business relationships with any of our key customers or if our key customers reject the products we sell or promote to them, our business, financial condition and results of operations may be materially and adversely affected.

Changes in the operating and financial policies of CDCs could materially impact our business and marketing.

Historically, although our sales team covers all levels of CDCs, the majority of our sales have been made to provincial and municipal level CDCs, which then supply the vaccines to local level CDCs in their supervised regions. This distribution model may change in the future as a result of changes in the operating and financial policies of CDCs, whereby the provincial and municipal level CDCs can no longer retain all of the gross margins derived from their sales of vaccines to local level CDCs for their own use. Accordingly, some provincial and municipal level CDCs have relaxed their restrictions on direct sales of vaccines by vaccine distributors to the local level CDCs under their supervision. As a result, our sales to provincial and municipal level CDCs could decline and we may need to make direct sales to a new and potentially larger group of customers, which include local level CDCs. Except for higher sales prices, the other trade terms offered by us to local level CDCs are substantially the same as those which we have offered to provincial and municipal level CDCs. Since our local distributors sell vaccines to specific customers or geographical regions that are not directly covered by us, our direct sales to new local level CDC customers will not pose any direct competition with the business of our local distributors. However, we may be unsuccessful in generating satisfactory sales to the new group of customers due to a lack of infrastructure, experience or adequate financing, governmental constraints or any other factor, or we may be inefficient in distributing and promoting our products to these customers since we may incur additional costs. If we are unable to successfully adapt our distribution model in response to any changes in the operating policies of CDCs, our results of operations and growth prospects could be materially and adversely affected.

Our business and operations require significant working capital

Our business operations and expansion have required us to use a significant amount of working capital. We have traditionally funded our working capital needs through cash generated from our business operations, short-term borrowings and capital injections from shareholders. These funds have mainly been used to purchase merchandise from our suppliers. During the Track Record Period our gearing ratio, being our total borrowings over total assets, as of December 31, 2008, 2009 and 2010 was 19.0%, 26.2% and 30.5%, respectively. In addition, 100% of our bank loans and overdrafts were due within one year or on demand, as of December 31, 2008, 2009 and 2010. The majority of our bank borrowings are currently secured by our trade debtors and bills receivable, the majority of which are owed to us by CDCs.

In 2010, our financial condition was affected by the slowdown in growth of demand for vaccines, the introduction of new products from Novartis, increased sales of Fortum, as well as seasonality. The impact has been reflected in increases in turnover days of inventory, trade receivables and trade debtors from typical levels. For further information, see the sections headed "Business — Our Vaccine Business", "Business — Our Pharmaceutical Business" and "Financial Information — Working Capital — Trade and Other Receivables" in this prospectus.

If we are unable to meet our working capital requirements in the future, we may need to adopt alternative strategies that may include reducing the size and scale of our vaccine supply chain and promotion network, pharmaceutical promotion network or the product portfolio of our pharmaceutical manufacturing operations, delaying capital expenditures, selling assets, increasing borrowings or seeking equity capital. We may be unable to obtain debt or equity capital in the future, or refinance our current debt, on favorable terms or at all. Insufficiency of working capital could materially and adversely affect our business, results of operations and financial condition.

We are subject to covenants under certain banking facilities and may have not complied with certain covenants.

Certain of our and our subsidiaries' banking facilities are subject to compliance with financial covenants. If we or our subsidiaries fail to comply with these covenants and are unable to rectify such non-compliance, the drawn down facilities could become repayable on demand at the request of the lenders.

As of December 31, 2010, certain of our subsidiaries were in non-compliance with certain covenants in relation to interest coverage ratios with respect to two banking facilities granted by commercial banks in the PRC, which were in the aggregate drawn down in the amount of RMB28.1 million. Following the determination that these subsidiaries were in non-compliance with these covenants, we engaged in discussions with the lenders and have obtained confirmation that these lenders have waived these instances of non-compliance. Prior to the waivers granted by these lenders, these lenders had the right to demand immediate repayment of the drawn down amounts as a result of this non-compliance. See "Financial Information—Indebtedness" for further information.

If we, or our subsidiaries, do not comply with covenants contained in agreements with lenders in the future, we may be subject to accelerated repayment obligations and may be unable to renew or obtain sufficient banking facilities on commercially acceptable terms or at all, which in turn could materially and adversely affect our liquidity position.

We may not be successful in expanding our supply chain infrastructure, facilities or vaccine and pharmaceutical promotion networks.

In order to grow our business successfully we will need to expand our supply chain infrastructure and other facilities as well as our vaccine and pharmaceutical promotion networks.

We intend to expand our vaccine cold chain infrastructure in accordance with our business strategies. We also plan to open a new logistics center in Taizhou by the end of 2011 to broaden the

geographical diversity of our cold chain facilities. However, we may not be successful in completing this planned expansion of our vaccine supply chain infrastructure. If we fail to expand our vaccine supply chain infrastructure as planned, our business, financial condition and results of operations may be materially and adversely affected.

We also intend to expand our vaccine and pharmaceutical promotion networks in accordance with our business strategies. See "Business — Our Strategies — Actively expanding our vaccine and pharmaceutical promotion networks". However, we may not be successful in completing this planned expansion. We may also face competition from other vaccine and pharmaceutical promotion service providers. If we fail to expand our vaccine and pharmaceutical promotion networks as planned or if we are unable to compete effectively with other promoters, our business, financial condition and results of operations may be materially and adversely affected.

We may also expand our pharmaceutical manufacturing facilities in Suzhou in the future. There can be no assurance that we will complete the expansion of these facilities on time or that the finished facilities will achieve the predicted designed capacity. If we experience a significant delay in completing the expansion or if the expanded manufacturing facilities fail to yield the predicted designed capacity, such delays and failures may have a material adverse effect on our business, financial condition and results of operations.

We may experience prolonged delays and/or significant disruptions to our cold chain infrastructure.

We distribute all of our vaccine products to our customers through our cold chain infrastructure, which delivers vaccines to more than 500 CDC customers and local distributors. Our cold chain infrastructure is capable of delivering vaccines within the requisite temperature range of 2-8°C to any part of China (except Tibet) within 48 hours of dispatching the vaccines. Our ability to meet customer demand may be significantly limited if we do not operate our cold chain infrastructure efficiently or if we experience delays or significant disruptions to any part of our cold chain infrastructure. Such delays or disruptions could result from events outside of our control, such as natural disasters or breakdowns of temperature-controlled trucks owned and operated by third parties. Any disruption in the operation of our cold chain infrastructure could result in higher costs and lower revenues for us and could damage our reputation. In addition, a failure to effectively control product damage or spoilage during transit could have a material adverse effect on our business, financial condition and results of operations.

Our supply chain services require us to use third party contractors and we face operating risks associated with the use of third party contractors.

As of December 31, 2010, our cold chain infrastructure used over 100 trucks, of which eight were owned and operated by our Company, three was leased and operated by our Company and the remaining were owned and operated by three third party contractors. For the year ended December 31, 2010, third party contractors delivered approximately 80% of all vaccine products sold by our Company. There can be no assurance that these third party logistics contractors will continue to provide logistics services to us on commercially reasonable terms or at all or that these third party logistics contractors will be able to meet and maintain the quality standards of our Company. We

believe that replacing a third party contractor could take approximately four weeks, in the event that we need to find a replacement. If any of our agreements with our third party contractors is terminated and we cannot find a suitable replacement, our business, financial condition and results of operations may be materially and adversely affected.

We may incur losses resulting from product liability, personal injury or wrongful death claims, product recalls, complaints or adverse publicity.

Our vaccine and pharmaceutical business operations are exposed to risks inherent in the manufacturing, packaging, marketing and distribution of vaccine and pharmaceutical products, such as unsafe, ineffective or defective products, product spoilage, inadequacy of warnings and unintentional distribution of counterfeit medicines. Product quality or the perception thereof significantly influences a customer's decision to purchase the vaccine products we promote and sell and the pharmaceutical products we promote, sell or manufacture, and any material product defect could require us to take remedial actions or conduct product recall campaigns. Any of these actions or campaigns could damage our reputation and could require us to incur considerable expense, significantly affecting the revenues generated by our products.

If the pharmaceutical products that we promote, sell or manufacture or the vaccine products that we promote or distribute do not function as anticipated, whether as a result of the design of these products, unanticipated health consequences or side effects, or misuse or mishandling by us or third parties during the distribution or manufacturing process, or because of faulty or contaminated supplies, they could injure end-users and as a result subject us to product liability lawsuits. Any product liability claim brought against us, with or without merit, could result in monetary damages and/or damage to our reputation, either of which could have a material adverse affect on our business, financial condition and results of operations.

With respect to our vaccine and pharmaceutical business operations, we may have the right under applicable PRC laws, rules and regulations to recover from the relevant manufacturer any compensation that we are required to make to our customers or end users in connection with a product liability, personal injury or wrongful death claim, if the manufacturer is found responsible. However, there can be no assurance that we will be able to recover all or any amounts from these manufacturers. In addition, any product liability claim, regardless of its merit or success, could be time consuming and expensive to defend and could result in the diversion of management resources from our core business and negative publicity.

Our business, and in particular our pharmaceutical manufacturing business, exposes us to potential litigation risks that are inherent in the testing, manufacturing and marketing of pharmaceutical products. From time to time and in the ordinary course of our business, we may become involved in various legal proceedings involving product liability, personal injury or wrongful death claims. All such legal proceedings are inherently unpredictable and the outcome can result in excessive verdicts and/or injunctive relief that may affect how we operate our business or we may enter into settlements of claims for monetary damages. Although we carry personal injury and wrongful death insurance, we cannot be certain that we will be able to maintain adequate insurance at a reasonable cost or at all. We cannot give any assurance that any insurance coverage that we do have will be sufficient to

satisfy liabilities resulting from any personal injury or wrongful death claims. In addition, we do not carry insurance to cover costs associated with potential product recalls. Any successful claim that is not adequately covered by insurance could have a material adverse impact on our business, financial condition and results of operations.

We are subject to legal and business risks if we fail to obtain or renew the licenses and permits which enable us to conduct our business.

In order to conduct our business, we have obtained certain key permits and licenses for our services such as vaccine and pharmaceutical supply chain and promotion services. If we are unable to continue to renew these permits or licenses or to do so in a timely manner, we may not be permitted to continue to provide such services, and this may materially and adversely affect our business, results of operations and financial condition.

We operate in a highly competitive market and our business, financial condition and results of operations may be materially and adversely affected if we are not able to compete effectively and the competition could negatively affect the overall market as well.

The vaccine and pharmaceutical promotion and supply chain industries in China are highly competitive. Our key competitors include a number of other domestic vaccine and pharmaceutical promoters and distributors. Although we are the largest fully integrated supply chain and sales and marketing services provider for vaccines in China[1], our competitors may be able to build more extensive vaccine supply chain and promotion networks and cold chain infrastructure in the future. We cannot provide any assurance that we will be able to maintain any competitive advantages by maintaining our extensive vaccine promotion and supply chain network, monitoring our advanced cold chain infrastructure, retaining an experienced management team, maintaining and forming new distribution and promotion relationships with global and domestic vaccine and pharmaceutical manufacturers, and maintaining our relationships with CDCs, POVs and hospitals. Further, in our promotion and sales segments, we may also compete with the manufacturers' in-house promotion teams. In-house promotion teams may command certain advantages against third party promotion service providers such as our Company. For example, the manufacturers' own in-house teams may have advantages in terms of knowledge of the products and after sales services and the promotion activities of third party providers may be smaller in scale as compared to the manufacturers and may not be as consistent and continuous. If we are unable to compete successfully we may lose market share, our sales volume could drop and our plans to expand our operations could be unsuccessful, which would materially and adversely affect our business, results of operations and financial condition.

In addition, the competition of the market we operate in could negatively affect the overall market as well. For example, the intense competition of the vaccine market could drive down vaccine prices, as well as the distribution and promotion margins, and thus restrain the growth of the overall vaccine distribution and promotion markets.

[1] For our vaccine supply chain business, from 2007 to 2009, and for our vaccine promotion and sales business, for 2009, each according to the Frost & Sullivan Report. Our market share in the vaccine supply chain market refers to the revenues generated by our vaccine supply chain business from sales of Type II Vaccines to provincial CDCs as a percentage of the aggregate revenues generated by all supply chain service providers from sales of Type II Vaccines to provincial CDCs. Our market share in the third party vaccine promotion market refers to the revenues generated by our vaccine promotion and sales business from sales of Type II Vaccines to provincial CDCs as a percentage of the aggregate revenues generated by all third party promotion service providers from sales of Type II Vaccines to provincial CDCs.

See also the sections headed "Industry Overview" and "Business — Competition".

We may experience difficulty in managing our rapid growth.

During the Track Record Period we achieved rapid growth. Our turnover grew from RMB1,414.0 million in 2008, to RMB2,395.0 million in 2009 to RMB2,668.0 million in 2010, representing a CAGR of 37.4%. In order to achieve such growth we have expanded our cold chain infrastructure, hired and trained more employees, increased our storage capacity, added more products to our portfolio, brought in additional suppliers and obtained additional supplies from current suppliers. Our current growth strategy involves further expanding our vaccine supply chain and promotion network and pharmaceutical promotion network as well as growing our product portfolios. As we continue to grow, our managerial, operational, technical and financial resources might be strained due to the increase in the size of our workforce, geographical coverage of our cold chain infrastructure or other factors. As a result, we may not be able to manage our growth efficiently or cost effectively. Failure to manage our growth both efficiently and cost effectively could jeopardize our ability to continue growing or could result in negative growth, thereby materially and adversely affecting our business, results of operations and financial condition. In particular, our turnover growth rate in 2010 was slower than prior periods. There can be no assurance that such slower growth will not continue in the future.

We may not be able to successfully identify acquisition targets, acquire them on satisfactory terms or successfully integrate them, which may materially and adversely affect our growth and expansion plans.

Our strategy includes plans to grow both organically and through acquisitions. We plan to acquire or form partnerships with vaccine supply chain or promotion service providers that complement our existing operations and have the potential to increase our revenues and profits. This strategy is subject to considerable risks, including: the inability to finance proposed acquisitions, identify suitable acquisition targets; integrate new operations, personnel, products, services and technologies; the diversion of resources from our existing businesses; the inability to generate sufficient revenues to offset the costs and expenses associated with potential acquisitions; and potential loss of, or harm to, employees or customer relationships. Any of these events could disrupt our ability to manage our business, which in turn could have a material adverse effect on our financial condition and results of operations. Such risks could also result in our failure to derive the intended benefits of the acquisitions and strategic alliances, and we may be unable to recover our investment in such initiatives.

We rely on information systems in managing our operations and our plan to develop an advanced information management system may not materialize.

Our businesses rely on information systems to obtain, rapidly process, analyze and manage data. In our vaccine supply chain business, we rely on these systems to, among other things:

- facilitate the purchase and distribution of inventory items from our logistics centers and facilities across China;
- monitor the daily operations of our supply chain network;
- receive, process and ship orders on a timely basis;
- collect sales data for our vaccine suppliers;
- manage the accurate billing and collections for hundreds of customers;
- maintain quality control for our cold chain infrastructure, including monitoring the temperature in our cold chain infrastructure; and

- receive payments from customers and process payments to suppliers.

In our vaccine supply chain operations, we rely on our computer systems for the storage, delivery and transmission of the data of our supply chain systems. Any damage by unforeseen events or system failure that causes interruptions to the input, retrieval and transmission of data or increases in the service time could disrupt our normal operations. We cannot give any assurance that we can effectively carry out our disaster recovery plan to handle the failure of our information systems, or that we will be able to restore our operational capacity within a sufficiently adequate time frame to avoid disrupting our business. In addition, if the capacity of our information systems fails to meet the increasing needs of our expanding operations, our ability to expand may be constrained.

Additionally, our strategy includes plans to develop an advanced information management system in connection with our vaccine supply chain network. If we are unable to develop and implement this advanced information management system completely or at all, we may not be able to successfully expand our vaccine supply chain network and our relationships with CDCs and vaccine manufacturers may be weakened.

The occurrence of any of the foregoing events could have a material adverse effect on our business, financial condition and results of operations.

Our operations are subject to operational hazards and may not be fully covered by our insurance policies.

We use complex equipment and logistics facilities in our vaccine supply chain business operations. For example, the distribution of vaccines requires special handling, storage and transport equipment in order to keep the vaccines at a controlled temperature. We also operate manufacturing facilities as part of our pharmaceutical business segment. As a result, our business may be adversely affected due to the occurrence of typhoons, earthquakes, floods, fire, acts of terror or other natural disasters or similar events at our cold chain infrastructure and manufacturing facilities or sources of raw materials for our products. We cannot give any assurance that all claims under our insurance policies will be covered adequately or timely. We do not carry any business interruption insurance or third-party liability insurance for personal injury or environmental damage arising from accidents at our facilities. In addition, there are certain types of losses, such as from war, acts of terrorism, earthquakes, typhoons, flooding or other natural disasters for which we cannot obtain insurance at a reasonable cost or at all. Should an accident, natural disaster or terrorist act occur, or should an uninsured loss or a loss in excess of insured limits occur, we could suffer from financial losses, as well as damage to our reputation or lose all or a portion of future revenues anticipated to be derived from the relevant facilities. Any material loss not covered by our insurance could materially and adversely affect our business, financial condition and results of operations.

We rely on our executive directors and senior management members and our ability to attract and retain a sufficient number of qualified and skilled staff, especially our vaccine and pharmaceutical promotion teams.

Our success depends on the continued service of our senior management team as identified in the section headed "Directors and Senior Management" in this prospectus. The expertise, industry experience and contributions of our executive Directors and other members of our senior management are crucial to our success. We also must retain qualified and skilled teams for promoting vaccines and pharmaceutical products across our extensive nationwide networks. If we lose the services of any of our key management members, including our Directors and senior officers, are unable to recruit and retain replacement personnel with equivalent qualifications at any time, or are unable to retain qualified and skilled vaccine and pharmaceutical promotion teams, the business, financial condition and results of operations could be materially and adversely affected.

Violations of health and safety regulations and the occurrence of accidents and injuries at our manufacturing plant could disrupt our operations.

We are subject to comprehensive health and safety regulations relating to the manufacture of our pharmaceutical products and the operation of our vaccine distribution business. We may incur significant expenditures in relation to these health and safety regulations and there can be no assurance that these regulations will not become more onerous in the future. Violation of health and safety regulations and the occurrence of accidents and injuries could have a material adverse impact on our business, financial condition and results of operations.

Our pharmaceutical manufacturing operations are subject to hazards inherent in the manufacturing process and these operations may be exposed to various accidents and emergencies beyond our control. If any of these hazards or accidents result in significant injury to employees or damage to equipment, other property or the environment, we may experience unexpected production delays or increased production costs, which may have a material adverse effect on our business, financial condition and results of operations.

We may not be able to maintain proper inventory levels for our vaccine and pharmaceutical operations.

Our ability to provide customers with a timely and adequate supply of products is affected by our ability to maintain proper inventories of those products. We monitor our inventories on a regular basis and seek to maintain inventory balances which both meet market demand and avoid overstocking. Our ability to maintain proper inventory levels at any given time is dependent on our accurate estimation of future market demand, the supplies available from our vaccine and pharmaceutical suppliers, and market demand for products which we hold in our inventories. Any changes in those factors could result in a shortage of inventory or overstocking of certain inventories. If we experience inventory shortages, our sales volume and relationships with customers could be materially and adversely affected. If our inventory levels are too high, we may have to write-down inventories, products may be held past expiration dates and would have to be disposed of and storage costs could increase. Either inventory shortages or excessive inventories could materially and adversely affect our business, results of operations and financial condition.

There is no assurance that we will continue to receive preferential tax treatment and government subsidies.

As of the Latest Practicable Date, our subsidiaries NT Tongzhou Pharma (SH) Co., Ltd., NT Pharma Trading (SH) Co., Ltd. and NT Pharma Tongzhou Consulting (SH) Co., Ltd. are subject to a preferential enterprise income tax rate of 24% as they were established in the Shanghai Pudong New Area. The tax incentive was granted to us in a manner consistent with local policy and practice. However, due to a lack of statutory basis on a national level, this preferential tax rate may be withdrawn at any time by the local authorities in the Shanghai Pudong New Area, or overruled by the superior level tax authorities in Shanghai or in China. If the preferential tax rate is withdrawn, our income tax expense may increase to the standard rate of 25%, which would reduce our profit after tax.

We have not obtained title certificates to some of the properties we occupy.

We have not yet obtained title certificates that allow us to freely transfer, mortgage or dispose of some of our properties under PRC laws and regulations. As of the Latest Practicable Date, we had not obtained building ownership certificates for buildings situated at North Suhong Rd (E), Suzhou Industrial Park, Suzhou, Jiangsu, PRC ("**Property A**") (refer to Property 1 in Appendix IV), and South Loujiang Suzhou Industrial Park, Suzhou, Jiangsu, PRC ("**Property B**") (refer to Property 2

in Appendix IV) respectively. As of December 31, 2010, these buildings had a total net book value of approximately RMB138.6 million. These buildings have an aggregate area of approximately 27,031.2 square meters, and as of December 31, 2010, account for approximately 100.0% of the net book value of the properties we own and/or occupy and 27.6% of our total net asset value. The depreciated replacement costs of the buildings without building ownership certificates are approximately RMB137.9 million. We have been duly approved by relevant PRC authority to commence construction of Property A and Property B. As of February 28, 2011, Property A and Property B are in the process of completion inspection by the relevant governmental authority. Upon completion, we will use Property A for production and general commercial purposes and Property B for warehousing. However, we cannot give any assurance that we will complete construction of the properties and relevant formalities with respect to their title certificates in a timely manner, which may hinder the implementation of our production and operation plans. As a result, our financial condition may be materially and adversely affected. See Appendix IV — "Property Valuation" for further details.

We have limited control over the CDCs and local distributors who purchase and on-sell our products.

Substantially all of our sales during the Track Record Period were made to CDCs and local distributors. Our customers purchase products which are sold through our supply chain and then on sell or provide our products to hospitals, POVs, lower level CDCs, or others. After we sell our products to our customers, we are unable to control the handling and storage of our products by our customers or others who may handle or store our products before they reach the end-users. There can be no assurance our customers will not mishandle our products, causing spoilage or contamination. Any such mishandling could potentially result in damage to our reputation, reduce demand for our products, or lead to lawsuits, which, with or without merit could divert our management's attention and financial resources from our daily operations.

If the products we distribute or promote for our suppliers or products manufactured by us fail to gain acceptance among CDCs, POVs, hospitals, doctors or patients, then our business, financial condition and results of operations may be materially and adversely affected.

The vaccines and pharmaceuticals we promote or distribute for our suppliers or the pharmaceutical products manufactured by us may not gain market acceptance among CDCs, POVs, hospitals, doctors, patients and the medical community, which would limit our ability to generate revenue and would materially and adversely affect our results of operations. CDCs, POVs, hospitals and doctors may not recommend products we promote or distribute for our suppliers or pharmaceutical products manufactured by us until clinical data or other factors demonstrate the safety and efficacy of these products as compared to other available treatments. Even if the clinical safety and efficacy of these products are established, CDCs, POVs, hospitals and doctors may elect not to recommend these products for a variety of reasons, including the reimbursement policies of government and third-party payers. There could be other or new vaccines, pharmaceutical products and treatment options to replace or substitute many of the products we distribute, promote or manufacture. If these products are not perceived as easy and convenient to use, are perceived to present a greater risk of side effects or are not perceived to be as effective as other available treatments, CDCs, POVs, hospitals, doctors, patients and vaccinees might not adopt these products. A failure of these products to gain commercial acceptance would have a material adverse effect on our business, financial condition and results of operations.

We have experienced problems with our internal controls. If we fail to develop and maintain effective internal controls over financial reporting, we may be unable to report our results in an accurate or timely manner and our business, results of operations and reputation may be materially and adversely affected.

Effective internal controls are necessary for us to provide reliable financial reports. If we fail to develop and maintain effective internal controls over financial reporting or if we fail to maintain adequate monitoring control on the outsourced functions, we may be unable to report our results in an accurate or timely manner and our business, results of operations and reputation may be materially and adversely affected.

In preparation for the Global Offering, we have conducted reviews of our internal controls in order to strengthen our internal controls over financial reporting and have identified certain internal control weaknesses relating to the submission of officially recognized tax receipts and the supporting documentation underlying some of our selling and marketing expenses.

During the Track Record Period, certain tax receipts from vendors submitted by some of our employees at the operating level were not officially recognized tax receipts. We have engaged local auditors in China to review these receipts during the Track Record Period. We have also paid outstanding tax amounts to ensure that these receipts are in compliance with the relevant local tax regulations and received relevant tax compliance certificates.

Certain of the marketing and promotion of Shusi, our self-manufactured pharmaceutical product, was outsourced to third party service providers. In conjunction with the preparation for the Global Offering, it was found that certain of the invoices provided to us by the third party service providers may not have been supported by proper invoices or other supporting documents which reflect the promotion of Shusi. See "Financial Information — Internal Controls Over Financial Reporting" for further information about our arrangements with these third party service providers. In view of this, we engaged an independent consultant to examine, among other things, our internal controls with respect to third party service providers and sales and marketing practices. The independent consultant identified, among other things, that our senior management team did not have thorough knowledge of the day to day practices of the marketing and promotion of Shusi by the third party service providers. Previously, our business practices with respect to Shusi differed significantly from those with respect to the other pharmaceutical products we market and promote, since we utilize only our in-house promotion teams to market our other pharmaceutical products in our pharmaceutical promotion and sales segment.

To address these weaknesses, we have implemented measures to improve our internal controls, and we intend to continue to monitor, test and enhance our internal controls. We plan to continue to invest resources to improve the effectiveness of our internal controls and procedures going forward and to closely monitor areas, such as the prior deficiencies described above, where we encountered problems in the past. In particular, we have engaged independent consultants to review and design new internal control systems on promotion expenses, conducted training for employees and management regarding promotion services and recordkeeping relating to selling and marketing expenses, implemented ongoing training relating to regulatory requirements and adopted a related code of conduct, hired additional internal auditors with relevant qualifications and implemented procedures for the submission and verification of officially recognized tax receipts.

Notwithstanding these measures taken to improve our internal controls, these measures have not been tested and may not be effective and the failure to develop and maintain effective internal controls over financial reporting or the failure to maintain adequate monitoring control on certain outsourced functions could adversely affect our ability to timely fulfill our financial reporting obligations and our business, results of operations and reputation may be materially and adversely affected. Any misstatements or adjustments due to errors or the failure to satisfy our reporting obligations on a timely basis could have a material adverse effect on our business, financial condition and results of operations. For further details, see the section headed "Financial Information — Internal Controls over Financial Reporting" in this prospectus.

We may fail to achieve the agreed minimum quantities of vaccines which we promote for our suppliers.

In some of our vaccine promotion and sales agreements, we have agreed to achieve the specified minimum quantities of vaccines we will sell in a given financial year. If we fail to achieve these

targets, we may have excessive inventory at year end, or be liable to pay the suppliers an agreed amount which is typically a portion of the missed targets and, the suppliers may terminate our promotion and sales contracts, which may have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

Our vaccine business may be adversely affected by product recalls or defects in the vaccine industry, and any other incident that negatively affects the reputation and public perception of the vaccine industry as a whole.

Both the manufacturing and distribution of vaccines are complex processes. In addition, vaccines must be stored properly in order to remain safe and effective. In the past, major vaccine manufacturers, some of which are currently our suppliers, have had instances of widespread product recalls due to product defects. Such recalls have in the past at times been subject to widespread media attention. Such recalls could damage both the reputation of major vaccine manufacturers, as well as the vaccine industry as a whole. In addition, there have been allegations that poor handling of vaccines by CDCs and sub-standard vaccines produced by certain suppliers have caused health problems among end-users. For example, in March 2010 there were allegations that vaccines were improperly stored and handled, and caused the deaths of four children and illness in 74 others in Shanxi province; in March 2010 there were allegations that a large amount of sub-standard rabies vaccines manufactured by a supplier in Jiangsu province were sold in the PRC market; in September 2010 there were allegations that a high school student in Guangxi died after receiving a measles vaccination (neither incident was caused by vaccines supplied by us or our suppliers); and in March 2011, the Japanese Health Ministry has temporarily suspended the use of Prevenar and another influenza vaccine in Japan pending the results of an investigation following allegations that four children have died after receiving of the vaccines. Such incidents have caused, and any future similar incidents and any negative publicity regarding the vaccine industry could cause, reputational damage to the vaccine industry and could reduce the demand for vaccine products by creating negative public perception of vaccines. Reduced demand for vaccine products would likely reduce our suppliers' demand for our services, which would materially and adversely affect our business, financial condition and results of operations. For example, the incidents in 2010 described above have negatively affected our business, financial condition and results of operations. For further information see the section headed "Summary — The Chinese Vaccine Market".

Changes in the regulatory framework of the PRC healthcare industry, including changes related to the PRC's latest healthcare reform plan, or any inability to obtain, maintain or renew the permits, licenses or certifications required to carry on our business may disrupt our business or results of operations.

The healthcare industry in China is highly regulated. We are governed by various local, regional and national regulatory regimes in all aspects of our operations, including licensing and certification requirements and procedures for manufacturers and distributors of vaccine, pharmaceutical and healthcare products, operating and security standards and environmental protection laws and regulations. We cannot give any assurance that the legal framework, licensing and certification requirements and enforcement trends in the healthcare industry (including the PRC government's current practice of no price control on the selling prices of Type II Vaccines sold by manufacturers and distributors) will not change, or that we will be successful in responding to such changes. Such changes may result in increased costs of compliance or restrict the conduct of our business, which would increase our costs and/or decrease our revenues, and may materially and adversely affect our business, financial condition and results of operations.

The PRC government announced and begun to implement a healthcare reform plan in 2009. The purpose of this healthcare reform plan is to provide Chinese citizens with safe, efficient, convenient and affordable healthcare by establishing a basic, universal healthcare framework. See "Industry

Overview — Latest Healthcare Reform Plan". We cannot give any assurance that the PRC government will continue to implement this healthcare reform plan or that this healthcare reform plan will continue to benefit the vaccine and pharmaceutical industries (for example, the current reform plan still focuses on disease treatments and primarily healthcare fields). We cannot assure you that we will be able to adapt to such changes in policy, and the failure to sufficiently and promptly respond to such changes may materially and adversely affect our business, financial condition and results of operations.

We have obtained permits, licenses and certifications required for the manufacture of our pharmaceutical products and distribution of vaccine and pharmaceutical products. These permits and licenses held by us are generally subject to periodic renewal and/or reassessment by the relevant PRC government authorities. The standards of such renewal or reassessment may change from time to time. Any failure by us to obtain, maintain or renew these permits, licenses and certifications could severely disrupt our business, and prevent us from continuing to carry on our business. Further, if new regulations come into effect requiring us to obtain any additional permits, licenses or certifications that were previously not required to operate our existing businesses, we cannot give any assurance that we may successfully obtain such permits, licenses or certifications.

We are subject to regular inspections, examinations, inquiries and audits by PRC regulatory departments as part of the process of maintaining or renewing the various permits, licenses and certificates required for the manufacture of pharmaceutical products and the provision of vaccine and pharmaceutical product distribution services. In the event that any of our products or facilities fail such inspections, our business, financial condition and results of operations may be materially and adversely affected.

Our business could be materially and adversely affected by the expansion of Type I Vaccines by the PRC government.

Vaccines in the Chinese market are divided into Type I and Type II Vaccines. Type I Vaccines are provided free of charge by the PRC government to end users while Type II Vaccines have to be paid for privately. The prices of Type I Vaccine are strictly controlled by the PRC government. In contrast, the PRC government imposes no price control on vaccine producers or distributors in relation to Type II Vaccines. If any of the Type II Vaccines which we distribute or promote face competition from other suppliers who distribute Type I Vaccines that are expanded by the PRC government, our sales volume and profit margin could be negatively affected, which could materially and adversely affect our business, financial condition and results of operations.

The existence of counterfeit vaccine and pharmaceutical products in China may damage the brand and reputation of the products of our suppliers and our manufactured products.

We promote, on behalf of various large global and domestic manufacturers, pharmaceutical products and vaccines in China. We also distribute vaccines and, to a lesser extent, manufacture certain medicines in China and are not currently aware of any situation where counterfeit products have been sold by us or under any of our brand names. Certain pharmaceutical products and vaccines distributed or sold in China may be counterfeit, meaning they were manufactured without proper licenses or approvals and fraudulently mislabeled with respect to their content and/or manufacturer. Such counterfeit pharmaceutical products and vaccines are generally sold at lower prices than the authentic products due to their low production costs, and in some cases are very similar in appearance to the authentic pharmaceutical and vaccine products. Counterfeit pharmaceutical and vaccine products may or may not have the same chemical content as their authentic counterparts. The counterfeit pharmaceutical and vaccine product regulation control and enforcement system in China is not able to completely eliminate the production and sale of counterfeit pharmaceutical and vaccine products. The continued proliferation of counterfeit pharmaceutical and vaccine products in recent years may create a negative image of manufacturers, distributors and promoters among consumers in China, and may severely harm the reputation and

brand name of companies like us and our suppliers. Furthermore, consumers may buy counterfeit pharmaceuticals and vaccines that are in direct competition with the pharmaceuticals and vaccine of our suppliers or with our pharmaceuticals in our manufacturing operations. As a result of these factors, a continued proliferation of counterfeit pharmaceutical and vaccine products in China could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to risks to violations of anti-corruption measures taken by the PRC government to prevent fraud and abuse in the vaccine and pharmaceutical industry.
In our vaccine and pharmaceutical business operations, we are subject to PRC laws and regulations relating to healthcare fraud and abuse and other anti-corruption measures. Weaknesses in the internal controls of companies in the vaccine and pharmaceutical industries in China may limit the ability of such companies to comply with the relevant laws, rules and regulations. See, for example, the section headed "Risk Factors — We have experienced problems with our internal controls. If we fail to develop and maintain effective internal controls over financial reporting, we may be unable to report our results in an accurate or timely manner and our business, results of operations and reputation may be materially and adversely affected." Our past or future failure to comply with these measures, or effectively manage our employees and affiliates, could have a material adverse effect on our business, financial condition and results of operations.

In the vaccine and pharmaceutical industries, corrupt practices may include, among others, acceptance of kickbacks, bribes or other illegal gains or benefits by CDCs, POVs, hospitals and doctors from manufacturers, distributors and promoters in connection with the prescription of certain products. If we, our employees or affiliates violate these laws, rules or regulations, we could be required to pay damages or fines. In the case of our distribution, promotion and manufacturing operations, the products involved may be seized and our operations may be suspended. Actions by PRC regulatory authorities or the courts to provide an interpretation of PRC laws and regulations that differs from our own or to adopt additional anti-corruption laws and regulations could also require us to make changes to our operations. Our reputation and our sales activities could be adversely affected if we become the target of any negative publicity as a result of actions taken by us, our employees or affiliates.

We may be materially and adversely affected by the imposition and enforcement of more stringent environmental and social regulations in China.
Our manufacturing operations are subject to environmental protection laws and regulations in China which impose fees for the discharge of waste substances, levy fines and claims for damages for serious environmental offences and allow the PRC government, at its discretion, to close any facility that fails to comply with orders requiring it to correct or stop operations causing environmental damage. Currently, our operations are in compliance with PRC environmental regulations in all material aspects. However, the PRC government has taken steps towards the adoption of more stringent environmental standards. If the PRC national or local authorities enact more stringent regulations, we may be required to make additional expenditures in order to comply with these regulations, which could have a material adverse impact on our financial condition and results of operations. In addition, we currently do not hold any liability insurance to protect us against claims related to potential violations of environmental regulations. Therefore, any significant environmental liability claims successfully brought against us would materially and adversely affect our business, financial condition and results of operations.

Our future growth may be constrained by PRC regulatory restrictions on foreign investment in the industries in which we operate.
China has relaxed restrictions on foreign investment in vaccine and pharmaceutical distribution industry following accession to the WTO. This has allowed a number of foreign participants to sell a substantial amount of vaccines and pharmaceutical products in the Chinese market. Thus far, we

have benefited from the entrance of foreign companies into the Chinese pharmaceutical market by entering into distribution and promotional arrangements with these companies. Some of our foreign partners include GSK, Sanofi Pasteur and Pfizer, which are based in Europe and the US. However, should the PRC government enact new regulations which hinder the ability of multinational companies to conduct business in China, our distribution and promotional services would be materially and adversely affected, which in turn would materially and adversely affect our results of operations and financial condition.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

The legal system in China is not fully developed and has inherent uncertainties that could limit the legal protections available to our shareholders.

Our business and operations are primarily conducted in China and are governed by PRC law, rules and regulations. Our PRC subsidiaries are generally subject to laws, rules, and regulations applicable to foreign investments in China. The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have limited weight as precedents. Since the late 1970s, the PRC government has significantly enhanced PRC legislation and regulations to provide protection to various forms of foreign investments in China. However, China has not developed a fully-integrated legal system, and recently-enacted laws and regulations may not sufficiently cover all aspects of economic activity in China. As many of these laws, rules and regulations are relatively new, and because of the limited volume of published decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and may not be as consistent and predictable as in other jurisdictions. In addition, the PRC legal system is based in part on government policies and administrative rules that may have a retroactive effect. As a result, we may not be aware of our violations of these policies and rules until some time after the violation. Furthermore, the legal protection available to us under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and may result in substantial costs and the diversion of resources and management attention.

Changes in political or economic policies of the PRC government, and a slowdown in China's economy may have an adverse impact on our operations.

During the Track Record Period, we derived substantially all of our turnover from our operations in China. Accordingly, our business, results of operations and financial condition are significantly affected by the political and economic conditions in China.

The economy of the PRC differs from the economies of most developed countries in a number of respects, including the degree of government involvement, control of capital investment, and the overall level of development. Before its adoption of reform and open door policies in 1978, the PRC primarily had a planned economy. Since then, the PRC government has been reforming the PRC economic system and government structure. These reforms have resulted in significant economic growth and social progress. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions. As a result, we may not continue to benefit from any of these measures.

We anticipate that sales of our products in China will continue to represent a substantial portion of our total sales in the near future. Any changes in the PRC's political, economic and social conditions, laws, regulations and policies or any significant decline in the condition of the PRC economy could adversely affect consumer buying power, result in a decrease in the growth rate of healthcare spending in China, and reduce consumption of our products, which in turn would have a material adverse effect on our business and financial condition.

The current global market fluctuations and economic downturn could materially and adversely affect our business, financial condition and results of operations.

The global capital and credit markets have recently experienced extreme volatility and disruption. Concerns over inflation and deflation, energy costs, geopolitical issues, the availability and cost of credit, the US mortgage market and a declining residential real estate market in the US and elsewhere have contributed to unprecedented levels of market volatility and diminished expectations for the global economy and the capital and consumer markets in the future. These factors, combined with declining business activities and consumer confidence and increased unemployment, precipitated an economic slowdown in the Chinese economy in 2009 and could lead to a greater slowdown in the future. As a result, consumer demand for our products may significantly decrease, thereby materially and adversely affecting our business, financial condition and results of operations.

Exchange rate fluctuations of the Renminbi may affect our results of operations.

The exchange rates between the Renminbi and the Hong Kong Dollar, the US Dollar and other foreign currencies are affected by, among other things, changes in China's political and economic conditions. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the US Dollar. Under the new policy, the Renminbi is pegged against a basket of currencies, determined by the PBOC, against which it can rise or fall by as much as 0.5% each day. This change in policy resulted in the value of the Renminbi appreciating more than 20% against the US dollar over the following three years. The Renminbi reached a high against the US dollar in July 2008 and subsequently traded within a narrow range against the US dollar, remaining within 1% of its July 2008 high, until September 2010 when it increased beyond such 1% band. Recent media and financial industry speculation has suggested that the PRC government may change its policy with regards to the Renminbi and allow it to appreciate against the US dollar. It is difficult to predict how long the current situation will last and when and how Renminbi exchange rates may change going forward.

Furthermore, we will need to convert part of the net proceeds from the Global Offering and future financing in foreign currencies into the Renminbi for our operational use in China. Appreciation of the Renminbi against the relevant foreign currencies would have an adverse effect on the Renminbi amount we receive following conversion. Very limited hedging transactions are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these transactions may be limited, and we may not be able to successfully hedge our exposure at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currencies. As a result, any significant revaluation of the Renminbi may have a material and adverse effect on our cash flow, results of operation and financial position.

It may be difficult to effect service of process upon us or our Directors or executive officers that reside in China or to enforce against them or us in China any judgments obtained from non-PRC courts.

We are incorporated in the Cayman Islands. Some of our Directors reside in China from time to time. Almost all of our assets, and some of the assets of our Directors are located in China. Therefore, it may not be possible for investors to effect service of process upon us or those persons inside China. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. On July 14, 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (the "**Arrangement**"), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court

agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition ad enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against our assets or Directors in China in order to seek recognition and enforcement of foreign judgments in China.

Furthermore, China does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, or most other western countries or Japan. Hence, the recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

Any future outbreaks of contagious diseases in China may have a material adverse effect on our business operations, financial condition and results of operations.

The outbreak of SARS in early 2003 led to a significant decline in business activities and substantially affected businesses in Asia. Certain countries, including China, have encountered incidents of influenza A (H1N1). We are unable to forecast the potential impact of another outbreak of any other serious contagious disease. In light of the nature of our business, it is also possible that the outbreak of certain contagious diseases could increase the demand for certain vaccine and pharmaceutical products, which may cause an increase in our sales. However, it is also possible that any such outbreak might disrupt our operations. It is possible that the PRC government could seize our supply drawn in a severe emergency. In addition, if any of our employees are identified as a possible source of influenza A (H1N1) or any other epidemic or serious disease, we may be required to quarantine the employees who are suspected of being infected, as well as others who have come into contact with those employees. We may also be required to disinfect any affected production facilities, which could cause a temporary suspension of operations at those sites. As a result, our business, financial condition and results of operations could be adversely affected. Even if we are not directly affected by the epidemic, an outbreak of influenza A (H1N1) or SARS or another epidemic or serious disease, whether inside or outside China, could slow down, disrupt or restrict the level of economic activity generally, which could also materially and adversely affect our business, financial condition and results of operations.

PRC regulation of direct investment and loans by offshore holding companies to PRC entities may delay or limit us from using the proceeds of the Global Offering to make additional capital contributions or loans to our PRC subsidiaries.

Any capital contributions or loans that we, as an offshore entity, make to our PRC subsidiaries, including from the proceeds of the Global Offering, are subject to PRC regulations. For example, any of our loans to our PRC subsidiaries cannot exceed the difference between the total amount of investment each of our PRC subsidiaries is approved to make under relevant PRC laws and the registered capital of each of our PRC subsidiaries, and such loans must be registered with the local branch of SAFE. In addition, our capital contributions to each of our PRC subsidiaries must be approved by MOFCOM or its local counterpart. We cannot give any assurance that we will be able

to obtain these approvals on a timely basis, or at all. Moreover, we may fail to pay up all registered capital of our PRC subsidiaries in a timely manner or at all. If we fail to obtain such approvals or make such payments, our ability to make equity contributions or provide loans to our PRC subsidiaries or to fund their operations may be negatively affected, which may materially and adversely affect our PRC subsidiaries' liquidity and ability to fund their working capital and expansion projects and meet their obligations and commitments.

We may be deemed a PRC "resident enterprise" under the new PRC Enterprise Income Tax Law and be subject to PRC taxation on our worldwide income.

On December 6, 2007, the State Council issued the Regulation on the Implementation of PRC Enterprise Income Tax Law, or the EIT Law, effective as of January 1, 2008, which defines the term "de facto management bodies" as "bodies that substantially carry out comprehensive management and control on the business operation, employees, accounts and assets of enterprises". Under the EIT Law, an enterprise outside of China whose "de facto management bodies" are located in China is considered a "resident enterprise" and will be subject to a uniform 25% enterprise income tax rate on its global income. In April 2009, the State Administration of Taxation further specified certain criteria for the determination of what constitutes "de facto management bodies" for foreign enterprises which are controlled by PRC enterprises. If all of these criteria are met, the relevant foreign enterprise controlled by a PRC enterprise will be deemed to have its "de facto management bodies" located in China and therefore be considered a PRC resident enterprise. These criteria include: (i) the enterprise's day-to-day operational management is primarily exercised in China, (ii) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organizations or personnel in China, (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in China and (iv) 50% or more of voting board members or senior executives of the enterprise habitually reside in China.

However, there have been no official implementation rules regarding the determination of the "de facto management bodies" for foreign enterprises which are not controlled by PRC enterprises (including companies like ourselves). We are currently not treated as a PRC resident enterprise by the relevant tax authorities. Since substantially all of our management is currently based in China and is expected to remain in China in the future, we cannot give any assurance that we will not be considered a "resident enterprise" under the new EIT Law and not be subject to the enterprise income tax rate of 25% on our global income.

Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to withholding taxes under PRC tax laws.

Under the EIT Law and implementation regulations issued by the State Council, unless otherwise provided in a treaty, PRC income tax at the rate of 10% is applicable to dividends payable to investors that are "non-resident enterprises" (that do not have an establishment or place of business in China, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) to the extent such dividends have their source within China. Similarly, any gain realized on the transfer of shares by such investors is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within China unless otherwise provided in a treaty. If we are considered a PRC "resident enterprise", it is unclear whether the dividends we pay with respect to our Shares, or the gain you may realize from the transfer of our Shares, would be treated as income derived from sources within China and be

subject to PRC tax. If we are required under the EIT Law to withhold PRC income tax on our dividends payable to our foreign shareholders who are not within China, or if you are required to pay PRC income tax on the transfer of your Shares, the value of your investment in your Shares may be materially and adversely affected.

We rely principally on dividends paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business.

We are a holding company incorporated in the Cayman Islands, and our business operations are primarily conducted through our PRC subsidiaries. We rely on dividends and other distributions paid by our PRC subsidiaries for our future cash needs which cannot be provided for by equity issuances or borrowings outside of China, including the funds necessary to pay dividends to our shareholders, to service any debt we may incur and to pay our operating expenses.

As entities established in China, our PRC subsidiaries are subject to limitations with respect to dividend payments. Regulations in China currently permit payment of dividends by PRC subsidiaries only out of accumulated profits as determined in accordance with the PRC GAAP. According to applicable PRC laws and regulations, each of our PRC subsidiaries is required to maintain a general reserve fund, a staff welfare fund and a bonus fund. Each of our PRC subsidiaries is also required to set aside at least 10% of its after-tax profit based on PRC GAAP, each year for general reserves until the cumulative amount of such reserves reaches 50% of its registered capital. These reserves are not distributable as dividends. Contributions to such reserves are made from each of our PRC subsidiaries' net profit after taxation. In addition, if any of our PRC subsidiaries incurs debt in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. As a result, each of our PRC subsidiaries is restricted in its ability to transfer its net profit to us in the form of dividends. If our PRC subsidiaries cannot pay dividends due to government policies or regulations, or because they cannot generate sufficient cash flow, we may not be able to pay dividends, service our debt or pay our expenses, which may have a material adverse effect on our business, results of operations and financial condition.

RISKS RELATING TO THE GLOBAL OFFERING AND OUR SHARES

There has been no prior public market for our Shares, and an active trading market may not develop.

Prior to the Global Offering, no public market existed for our Shares. The initial offer price range to the public for our Shares is the result of negotiations between us and the Joint Bookrunners on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. There can be no assurance that an active trading market for our Shares will develop following the Global Offering or, if it does develop, that it will be sustained or that the market price for our Shares will not decline below the initial offer price.

The price and trading volume of our Shares may be volatile, which could result in substantial losses for investors purchasing our Shares in the Global Offering.

Factors such as fluctuations in our revenue, earnings, cash flows, new investments, acquisitions or alliances, regulatory developments, additions or departures of key personnel, or actions taken by competitors could cause the market price of our Shares or trading volume of our Shares to change substantially and unexpectedly. In addition, stock prices have been subject to significant volatility

in recent years. Such volatility has not always been directly related to the performance of the specific companies whose shares are traded. Such volatility, as well as general economic conditions, may materially and adversely affect the prices of shares, and as a result investors in our shares may incur substantial losses.

Future sale or major divestment of shares by any of our substantial shareholders could adversely affect the prevailing market price of our Shares.

The Shares held by certain substantial shareholders are subject to certain lock-up periods, the details of which are set out in the section headed "Underwriting" in this prospectus. However, we cannot give any assurance that after the restrictions of the lock-up periods expire these shareholders will not dispose of any Shares. Sales of substantial amounts of our Shares in the public market, or the perception that these sales may occur, may materially and adversely affect the prevailing market price of our Shares.

Facts and statistics in this prospectus relating to China, the PRC economy and the industries in which we operate are derived from various sources and may not be fully reliable.

Certain facts and statistics in this prospectus related to China, the PRC economy and the industries in which we operate within China are derived from official government publications and other government sources generally believed to be reliable. While we have taken reasonable care to reproduce such information, we cannot guarantee the quality and reliability of the information contained in such sources. These facts and statistics have not been independently verified by us, the Sole Sponsor, the Underwriters or any of our or their respective affiliates or advisors, and therefore we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside China and may not be complete or up-to-date. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable from period to period or to statistics produced for other economies and should not be unduly relied upon. Further, we cannot give any assurance that they are stated with the same degree of accuracy as may be elsewhere. In all cases, investors should give careful consideration as to how much weight or importance they place on all such facts and statistics.

We may not be able to pay any dividends on our Shares.

We cannot guarantee when, if and in what form dividends will be paid on our Shares following the Global Offering. A declaration of dividends must be proposed by the Board and is based on, and limited by, various factors, including, without limitation, our business and financial performance, capital and regulatory requirements and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our shareholders in the future, even if our financial statements prepared under Hong Kong Financial Reporting Standards indicate that our operations have been profitable. For further details on our dividend policy, please refer to the section headed "Financial Information — Dividend Policy" in this prospectus.

Our Controlling Shareholders have significant influence over our management, and the interests of our Controlling Shareholders may not be aligned with our interests or the interests of other Shareholders.

Upon completion of the Global Offering, approximately 46.68% of our issued Shares will be held by our Controlling Shareholders. The interests of our Controlling Shareholders may conflict with the interests of our other shareholders. Following the completion of the Global Offering, Mr. Ng and Ms. Chin will continue to have significant influence over us, including on matters relating to

potential mergers, consolidations, the sale of all or substantially all of our assets, the election of Directors, and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of us, which could deprive our shareholders of the opportunity to receive a premium for their Shares as part of a sale of us or our assets, and might reduce the trading price of our Shares. Due to Mr. Ng and Ms. Chin's position, these actions may be taken even if they are opposed by our other shareholders, including those who subscribe for our Shares in the Global Offering. For more information regarding the share ownership of, and our relationship, with our Controlling Shareholders, see the section headed "Relationship with our Controlling Shareholders and Connected Transactions" in this prospectus.

As the Offer Price of our Shares is higher than our net tangible book value per Share, you will incur immediate dilution to your attributable net tangible book value per Share.

The Offer Price of our Shares is higher than our net tangible book value per share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma net tangible book value of HK$3.62 per Share based on our net tangible book value per share of HK$1.65 (assuming an Offer Price of HK$5.27, which is the mid-point of our indicative Offer Price range, and assuming the Over-allotment Option is not exercised), and our existing shareholders will receive an increase in the pro forma adjusted net tangible asset value per share of their shares. In addition, holders of our Shares may experience a further dilution of their interest if the Underwriters exercise the Over-allotment Option or if we obtain additional capital in the future through equity offerings.

Grants of Shares pursuant to the Pre-IPO Share Option Scheme could result in dilution to our Shareholders.

We have granted options pursuant to the Pre-IPO Share Option Scheme which will entitle participants in these share incentive schemes to receive Shares under certain circumstances. For further information about the Pre-IPO Share Option Scheme, see the section headed "Statutory and General Information — D. Pre-IPO Share Option Scheme". The exercise of options may result in an increase in our issued share capital, which in turn may result in a dilution of our existing Shareholders' shareholding interest in our Company and a reduction in earnings per Share.

Due to a gap of up to four business days between pricing and trading of the Offer Shares and that our Offer Shares will not commence trading on the Hong Kong Stock Exchange until the Listing Date, the initial trading price of the Offer Shares could be lower than the Offer Price.

The initial price for sale and subscription of our Shares to the public will be determined on the date of pricing, which is expected to be on or about April 14, 2011. However, our Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be four Business Days after the pricing date. As a result, you may not be able to sell or otherwise deal in our Shares during that period. Accordingly, you are subject to the risk that the prices of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

In preparation for Listing, our Company has sought the following waivers and exemptions from strict compliance with the relevant provisions of the Listing Rules and Companies Ordinance:

1. CONNECTED TRANSACTIONS

Members of our Group have entered into, and are expected to continue after the Listing, certain transactions, which will constitute non-exempt continuing connected transactions under the Listing Rules upon Listing. Our Company has applied to Hong Kong Stock Exchange for a waiver from strict compliance with the requirements regarding the announcements and independent shareholders' approval in respect of such non-exempt continuing connected transactions under Chapter 14A of the Listing Rules. The details of such waivers are set out in the section entitled "Relationships with our Controlling Shareholders and Connected Transactions" in this prospectus.

2. WAIVER FROM STRICT COMPLIANCE WITH RULE 17.02(1) (b) AND PARAGRAPH 27 OF APPENDIX 1A OF THE LISTING RULES AND A CERTIFICATE OF EXEMPTION FROM STRICT COMPLIANCE WITH THE DISCLOSURE REQUIREMENTS UNDER PARAGRAPH 10(d) OF PART I OF THE THIRD SCHEDULE TO THE COMPANIES ORDINANCE

Pursuant to Rule 17.02(1)(b) of the Listing Rules, our Company is required to disclose in the prospectus full details of all outstanding pre-IPO options and their potential dilution effect on the shareholdings upon Listing as well as the impact on the earnings per share arising from the exercise of such outstanding pre-IPO options in respect of the Pre-IPO Share Option Scheme. It is also required in Paragraph 27 of Appendix 1A of the Listing Rules that our Company shall disclose particulars including the consideration for which the options were or will be granted and the price and duration of the options, and the names and addresses of the grantees.

Pursuant to 342(1)(b) and Paragraph 10 of Part I of the Third Schedule to the Companies Ordinance, our Company is required to disclose in the prospectus the names and addresses of the grantees as well as the number of pre-IPO options granted to each grantee under the Pre-IPO Share Scheme and other required particulars such as the exercisable period, the price payable for subscription of shares in our Company under an option, and the consideration given for the grant of an option.

The directors of the Company believe that full compliance with the abovementioned requirements would be unduly burdensome for the Company for the following reasons:

(i) the Company has granted the pre-IPO options to 64 grantees, among which 57 are not Directors or members of the senior management of the Group but employees of the Group. Fifty-four grantees have received less than one million pre-IPO options. Due to the large number of grantees involved, strict compliance with the disclosure requirements under the Listing Rules and the Companies Ordinance in setting out full details of all grantees under the Pre-IPO Share Option Scheme would be unduly burdensome on the Company; and

(ii) each of the fifty-four grantees has received less than one million pre-IPO options; the aggregate number of shares to be subscribed pursuant to the exercise of these pre-IPO options was not material in the circumstances of the Company and disclosure of these grantees on an individual basis would therefore be irrelevant.

Our Company has applied to the Hong Kong Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and Paragraph 27 of Appendix 1A to the Listing Rules and the Hong Kong Stock Exchange has granted to our Company a waiver under the Listing Rules on the following conditions:

(i) there will be full disclosure on all pre-IPO options granted to Directors, directors of the subsidiaries, senior management of our Group, connected persons of our Company and employees of the Group who have been granted with more than one million pre-IPO options on an individual basis all the particulars required by Paragraph 10(d) of the Third Schedule to the Companies Ordinance, Main Board Rule 17.02(1)(b) and Paragraph 27 of Appendix 1A in the paragraph headed "Statutory and General Information — D. Pre-IPO Share Option Scheme" in Appendix VIII to the prospectus;

(ii) for the remaining grantees other than the persons mentioned in paragraph (i) above, disclosure will be made in the prospectus, on an aggregate basis, the following items (1) the aggregate number and the number of Shares underlying the pre-IPO options; (2) the weighted average exercise period of the pre-IPO options; (3) the consideration paid for the pre-IPO options which was nil; and (4) the weighted average exercise price of the pre-IPO options;

(iii) there will also be disclosure in the prospectus for the aggregate number of Shares underlying the pre-IPO options under the Pre-IPO Share Option Scheme and the percentage of our Company's issued share capital represented by them;

(iv) the dilution effect and impact on earnings per Share upon full exercise of the pre-IPO options in the paragraph headed "Statutory and General Information — D. Pre-IPO Share Option Scheme" in Appendix VIII to this prospectus;

(v) a full list of all the grantees who have been granted options to subscribe for Shares under the Pre-IPO Share Option Scheme, containing all the details as required under Rule 17.02(1)(b) and Paragraph 27 of Appendix 1A to the Listing Rules and Paragraph 10 of Part I of the Third Schedule to the Companies Ordinance, will be made available for public inspection in accordance with the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix IX to this prospectus; and

(vi) the grant of a certificate of exemption from strict compliance with the relevant Companies Ordinance requirements by the SFC.

Our Company has applied for a certificate of exemption under Section 342A of the Companies Ordinance from the SFC from strict compliance with the disclosure requirements under Paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance and the SFC has granted to our Company the exemption under the Companies Ordinance on the following conditions:

(i) there will be full disclosure on all pre-IPO options granted to Directors, directors of the subsidiaries, senior management of our Group, connected persons of our Company and employees of the Group who have been granted with more than one million pre-IPO options on an individual basis all the particulars required by Paragraph 10(d) of the Third Schedule to the Companies Ordinance in the paragraph headed "Statutory and General Information — D. Pre-IPO Share Option Scheme" in Appendix VIII to the prospectus;

(ii) for the remaining grantees other than the persons mentioned in paragraph (i) above, disclosure will be made in the prospectus, on an aggregate basis, the following items (1) the aggregate number and the number of Shares underlying the pre-IPO options; (2) the weighted average exercise period of the pre-IPO options; (3) the consideration paid for the pre-IPO options which was nil; and (4) the weighted average exercise price of the pre-IPO options; and

(iii) a full list of all the grantees who have been granted options to subscribe for Shares under the Pre-IPO Share Option Scheme, containing all the details as required in Paragraph 10 of Part I of the Third Schedule to the Companies Ordinance, will be made available for public inspection in accordance with the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix IX to the prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENT OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Hong Kong Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purpose of giving information with regard to our Company. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Sole Global Coordinator, the Joint Bookrunners, the Sole Sponsor, the Underwriters, any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering.

No representation is made as to the appropriateness, accuracy, completeness or reliability of any information or publication that is inconsistent or in conflict with the information contained in this prospectus and the Application Forms.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering", and the procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and in the relevant Application Forms.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

PRC APPROVAL AND REGISTRATION REQUIREMENT

Under the Rules on Acquisition of Domestic Enterprises by Foreign Investors in the PRC (關於外國投資者併購境內企業的規定, the "**M&A Rules**"), the approval of China Securities Regulatory Commission is required if an offshore special purpose vehicle controlled by PRC domestic companies or PRC resident natural persons acquires the equity interest of a PRC domestic company for the purpose of listing in the overseas equity market.

Further, registration with SAFE is required pursuant to the Notice on Foreign Exchange Control Issues Relating to Financing and Reverse Investment by Domestic Residents Through Offshore Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知), or Circular 75, if PRC resident legal or natural persons directly establish or indirectly control an offshore enterprise for the purpose of carrying out offshore equity financing with the assets or equity interests they hold in PRC domestic companies.

Our ultimate controlling shareholders, Mr. Ng and Ms. Chin are both not "PRC resident natural persons" under the M&A Rules or Circular 75. As such, the CSRC approval requirement under the M&A Rules and the registration requirement under Circular 75 are not applicable in the context of our Global Offering.

APPLICATION FOR LISTING OF THE SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the listing committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to (i) the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and (ii) the exercise of any options that may be granted under our Pre-IPO Share Option Scheme.

No part of our Shares is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Hong Kong Companies Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, our Shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Hong Kong Stock Exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, and dealing in our shares (or exercising rights attached to them). None of us, the Sole Global Coordinator, the Joint Bookrunners, the Sole Sponsor, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares.

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by its principal registrar, Codan Trust Company (Cayman) Limited, in the Cayman Islands and our Company's branch register of members will be maintained by its Hong Kong branch share registrar, Tricor Investor Services Limited, in Hong Kong. All Shares issued pursuant to applications made in the Global Offering will be registered on our Company's branch register of members in Hong Kong.

Dealings in our Shares registered in the share registrar of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of Shares will be paid to the shareholders listed on the Hong Kong branch share register of our Company, by ordinary post, at the shareholders' risk, to the registered address of each shareholder.

CURRENCY TRANSLATIONS

Unless otherwise specified, amounts denominated in RMB and US$ have been translated, for the purpose of illustration only, into Hong Kong dollars in this prospectus at the following rates:

HK$1.00:	RMB0.84
HK$7.79:	US$1.00

No representation is made that any amounts in RMB, US$ or HK$ can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

If there is any inconsistency between the Chinese names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations mentioned in this prospectus and their English translations, the Chinese names shall prevail.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Ng Tit	Flat A, 23F., Tower 1 Dynasty Court 23 Old Peak Road Hong Kong	Chinese
Ng Yuk Keung	Flat E, 3/F, Block 6 69 Siu Lek Yuen Road Castello Shatin New Territories Hong Kong	Australian
Non-executive Directors		
Chin Yu	Flat A, 23F., Tower 1 Dynasty Court 23 Old Peak Road Hong Kong	Chinese
Qian Wei	PMB370 500 West University Avenue El Paso Texas 79968 US	American
Stephen Cheuk Kin Law	Flat C, 6/F, Block 1 Ronsdale Garden 25 Tai Hang Drive Hong Kong	British
Independent non-executive Directors		
Yue Nien Martin Tang	Flat 603, 6/F, May Tower 1 7 May Road Hong Kong	Irish
Patrick Sun	Room A1, 3/F, Block A 41A Stubbs Road Hong Kong	Chinese
Lap-Chee Tsui	University Lodge No. 1 University Drive Hong Kong	Canadian

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Global Coordinator and Sole Sponsor	UBS AG, Hong Kong Branch 52nd Floor, Two International Finance Centre 8 Finance Street Central Hong Kong
Joint Bookrunners and Joint Lead Managers	UBS AG, Hong Kong Branch 52nd Floor, Two International Finance Centre 8 Finance Street Central Hong Kong Goldman Sachs (Asia) L.L.C. 68th Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong
Hong Kong Underwriters	UBS AG, Hong Kong Branch 52nd Floor, Two International Finance Centre 8 Finance Street Central Hong Kong Goldman Sachs (Asia) L.L.C. 68th Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong ABCI Capital Limited 13th Floor, Fairmont House 8 Cotton Tree Drive Central, Hong Kong
Legal advisors to our Company	*As to Hong Kong and US law* Freshfields Bruckhaus Deringer 11th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong *As to PRC law* King & Wood PRC Lawyers 28-30th Floor Huai Hai Plaza 1045 Huai Hai Road (M) Shanghai The People's Republic of China

	As to Cayman Islands law Conyers Dill & Pearman Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal advisors to the Underwriters	*As to Hong Kong and US law* Fried, Frank, Harris, Shriver & Jacobson 9th Floor, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC law* Jun He Law Offices 32nd Floor Shanghai Kerry Center 1515 Nanjing Road (W) Shanghai The People's Republic of China
Reporting accountants and independent auditor	KPMG Certified Public Accountants 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Property valuer	Vigers Appraisal & Consulting Limited 10th Floor, The Grande Building 398 Kwun Tong Road Kowloon, Hong Kong
Receiving bankers	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong The Bank of East Asia, Limited 10 Des Voeux Road Central Hong Kong Wing Lung Bank Limited 45 Des Voeux Road Central Hong Kong

Principal place of business and headquarter in China	10th Floor Asia-Pacific Enterprise Building No. 333 Zhaojiabang Road Shanghai The People's Republic of China
Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong registered under Part XI of the Hong Kong Companies Ordinance	Unit 2301-3 23/F, Henley Building 5 Queen's Road Central Hong Kong
Website of the Company	www.ntpharma.com *(The contents of the website do not form part of this prospectus)*
Company secretary	Ng Yuk Keung (CPA and FCCA)
Authorized representatives	Ng Tit Flat A, 23F., Tower 1 Dynasty Court 23 Old Peak Road Hong Kong Ng Yuk Keung Flat E, 3/F, Block 6 69 Siu Lek Yuen Road Castello Shatin New Territories Hong Kong
Audit Committee	Patrick Sun (Chairman) Yue Nien Martin Tang Lap-Chee Tsui
Remuneration Committee	Yue Nien Martin Tang (Chairman) Patrick Sun Ng Tit

Nomination Committee	Ng Tit (Chairman) Patrick Sun Yue Nien Martin Tang
Cayman Islands principal share registrar and transfer office	Codan Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Compliance advisor	Access Capital Limited Suite 606, 6/F Bank of America Tower 12 Harcourt Road Central Hong Kong
Principal bankers	The Bank of East Asia, Limited 38/F, BEA Tower Millennium City 5 418 Kwun Tong Road Kowloon Hong Kong ANZ 22/F, Raffles City 268 Xizang Middle Road Peoples Square Shanghai PRC China Construction Bank No. 399 Gulou Road Taizhou City Jiangsu PRC China Everbright Bank 1/F, Zhenghao Building No. 59 Guomaodadao Road Jinmao District Haikou City Hainan PRC

Certain information and statistics set out in this section have been extracted from various government publications, market data providers and other independent third-party sources. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy.

Certain information and statistics are extracted from certain industry reports prepared by Frost & Sullivan, dated February, April and December 2010, respectively, which are collectively referred to herein as the Frost & Sullivan Report. The information extracted from the Frost & Sullivan Report reflects an estimate of market conditions based on Frost & Sullivan's research and analysis. The information extracted from the Frost & Sullivan Report should not be viewed as a basis for investments provided by Frost & Sullivan and references to the Frost & Sullivan Report should not be considered as Frost & Sullivan's opinion as to the value of any security or the advisability of investing in our Company. While reasonable care has been taken in the extraction, compilation and reproduction of such information and statistics by our Company, neither we, the Selling Shareholders, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, affiliates or advisors, nor any party involved in this Global Offering have independently verified such information and statistics, and such parties do not make any representation as to their accuracy. The information and statistics may not be consistent with other information and statistics compiled within or outside China.

OVERVIEW OF THE PRC HEALTHCARE AND VACCINE MARKETS

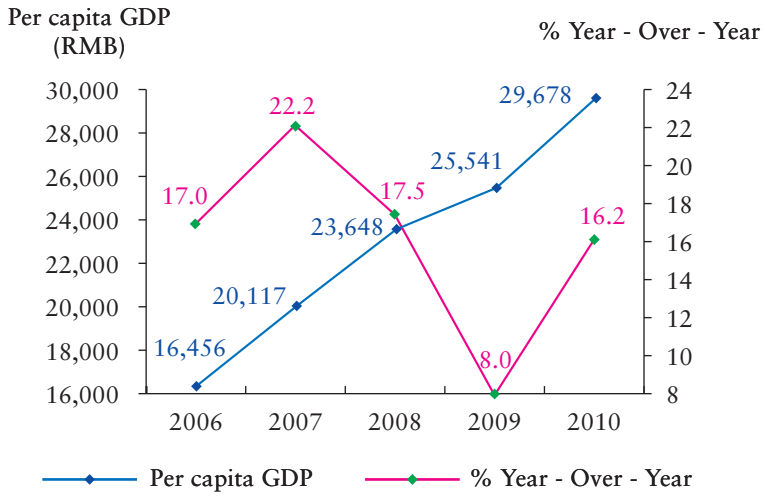
We operate in China's large and fast growing healthcare industry. We believe that the continual growth of the healthcare industry in China is driven by a combination of favorable socioeconomic factors including the growth of Chinese people's disposable income and spending on healthcare, the active support from the PRC government of healthcare spending and reforms, the size of the overall Chinese population and proportion of aging population, and the size of China's economy.

Primary Growth Drivers of the Healthcare Industry

Increasing disposable income and spending on healthcare

According to the PRC National Bureau of Statistics, from 2006 to 2010, the average per capita annual disposable income of China's urban residents increased from approximately RMB11,759 to RMB19,109, representing a CAGR of approximately 12.9%. According to the PRC National Bureau of Statistics, China's GDP grew at a CAGR of 16.5% from 2006 to 2010, and its per capita GDP

grew from RMB16,456 in 2006 to approximately RMB29,678 in 2010, representing a CAGR of 15.9%. During this period, national income and disposable income levels increased significantly. The following chart illustrates the growth of China's per capita GDP in the periods indicated:



Source: PRC National Bureau of Statistics

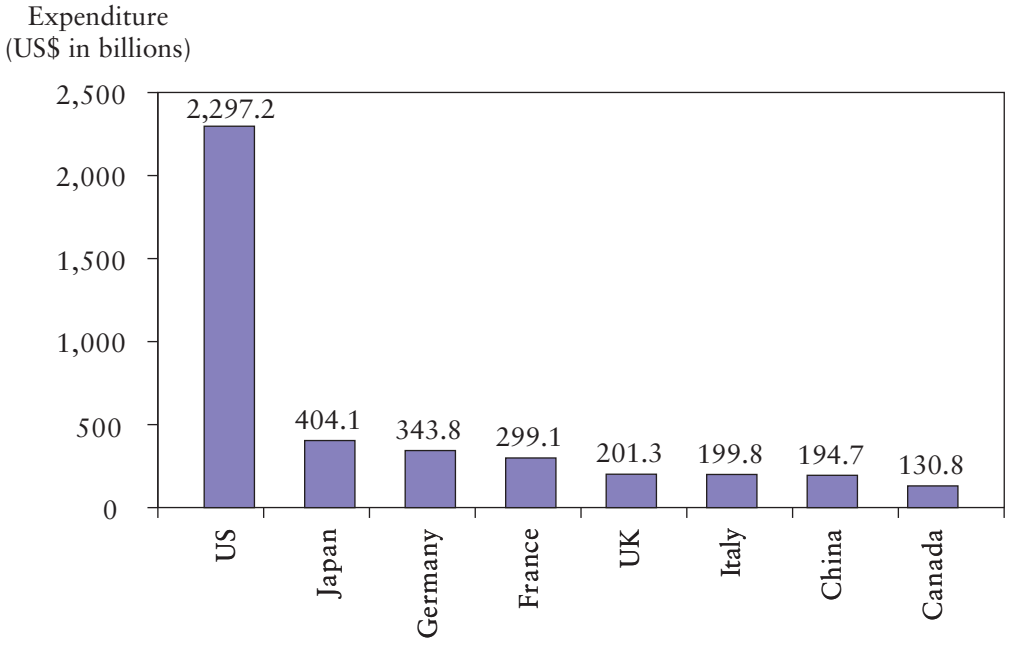
We believe that people in China have become more health conscious as living standards have risen and disposable incomes have increased and that they are more willing to use preventative healthcare products such as vaccines. According to the PRC National Bureau of Statistics, per capita expenditure on healthcare in China's urban and rural areas increased from approximately RMB476.0 and RMB115.8 respectively in 2003 to approximately RMB786.2 and RMB246.0 in 2008.

Population growth and increased life expectancy

We expect that the increasing proportion of people aged 65 or above within China's overall population will drive demand for healthcare. According to the PRC National Bureau of Statistics, the portion of the population aged 65 or above in China has increased from 7.5%, or approximately 96.9 million, in 2003 to 8.3%, or approximately 109.6 million, in 2008. We believe that contributing to this growth in the aging population, both as an absolute number and as a percentage of the total population, is the increase in life expectancy in China. According to Euromonitor International, the life expectancy for China's population increased from 71.1 years in 2003 to 72.6 years in 2009. We believe that the PRC healthcare industry will grow and benefit from the increase in China's aging population because the aging population has historically spent significant amounts on medicines and other healthcare products and chronic health problems such as arthritis, cardiovascular diseases and cancer are becoming more prevalent within China's aging population. As living standards improve in China, we believe that many lifestyle-related diseases are becoming more widespread and people are becoming more health conscious.

Healthcare Spending and Development

In terms of healthcare spending in 2009, according to Euromonitor International, China spent US$194.7 billion (approximately RMB1,324 billion) on healthcare. Compared to the United States, which, according to Euromonitor International, spent US$2,297.2 billion (approximately RMB15,621.0 billion) in 2009 and is the world's largest healthcare market, China's spending is relatively small. However, China's spending has been steadily increasing. According to the PRC National Bureau of Statistics, PRC healthcare spending has grown from RMB502.6 billion in 2001 to RMB1,129.0 billion in 2007, representing a CAGR of 14.4%. The following chart sets forth the total expenditure of the largest healthcare markets in 2009:



Source: Euromonitor International

According to the latest World Health Organization study available, China has approximately one-fifth of the world's population and a per capita expenditure on healthcare that is relatively low compared to other World Health Organization member nations, ranking only 123rd among all member nations in 2007. According to Euromonitor International, China's per capita total expenditure on healthcare grew from approximately US$81.1 per person (approximately RMB552) in 2005 to approximately US$146.6 per person (approximately RMB997) in 2009, representing a CAGR of approximately 16.0%. The following table sets forth healthcare expenditure information for the nine largest markets during the periods indicated:

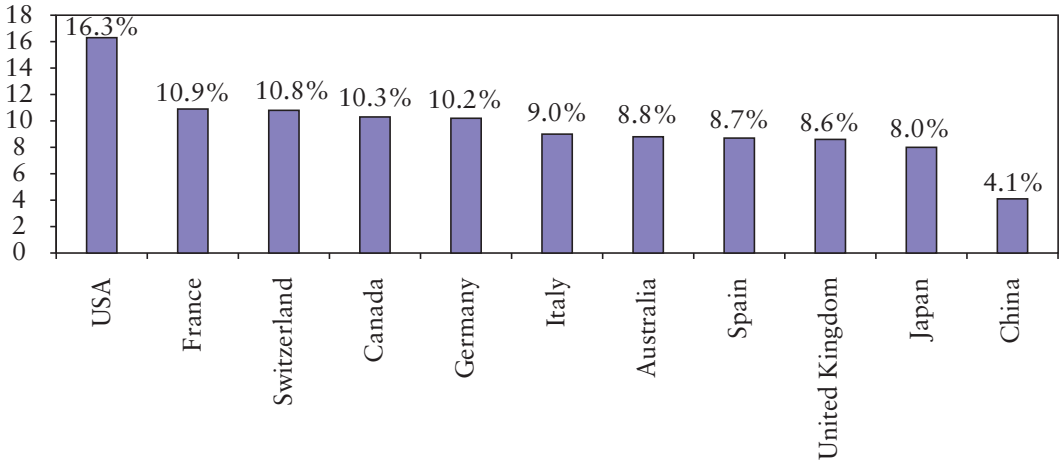
Total Healthcare Expenditure

Country	Total	Per Capita		
	2009	2005	2009	CAGR
	US$ bn	US$	US$	%
US	2,297.2	6,598.4	7,492.5	3.2%
Japan	404.1	2,921.5	3,166.8	2.0%
Germany	343.8	3,618.1	4,192.9	3.8%
France	299.1	3,924.9	4,789.0	5.1%
United Kingdom	201.3	3,112.4	3,267.2	1.2%
Italy	199.8	2,706.3	3,326.4	5.3%
China	194.7	81.1	146.6	16.0%
Canada	130.8	3,470.8	3,887.2	2.9%
Spain	130.2	2,179.6	2,860.3	7.0%

Source: Euromonitor International

According to Euromonitor International, the healthcare spending of most developed countries accounted for approximately 8% to 11% of GDP in 2009. As a percentage of GDP, China's expenditure on healthcare was approximately 4.1% in 2009, which is low in comparison to industrialized nations such as the United States and France who spent 16.3% and 10.9%, respectively, in the same year, each, according to Euromonitor International. However, as China's GDP continues to grow, we expect continued growth in China's healthcare spending so as to become more aligned with international standards. As a result of China's rapid growing economy, living standards have increased, leading to people in China becoming more health conscious. Together with an increasing aging population and corresponding increase of lifestyle-related disorders, and the active support from the PRC government (discussed below), we expect China's healthcare spending to be positively affected. The following chart sets forth the total healthcare spending of selected countries in 2009 as a percentage of their GDP:

Total Healthcare Expenditure as a Percentage of GDP (%)



Source: Euromonitor International

Latest Healthcare Reform Plan

In October 2008, a special inter-ministerial coordination working group of the State Council published a draft opinion on deepening the healthcare system reform aimed at minimizing the cost and easing the difficulties faced by PRC citizens in obtaining healthcare treatment. On March 17, 2009, the PRC government issued the Opinion on Deepening the Healthcare System Reform (中共中央國務院關於深化醫藥衛生體制改革的意見) (the "**Opinion**"). Subsequently, the State Council released the Notice on Important Implementing Plans for the Healthcare System Reform 2009-2011 (國務院關於印發醫藥衛生體制改革近期重點實施方案的通知 (2009-2011)) (the "**Implementing Plan**"). The purpose of this healthcare reform plan is to provide Chinese citizens with safe, efficient, convenient and affordable healthcare by establishing a basic, universal healthcare framework. The Opinion calls for healthcare reform to be carried out in two steps:

- Step One — the PRC government will build a network of basic healthcare facilities, expand the coverage of the basic medical insurance system to cover 90% or more of the population, and reform the medicine supply and public hospital systems. This phase will be completed by 2011 and aims to increase accessibility to healthcare while reducing the cost of healthcare.
- Step Two — this involves establishing a basic healthcare system where the entire population would be covered by public medical insurance. Citizens should have better access to medicines and medical services and affordable public healthcare facilities according to the Opinion. This phase will take place between 2011 and 2020.

Under the healthcare reform plan, the additional funding from the PRC government for the healthcare industry will primarily target four fundamental healthcare systems in China:

- *The public health services system*. This system will provide services including immunizations, regular physical check-ups (for senior citizens over 65 years of age and children under three years of age), pre-natal and post-natal check-ups for women, prevention of infectious or chronic diseases and other preventative and fitness services. The focus is to prevent disease and promote health as a complementary alternative to medical treatment.
- *The medical treatment assurance system*. This system covers medicines and medical treatment for the majority of the population. Based on the current framework of the basic medical treatment assurance schemes under the Implementing Plan, the healthcare reform plan will expand the schemes to cover a larger portion of the population and increase the scope of treatments. The reforms will also raise the cap on claim payments and cover more claims at higher percentages.
- *The healthcare delivery system*. One of the primary goals of the Implementing Plan is to increase the number of healthcare facilities around China and to improve the training of healthcare professionals. In addition to public wellness centers, the reform plan aims to place a medical clinic in every village and a hospital in every county by 2011. Furthermore, the PRC government will encourage private investors to establish public non-profit hospitals.
- *The medicine supply system*. This system regulates the pricing of medicines and determines how the medicines will be procured, prescribed and dispensed in healthcare facilities. The healthcare reform plan will focus on pricing, procurement, prescription and dispensing of essential medicines.

Healthcare Reform, Public Healthcare Services and Government Support for Vaccines

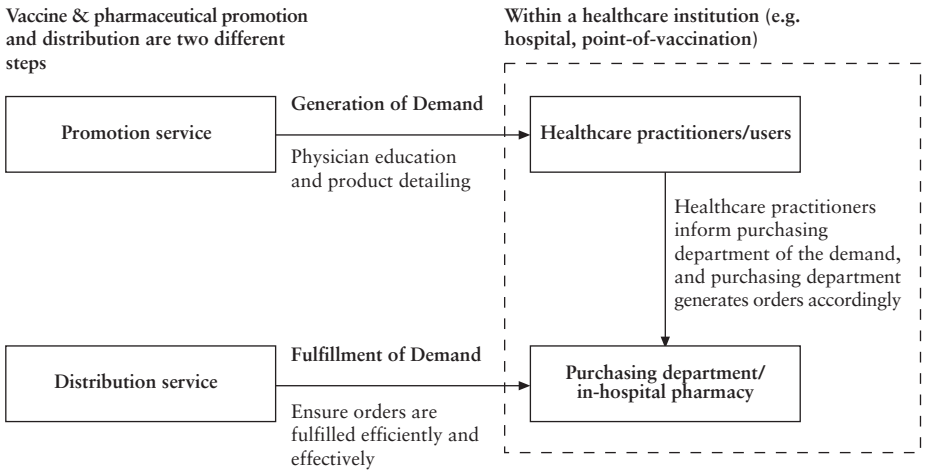
Following the announcement of the PRC healthcare reform plan, the PRC government announced a series of initiatives to increase spending on public healthcare services. As a part of the expansion of public healthcare services, we believe that the PRC government is trying to increase the Chinese population's vaccination rate, recognizing the cost-effectiveness of vaccines in the prevention of many diseases. The following is a brief description of some initiatives announced by the PRC government to increase its spending on public healthcare services:

- on April 20, 2009, Mr. Zhu Chen, the head of the MOH, announced five initiatives to be implemented by all PRC medical departments, institutions and personnel to broaden the reach of the PRC healthcare reform to the general population. The first initiative mentioned by Mr. Chen was that the government must promote equalization of the provisions of basic public healthcare services to urban and rural residents. He specifically mentioned provision of vaccines to urban and rural residents as a part of this initiative;
- on July 14, 2009, the MOH together with two other PRC governmental ministries issued a detailed opinion on how to promote equalization of the provisions of basic public healthcare services (including provision of vaccines to the general population) in China. The opinion mentioned that the average spending per capita on basic public healthcare services needs to be no less than RMB15 in 2009 and no less than RMB20 in 2011; and
- in June 2009, the PRC government announced six additional major public healthcare services initiatives. The initiative on top of the list was the increase of the hepatitis B vaccination rate for young people under the age of 15. The initiative stated that over the next three years, the PRC government plans to expand hepatitis B vaccination to include people born between 1994 and 2001. Approximately 2.3 million people would be given these Vaccines in 2009, covering around 31% of the targeted population group.

We believe that PRC healthcare reform and the government's increased spending on public healthcare services are expected to increase the demand for both Type I Vaccines and Type II Vaccines (please refer to the section below headed "Overview of the Chinese Vaccine Market" for a description of the Type I Vaccine and Type II Vaccine market segments). For a discussion of certain uncertainties with respect to the PRC healthcare reform plan, please see the section headed "Risk Factors — Changes in the regulatory framework of the PRC healthcare industry, including changes related to the PRC's latest healthcare reform plan, or any inability to obtain, maintain or renew the permits, licenses or certifications required to carry on our business may disrupt our business or results of operations".

Differences Between Promotion and Distribution Services in the Healthcare Industry

The paragraphs and chart below illustrate what we believe are the major differences between promotion and distribution services in the healthcare industry.



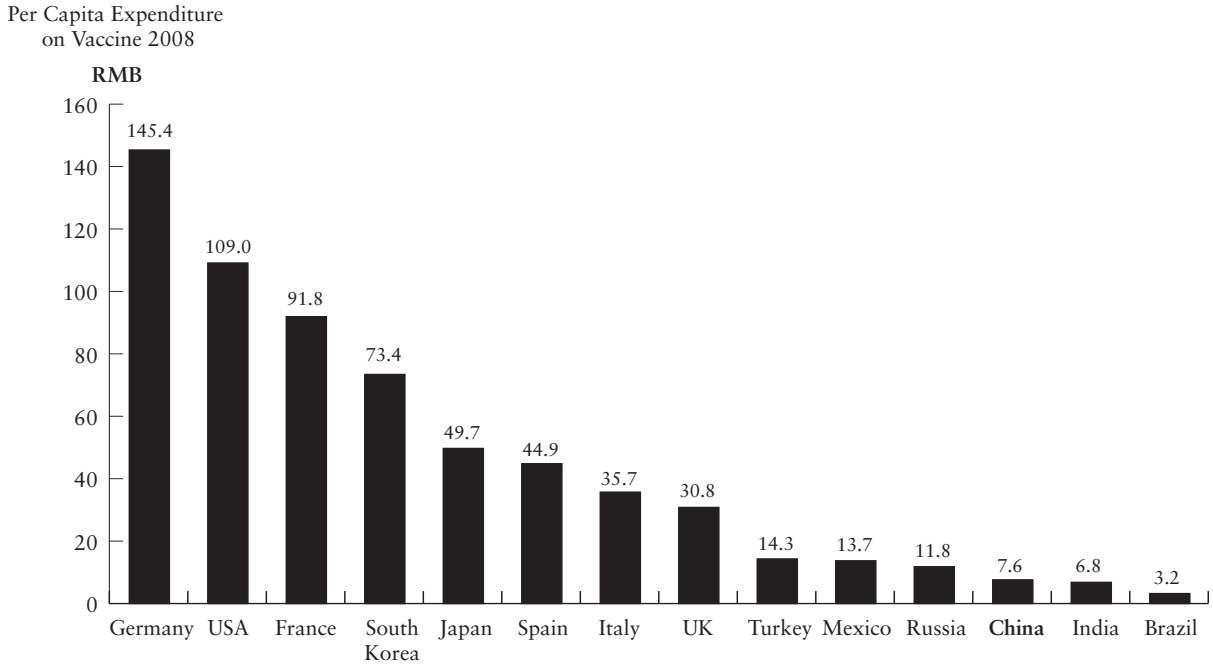
For pharmaceutical and vaccine products, purchasing decision makers generally do not directly place the orders. The demand is generated by educating the healthcare practitioners, or in some cases patients or end users, of the benefits of products based on their efficacy, safety, brand, and other crucial attributes. The demand is then communicated — via the way of prescriptions — to the purchasing department or the in-house pharmacy of the hospital or other healthcare institution, which then places orders accordingly.

As such, promotion and distribution are two different steps in the selling process. First, promotion teams mainly target healthcare practitioners and educate them on the attributes of the products through sales visits, seminars, conferences, advertising in industry publications, and promotional activities. Promotion is typically done by in-house teams of the manufacturers or third party promotion service providers.

Second, distribution and supply chain services work to ensure that orders are fulfilled effectively and efficiently. Distribution teams interact mainly with the purchase department of a healthcare institution. In the case of a hospital, such purchase department is typically an in-hospital pharmacy. Healthcare distribution and supply chain services typically include procurement, warehousing, storage, delivery, invoicing and payment collection. They also include other value-add services such as import agency, customs clearance, inventory management and analysis, electronic purchase orders and confirmation, packaging and repackaging, delivery of specialty products and others. All these services aim to ensure the demand is met and enhance the overall efficiency of the supply chain by completing or facilitating the flow of products, information, and payments. Distributors for pharmaceutical and vaccine products generally do not hire promotion staff and are not responsible for generating demand for the products.

Vaccine Spending in China

According to the Frost & Sullivan Report, in 2008, China's vaccine sales amounted to RMB10.1 billion. Using a population of 1.3 billion in 2008 according to the PRC National Bureau of Statistics, this would translate into a per capita expenditure on vaccines of approximately RMB7.6. This amount is significantly lower than the per capita expenditure on vaccines for other developed and developing countries. For the same period, the per capita expenditures on vaccines for Germany, US, South Korea and Japan were the equivalent of RMB145.4, RMB109.0, RMB73.4 and RMB49.7, respectively (calculated from the vaccine sales of RMB12.0 billion, RMB33.2 billion, RMB3.6 billion and RMB6.3 billion, respectively, according to the Frost & Sullivan Report). We believe the low per capita expenditure on vaccines in China represents significant growth potential for the Chinese vaccine market. The following table sets forth per capita vaccine expenditure information for nine developed countries and five developing countries in 2008:



Source: Frost & Sullivan Report (for the aggregate vaccine sales of each country)

Key Growth Drivers for Vaccines in China

The Chinese vaccine market has experienced rapid growth between 2006 and 2009, growing from RMB6.6 billion in value (i.e. distributors' sales value to CDCs including VAT) to RMB12.3 billion at a CAGR of 23.1% according to the Frost & Sullivan Report.

We believe the Chinese vaccine market will continue to experience rapid growth driven by the following factors:

- China has the largest population of any country in the world with 1.34 billion people, and a birth rate of 16 million newborns every year. Vaccines are typically given to newborns and healthy people to prevent diseases. We believe that China's large and growing population will increase the demand for vaccines.

- China has a low vaccination rate compared to both developed and other developing nations. For example, the Frost & Sullivan Report found that only 2% of the Chinese population had flu vaccination in 2008, compared to an average of 3% for other developing countries and 27% for the United States.
- China is increasing its spending on vaccines due to an increased awareness and acceptance of vaccines, affordability of vaccines and variety of vaccines available on the market. For example, according to the Frost & Sullivan Report, the market for Type II hepatitis B vaccines for children in China grew from RMB 270.0 million in 2006 to RMB 480.0 million in 2009, at a CAGR of 21.1%.
- Following the recent outbreak of the avian flu and H1N1, there is a greater emphasis on disease prevention at the national level, with an increase in investment in vaccines through research and development.
- China's healthcare reform is expected to push the government to increase spending on disease prevention measures such as the use of vaccines. The PRC government has implemented measures such as increasing vaccines covered under the Expanded Program for Immunization (i.e., Type I Vaccines) from six to 14 vaccines, establishing more vaccination facilities.
- An increase in the supply of vaccines to the market to make vaccines generally more available to the general population is expected. The market has historically experienced a short supply of vaccines, hence we believe that global and domestic manufacturers are focusing more on research and development and promotion efforts and are ramping up their supply in China and new manufacturers are entering the attractive PRC market to meet the growing demand.

Overview of the Chinese Vaccine Market

Product Segmentation

Vaccines in the Chinese market are divided into Type I and Type II Vaccines. Type I Vaccines are provided free of charge by the PRC government to end users while Type II Vaccines have to be paid for privately. The prices of Type I Vaccine are strictly controlled by the government. In contrast, the government imposes no price control on vaccine producers or distributors in relation to Type II Vaccines.

Type I Vaccines are typically purchased by the PRC government to provide to users for vaccinations against diseases which require mandatory vaccination. These vaccines are typically products with lower margins. The Type I Vaccine market has been and is expected to continue to be dominated by domestic manufacturers. In contrast, Type II Vaccines are considered to have better quality and safety records, and are preferred by end users and medical professionals despite being more expensive than Type I Vaccines. Global vaccine manufacturers accounted for over 33% of the Type II Vaccine market in 2009.

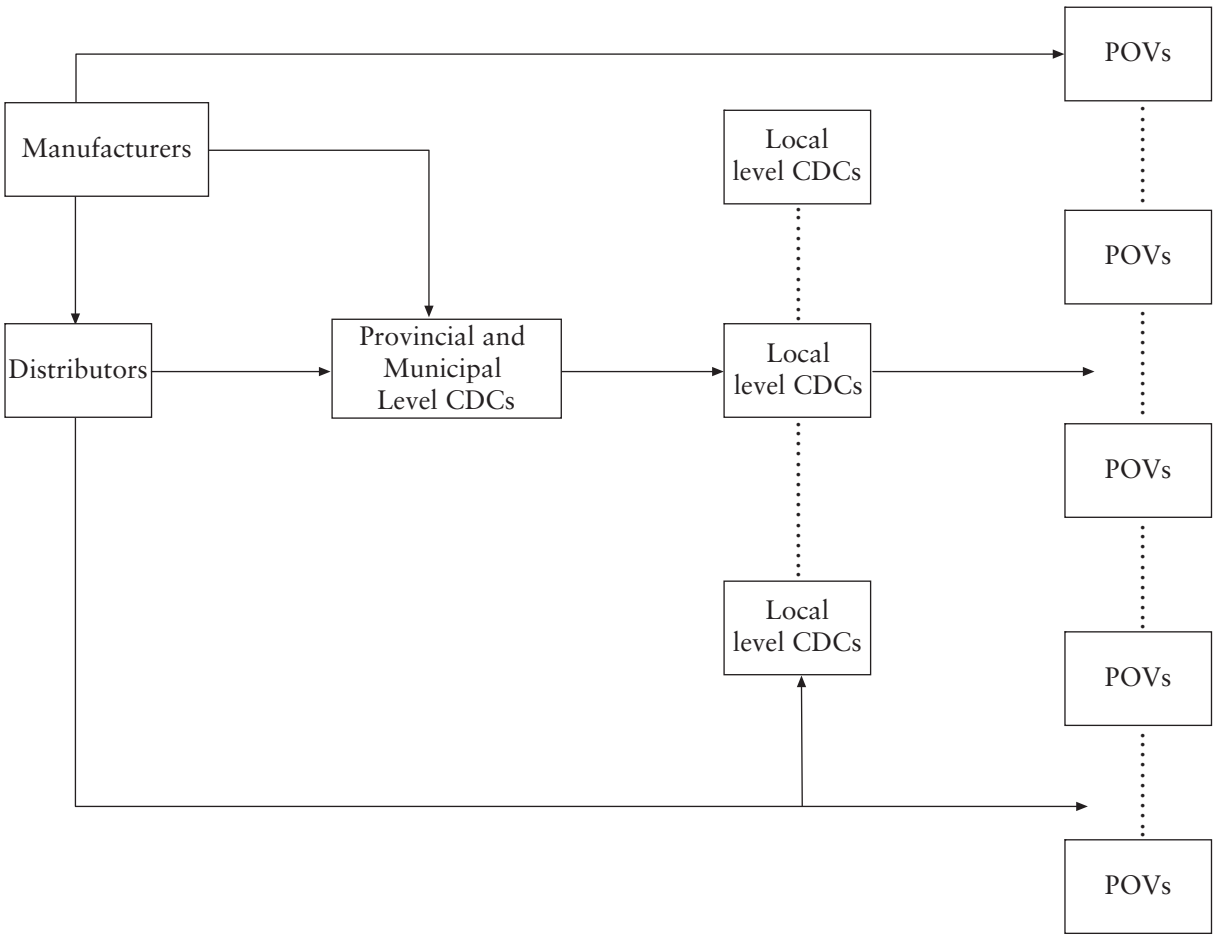
The table below sets out the historical growth rates for the Type I and Type II Vaccine value:

Year	Vaccine value (RMB billion)	
	Type I Vaccine	Type II Vaccine
2006	2.5	4.1
2007	3.2	5.5
2008	3.7	6.4
2009	4.4	7.9
CAGR 2006-09	20.7%	24.4%

Source: Frost & Sullivan Report

Vaccine value chain

While manufacturers can sell directly to CDCs and POVs if they obtain the proper distribution licenses, we believe that the vast majority of Type II Vaccines are sold through distributors in China, as distributors are able to connect a large number of manufacturers with CDCs and POVs. The diagram and paragraphs below illustrate what we believe are the distribution channel for vaccines in China.



Vaccines are usually supplied by the manufacturers and distributors to provincial or municipal level CDCs. These CDCs will then supply vaccines to local level CDCs in their supervised regions. Local level CDCs will in turn supply vaccines to POVs under their supervision. Vaccination is generally administered at POVs. POVs are community medical centers in cities or villages, clinics in obstetrician departments (for vaccinations for babies), temporary vaccination points set up for special groups of the population (e.g. migrant workers and their families) and special vaccination points offering vaccines to people living in remote areas. POVs are the most important channel driving demand for vaccine products as they reach a significant number of end users. According to the Frost & Sullivan Report, in 2009, there were 3,534 CDCs and 28,407 POVs across China.

The role of vaccine promotion services providers is to stimulate the demand of particular vaccines at POVs which will ultimately increase the orders for these vaccines from CDCs.

Competition in the Type II Vaccine manufacturing market

According to the Frost & Sullivan Report, in 2009, there were around 41 companies which manufacture Type II Vaccines for the Chinese market. The global vaccine manufacturers had an over 33% share of the Type II Vaccine market. The other domestic manufacturers are small to medium sized companies. The top five manufacturers of Type II Vaccines in 2009 (by ex-factory value) were CNBG, GSK, Sanofi Pasteur, Sinovac and Liaoning Chengda according to the Frost & Sullivan Report.

Vaccine Distribution Market

The vaccine distribution market grew from RMB4.1 billion in 2006 to RMB7.9 billion in 2009 at a CAGR of 24.4% according to the Frost & Sullivan Report. Below is a table showing the annual revenues and year over year revenue growth rates of the vaccine distribution market:

Year	Revenues	Year over Year Revenue Growth Rate
	(RMB Billion)	(%)
2006	4.1	—
2007	5.5	34.1
2008	6.4	16.4
2009	7.9	23.4

Source: Frost & Sullivan Report

Under the Regulation on the Administration of Circulation and Inoculation of Vaccines (疫苗流通和預防接種管理條例) (the "**Regulation**") which came into effect on June 1, 2005, vaccine manufacturers and distributors are permitted to sell Type II Vaccines directly to all levels of CDCs and POVs. Previously vaccine manufacturers and distributors were only permitted to sell Type II Vaccines to provincial and municipal level CDCs. However, according to the Frost & Sullivan Report, the presence of CDC oversight and regulation still restrains the free distribution of vaccines. Following the promulgation of the Regulation, we believe there has been, and we expect there will continue to be, significant growth in the Type II Vaccine distribution market in China.

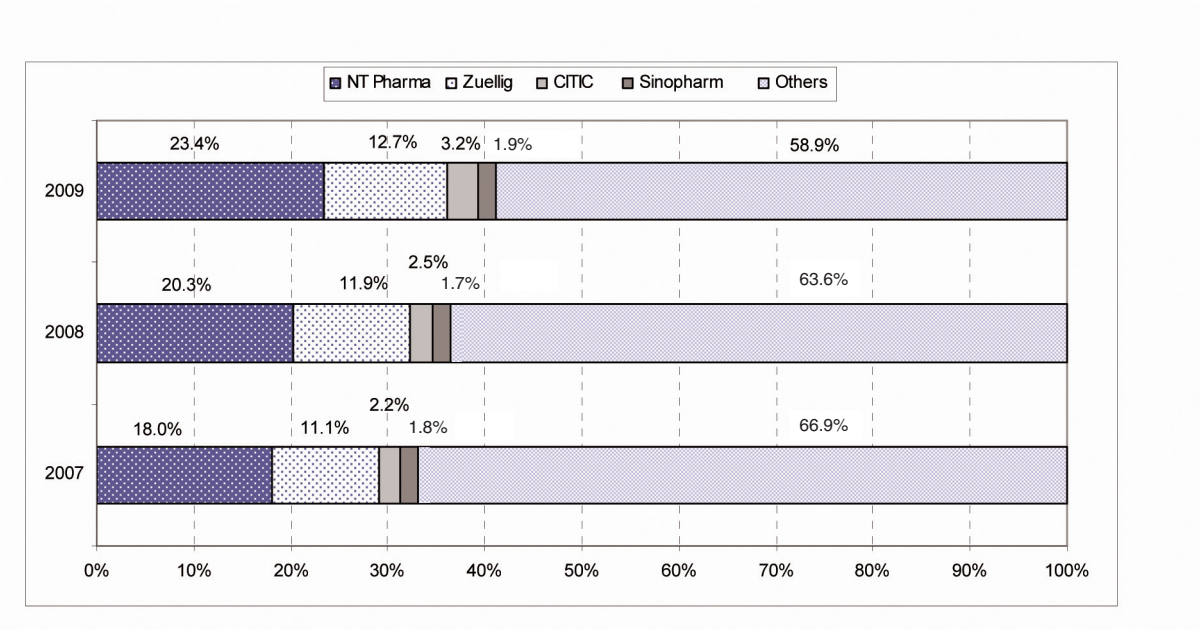
We believe that the growth of the vaccine distribution market in 2010 has slowed due to various events. For example, in March 2010 there were allegations that vaccines were improperly stored and handled, and caused the deaths of four children and illness in 74 others in Shanxi province; in March 2010 there were allegations that a large amount of sub-standard rabies vaccines manufactured by a supplier in Jiangsu province were sold in the PRC market and in September 2010 there were allegations that a high school student in Guangxi died after receiving a measles vaccination. None of the reported incidents involved vaccines supplied by us or our suppliers. However, partly as a result of such incidents, the CDCs shifted significant resources to implement extensive internal reviews of their operations in 2010, which resulted in the slow down of inspection, screening, and purchasing of vaccines by the CDCs. In addition, the publication of updated vaccine product composition standards in the 2010 Edition of the Chinese Pharmacopeia could also cause certain delays in supply of the certain vaccines in China. According to the Frost & Sullivan Report, it is estimated that the year-over-year growth rate of the PRC Type II Vaccine market in 2010 has slowed down to 7.6%.

According to the Frost & Sullivan Report, the vaccine distribution market is forecasted to grow from 2010 to 2015, driven primarily by the growth in the vaccine market and increasing distribution demand created by the vaccine manufacturers as the competition of the vaccine market increases and more vaccine manufacturers enter the market. For a discussion of certain factors that could restrain the growth of this market, please see the section headed "Risk Factors — Risks Relating to the Industry in which We Operate".

The vaccine distribution market has many participants. Only the Company and Zuellig Pharma Asia Pacific had revenue exceeding RMB1 billion in 2009 according to the Frost & Sullivan Report. The other notable players in the market are CITIC Pharmaceutical Co., Ltd. and Sinopharm Group Co., Ltd. with revenue around RMB250 million and RMB150 million in 2009, respectively. The remaining distributors are smaller domestic companies. As the market grows, we believe that the service capability and competitive advantage of leading vaccine distributors may be further enhanced by an increase in market demand and broadening and deepening customer coverage, among other factors.

According to the Frost & Sullivan Report, between 2007 and 2009, our company increased its market share in the vaccine supply chain market from 18.0% to 23.4% and increased its lead in

market share from the nearest competitor from 6.9% in 2007 to 10.7% in 2009.[1] According to the Frost & Sullivan Report, from 2007 to 2009, we had the largest market share and our market share was consistently larger than the combined market shares of our next three biggest competitors. Below is a chart showing the market shares for the vaccine distribution market between 2007 and 2009:



Source: Frost & Sullivan Report

Vaccine Promotion Market

Vaccine promotion refers to sales and marketing activities undertaken by vaccine manufacturers or third party service providers to educate CDCs, POVs and the general population of the benefits of particular vaccines in order to increase vaccine demand. Vaccine manufacturers promote their products either by using their own in-house teams, outsourcing promotion activities to third party promotion services providers, or both. One of the advantages of third party promotion services providers is that the third parties may have more extensive network coverage across China to promote their products more effectively and more cost effectively. Third party services providers may also have a diversified product portfolio which could enable CDCs to centralize their orders from a one-stop-supplier instead of dealing with a number of individual suppliers. For a discussion of certain disadvantages of third party promotion services providers, please see the section headed "Risk Factors — Risks Relating to the Industry in which We Operate — We operate in a highly competitive market and our business, financial condition and results of operations may be adversely affected if we are not able to compete effectively and the competition could negatively affect the overall market as well".

[1] Our market share in the vaccine supply chain market refers to the revenues generated by our vaccine supply chain business from sales of Type II Vaccines to provincial CDCs as a percentage of the aggregate revenues generated by all supply chain service providers from sales of Type II Vaccines to provincial CDCs.

The vaccine promotion market grew from RMB 4.8 billion in 2007 to RMB 7.3 billion in 2009 at a CAGR of 23.3% according to the Frost & Sullivan Report, with third party promotion services providers consistently making up more than half of the total market revenue. According to the Frost & Sullivan Report, the third party promotion market grew from RMB2.6 billion in 2007 to RMB4.2 billion in 2009 at a CAGR of 24.2%. Below is a table showing third party promotion service providers' annual revenues, revenue growth rates, and their collective share of the vaccine promotion market:

Year	Revenues	Revenue Growth Rate	Market Share
	(RMB Billion)	(%)	(%)
2007	2.6	—	55.0
2008	3.4	30.8	56.0
2009	4.2	23.5	57.9

Source: Frost & Sullivan Report

As the vaccine market is expected to grow rapidly, manufacturers' need for product promotion efforts should in turn increase the demand for third party promotion services.

According to the Frost & Sullivan Report, the vaccine promotion market is forecast to grow rapidly driven by, among others, the following factors:

- the competition in the vaccine market, causing manufacturers to carry out more promotion activities to differentiate their products from those of their competitors and strengthen their brands;
- the introduction of new vaccines to the market by manufacturers; and
- the continuous need to educate the population and increase awareness of vaccines for disease prevention purposes.

For a discussion of certain factors that could restrain the growth of this market, please see the section headed "Risk Factors — Risks Relating to the Industry in which We Operate".

According to the Frost & Sullivan Report, there are two third party vaccine promotion services providers in China with market share of greater than 4% in 2009, namely the Company and Chongqing Zhifei Biological Products Co., Ltd. There are also over 200 small-to-medium sized vaccine promotion companies with annual revenues between RMB 7-15 million focusing on specific provinces (i.e. they do not have an established nationwide network). In addition, the Frost & Sullivan Report found that there are private local dealers who are typically individuals and/or groups of individuals that are not associated with a registered company but rely on their government contacts to promote and sell vaccines for manufacturers. They do not have formal business structures and do not provide supply chain support and/or customer service.

The key end-users of the vaccine promotion market are children and adults who voluntarily take and pay for the vaccines.

According to the Frost & Sullivan Report and after excluding promotion services performed by manufacturers with their in-house teams (which results the third party vaccine promotion market), the Company has a leading market share of 8.7% in the third party vaccine promotion market in 2009, up from 0.4% in 2007 according to the Frost & Sullivan Report.[2] Chongqing Zhifei has the second largest market share of 4.7% in 2009.

Selected Key Vaccine Products in our Portfolio

Children hepatitis B

According to the Frost & Sullivan Report, the annual sales of hepatitis B Type II Vaccine for children in China grew from RMB270.0 million in 2006 to RMB480.0 million in 2009 at a CAGR of 21.1%. GSK's Engerix-B (Junior) is the top-selling hepatitis B vaccines in China with an estimated market share of 37.1% in 2009 according to the Frost & Sullivan Report.

Meningococcal

In 2007, China began to establish health programs to support meningococcal vaccination through inclusion of meningococcal vaccines into the national immunization programs. The PRC government is aiming to vaccinate all school aged children in 2010 on a nationwide level. According to the Frost & Sullivan Report, the 2 valent meningococcal vaccine market increased from RMB68.0 million in 2006 to RMB135.0 million in 2009, at a CAGR of 25.7%, and the 4 valent meningococcal vaccine market increased from RMB100.0 million in 2008 to RMB335.0 million in 2009. Sanofi Pasteur is one of the two major manufacturers of 2 valent meningococcal vaccines. Its Group A and Group C Meningococcal Polysaccharide Vaccines account for approximately 21% of the 2 valent meningococcal vaccine market in China with an estimated sale of RMB27.9 million in 2009 according to the Frost & Sullivan Report. Royal (Wuxi) Bio-Pharmaceutical Co., Ltd.'s products accounted for approximately 68.1% of the market with estimated sales of RMB91.9 million in 2009 according to the Frost & Sullivan Report.

Rabies

The annual demand for the rabies vaccine in China is around 20 million doses according to the Frost & Sullivan Report. There is currently a supply shortage of rabies vaccines on the market and the market grew from RMB0.70 billion in 2006 to RMB1.20 billion in 2009 at a CAGR of 19.7% according to the Frost & Sullivan Report. The increasing demand is partly attributable to increases in the rabies incidence rate. Liaoning Chengda Biopharm is the largest domestic rabies vaccine producer with an annual capacity of approximately 3 million doses. The main global rabies vaccine producers are Novartis and Sanofi Pasteur.

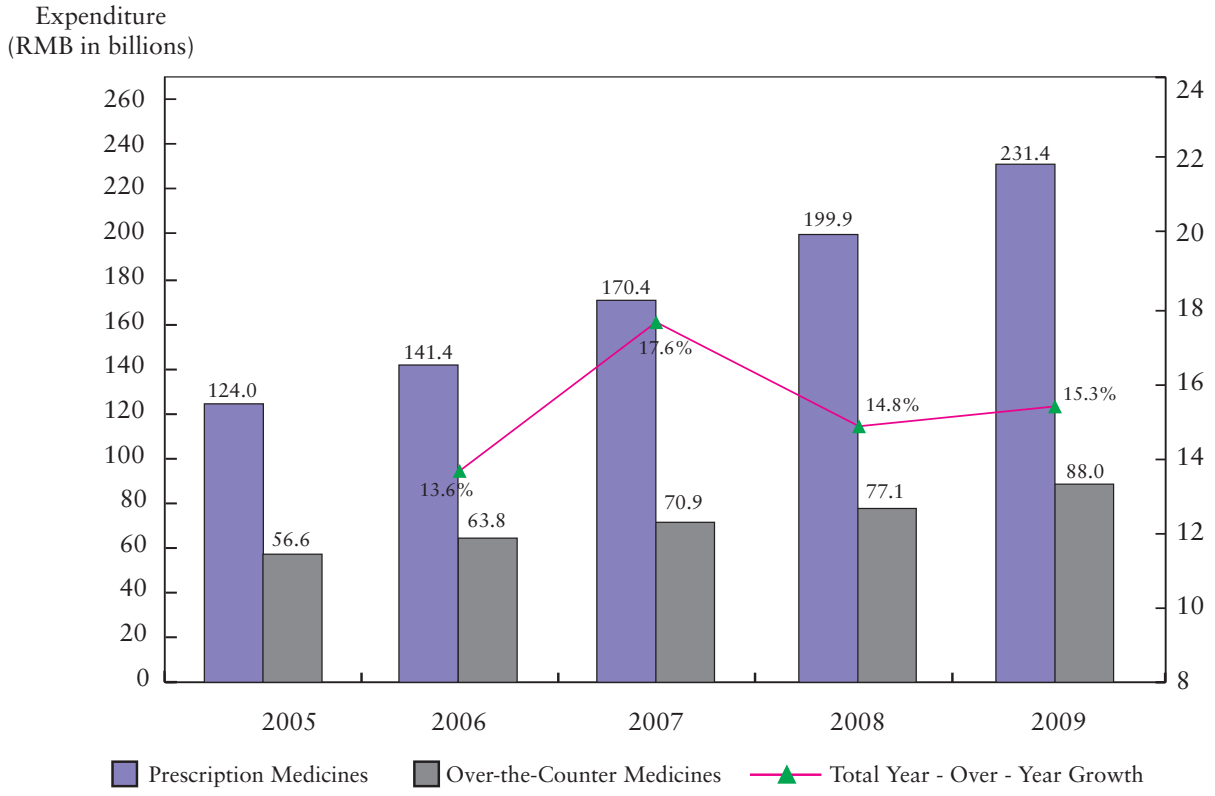
Hepatitis A vaccine

China has a high incidence rate of hepatitis A. The market for hepatitis A vaccines increased from RMB500 million in 2006 to RMB850 million in 2009 at a CAGR of 19.3% according to the Frost & Sullivan Report.

[2] Our market share in the third party vaccine promotion market refers to the revenues generated by our vaccine promotion business from sales of Type II Vaccines to provincial CDCs as a percentage of the aggregate revenues generated by all third party promotion service providers from sales of Type II Vaccines to provincial CDCs.

Pharmaceutical Sales in China

The pharmaceutical market has continued to grow in China for the past several years. According to Business Monitor International, the total sales of medicines in China reached US$46.8 billion (approximately RMB319.3 billion) in 2009. This represents an increase of 15.3% from 2008 and a 2005-2009 CAGR of 15.3%. The following chart sets forth the trend of PRC expenditure on prescription and over-the-counter medicines in the periods indicated:



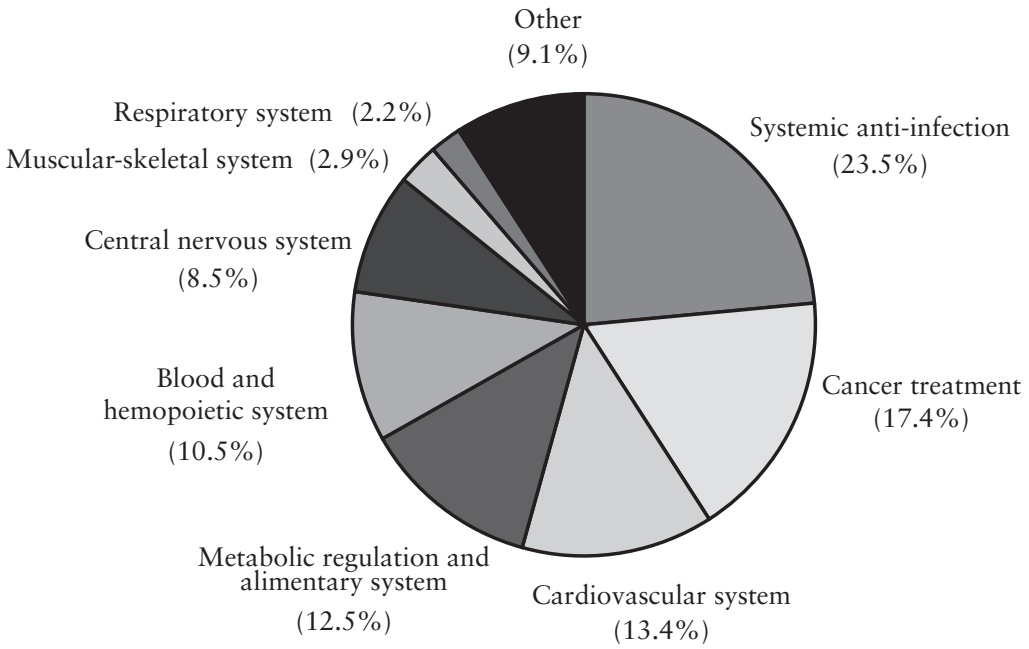
Source: Business Monitor International

We believe that the majority of pharmaceutical expenditure in China involves the sale of prescription medicines that are mostly made to hospitals. According to Business Monitor International, in 2009, the total sales of prescription medicines amounted to RMB231.4 billion, making up 72.5% of China's total expenditure on medicine sales. According to Business Monitor International, this was an increase from RMB124.0 billion in 2005 representing a CAGR of 16.9%. The remaining expenditure was on over-the-counter medicines where sales reached RMB88.0 billion in 2009, representing a CAGR of 11.6% from 2005 to 2009. Other than the primary growth drivers of healthcare spending in China described above, we believe that the growing trend of PRC consumers purchasing non-prescription, over-the-counter medicines in retail pharmacies that are not linked to hospitals is also driving medicine sales.

According to Business Monitor International, generics medicine sales reached RMB200.1 billion in 2009 accounting for approximately 62.7% of the PRC pharmaceutical market while patented medicines sales were RMB31.2 billion accounting for approximately 9.8% of the same market. According to Business Monitor International, between 2005 to 2009, sales of patented medicines grew at a slightly faster CAGR of 26.9% compared to the CAGR of generics medicines sales of 15.6%.

Therapeutic Categories for Medicines

According to MENET, the top three therapeutic categories of medicines sold in China during 2008 were systemic anti-infective medicines, cancer treatment medicines and cardiovascular system medicines accounting for approximately 23.5%, 17.4% and 13.4% of the PRC pharmaceutical market respectively. Below is a graph setting out the breakdown of the main therapeutic categories for the Chinese pharmaceutical market in 2008:



Source: MENET

Trends in the Pharmaceutical Promotion Market

We believe that sales and marketing, or promotion, practices in the Chinese pharmaceutical market have become more sophisticated over the years and there has been increased attention on clinical data and regulatory compliance. In China, we have found that global pharmaceutical firms have adopted their international-standard promotion strategy of focusing on the proven clinical data of their products in connection with promotion efforts and product support provided to doctors. According to the consulting firm IMS, the prescription medicine sales of the top 22 global pharmaceutical manufacturers in China grew 32.5% between 2007 and 2008. Four of the top five and ten of the top 20 pharmaceutical manufacturers by value in China were global firms, according to IMS. We believe that the success of the global firms in China has validated their promotion

strategy and domestic firms, particularly the larger ones, have followed suit in order to establish long-term success. In addition, we believe that this trend has also been helped by the clamping down on under-the-table dealings of the pharmaceutical companies by the PRC government which has largely improved the overall legal compliance of pharmaceutical promotion activities.

We expect that the Chinese pharmaceutical market has also presented substantial business opportunities for third party promotion services providers in recent years. We believe that this is attributable to the following factors:

- driven by their success in China on the one hand and global headcount and cost-reduction pressure on the other, large global pharmaceutical manufacturers have limited sales team capacity in China and are forced to be more selective in prioritizing promotion support for products in their large portfolio. As a result, they were relied on third party promotion services providers to promote a wider range of products in their portfolio in order to capture the revenue potential of additional products;
- for smaller global pharmaceutical companies whose operations have not reached sufficient scale in China, partnering with domestic promotion services providers has been a cost-efficient way to capture the vast potential of the Chinese pharmaceutical market; and
- many domestic pharmaceutical companies have historically focused on manufacturing and have not established in-house sales and marketing capabilities. As the promotion practices in China become more sophisticated and clinical-based, these companies have also looked to grow sales of their products by outsourcing to capable promotion services providers.

Competitive Landscape in the Third Party Pharmaceutical Promotion Market

The third party pharmaceutical promotion market comprises many players which provide promotion services for pharmaceutical products. We believe that the players compete on a number of factors, including expertise or specialization in particular therapeutic areas, hospital coverage, scale and quality of the sales teams, promotion services track record, regulatory compliance, and relationship with suppliers. Pharmaceutical promotion is highly product-specific. A third party pharmaceutical promotion service provider may compete against a group of competitors (including other third party promotion service providers or the manufacturer's own in-house promotion teams) for the promotion of one product and another group of competitors for a different product.

According to the Frost & Sullivan Report, in 2009, the largest third party pharmaceutical promotion services provider in terms of revenue in China was China Medical System Holdings Limited, with sales of approximately US$97 million. We were the second largest by revenue with sales of approximately US$93 million in 2009. The rest of the leading third party pharmaceutical promotion services providers each had revenues less than US$70 million in 2009. The other leading third party pharmaceutical promotion services providers include Eddingpharm, Honghui Medicine Co. Ltd., Profex Inc. and Jianan Pharmaceutical Limited.

Large Market Potential for "Originator Branded Generics" in China

In the United States and certain other more developed markets, sales of patent-protected medicines typically fall significantly after the patent expires as their generic equivalents take over the vast majority of the market quickly. However, in developing countries like China, we believe that patients and doctors alike pay more attention to the brands and credibility of pharmaceutical manufacturers in part due to their concern about safety and quality. As such, we believe that originator branded

generics, with their long-established history and well recognized brands, often command significant market share and present growth opportunities in China, although they are typically priced at a premium to their generic competitors. According to IMS, 15 out of the 70 top-selling prescription medicines in China are originator branded generics.

The Frost & Sullivan Report

We commissioned Frost & Sullivan to prepare certain reports on China's vaccine market and pharmaceutical promotion market which include current and forecast data and information. We paid a total fee of US$52,000 for the Frost & Sullivan Report in 2010. Our directors are of the view that the payment of the fee does not affect the fairness of conclusions drawn in the Frost & Sullivan Report.

Frost & Sullivan, founded in 1961, has more than 35 global offices with more than 1,800 industry consultants, market research analysts, technology analysts and economists. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, strategic and market planning which serve a variety of industries.

In updating the Frost & Sullivan Report, employees of Frost & Sullivan who specialize in the healthcare sector and who are responsible for conducting research on the development of the industry conducted field interviews and market analysis on industry trend and development. The research process involved both primary and secondary research.

Primary research required consultants to conduct both face-to-face interviews and telephone interviews with vaccine suppliers, customers, distributors and relevant healthcare institutions to obtain data such as revenue generated, demand and types of vaccines available on the market.

Secondary research is mainly desktop research of publicly-available data from industry, government, and other published sources. Frost & Sullivan verified the information through its primary market research.

For the vaccine industry, Frost & Sullivan conducted studies both within and outside China. As there is no reliable data from government statistics, or other published sources, the Frost & Sullivan Report is mainly based on its own primary research.

PRC REGULATORY FRAMEWORK GOVERNING THE PHARMACEUTICAL INDUSTRY

Our operations in China are subject to regulatory controls governing the PRC pharmaceutical industry. The *Law of the PRC on the Administration of Pharmaceuticals* (中華人民共和國藥品管理法) as amended on February 28, 2001 by the Standing Committee of the National People's Congress of the PRC, and effective on December 1, 2001, provides the basic legal framework for the administration of the production and sales of pharmaceutical products in China and covers areas including the manufacturing, trading, medical prescription, packaging, research, pricing and advertising of pharmaceutical products in China. Its implementation rules were set out under the *Implementation Regulations of the Law of the PRC on the Administration of Pharmaceuticals* (中華人民共和國藥品管理法實施條例), which came into effect on September 15, 2002.

The Pharmacopeia of the PRC (中華人民共和國藥典, the "**Pharmacopeia**") is an official compendium of specifications of medicines compiled by the Chinese Pharmacopeia Commission and ratified and published by the MOH in the PRC. Production, circulation and prescription of medicines and biological products (including vaccines) in China are required to be in compliance with the standards set out in the Pharmacopeia, which is updated periodically (since 1985 it has been updated every five years). Such requirements may relate to medicine composition, usage, prescription, properties, production, testing, transportation and validity. The 2010 edition of the Pharmacopeia has been effective since October 1, 2010. All national mandatory medicine standards are required to be compliant with the 2010 edition of the Pharmacopeia. The 2010 Pharmacopeia affected certain vaccine imports by certain non-PRC manufacturers. It is also stipulated that standards for medicines covered in the new edition of the Pharmacopeia will supersede all previous editions of the Pharmacopeia, and preceding standards promulgated by the MOH, criteria for approving new pharmaceutical products, and pharmaceutical products' standards enacted by local authorities which subsequently became national standards.

Major Administrative Authorities

We are subject to regulation and administration by different levels of governmental authorities in China. In particular, the SFDA and the Ministry of Health are two major bodies in China that have nationwide jurisdiction over the pharmaceutical industry.

SFDA

The SFDA was established to carry out the duties in respect of pharmaceutical matters as well as to coordinate and supervise the safety management of food products, healthcare products and cosmetics in China. The major responsibilities of the SFDA in respect of pharmaceutical products and healthcare products include:

(a) formulating and enacting policies concerning the safety of pharmaceutical products and medical devices, and supervising the implementation of relevant policies, drafting relevant laws or regulations;

(b) administrating and supervising the registration of pharmaceutical products and medical devices, formulating, supervising and implementing the national industry standards for pharmaceutical products and medical devices;

(c) organizing side effect reporting in connection with pharmaceutical products and medical devices, administrating the re-assessment and the phase-out of pharmaceutical products and medical devices;

(d) participating in the drafting of National List of Essential Drugs, and coordinating with relevant bodies in the implementation of essential medicine system and classification of over-the-counter medicines and prescription medicines;
(e) formulating administrative regulations, quality standards, and protection measures concerning Chinese and folk medicines;
(f) supervising and administrating the safety of pharmaceutical products and medical devices, disclosing safety information of such products to the public;
(g) supervising and administrating radioactive medicines, anesthetics, toxicants, and neuroleptic medicines;
(h) investigating and penalizing unlawful acts relating to the development, production, circulation and usage of pharmaceutical products and medical devices; and
(i) Instructing local authorities in the areas of pharmaceutical related administration, emergency handling, law enforcement, and establishment of information system.

Ministry of Health

The MOH is responsible for the supervision of public health and hygiene in China. The MOH is an authority at the ministerial level under the direct supervision of the State Council and is primarily responsible for national public health. Currently, the MOH focuses on matters relating to healthcare reform, implementation of the National Essential Drugs System, formulating development plans for nationwide healthcare system, disease control, healthcare emergencies, and supervision of healthcare institutions. The MOH is also responsible for supervising and overseeing the SFDA.

SALES OF PHARMACEUTICAL PRODUCTS

Permits and Licenses for Sales of Pharmaceutical Products

Under the *Measures for the Administration of Pharmaceutical Trading Permit* (藥品經營許可證管理辦法), effective on April 1, 2004, the establishment of a wholesale pharmaceutical distribution company is subject to the approval of the food and drug administration at the provincial level, while a retail pharmacy requires the approval of the local food and drug administration at or above the county level. The approval procedures involve inspection of the operator's facilities, warehouse, hygiene environment, quality control systems, personnel (including of whether pharmacists and other professionals have the relevant qualifications) and equipment. Upon approval, the authority will grant a pharmaceutical trading permit valid for a period of five years to such enterprises. Pharmaceutical manufacturing enterprises should apply for renewal of their permits not less than six months prior to the expiry date subject to reassessment conducted by the relevant authority.

In addition, a pharmaceutical operator must also obtain a business license from the SAIC.

GSP

GSP standards were laid down by SFDA's predecessor, the SDA, to regulate pharmaceutical wholesale and retail enterprises to ensure the quality of distribution of medicines in China. The current applicable GSP standards were passed by the then SDA and came into effect on July 1, 2000. They require wholesale and retail enterprises of pharmaceutical products in China to implement strict controls on the distribution of medicine products in respect of, among other things, staff qualifications, distribution premises, warehouse, inspection equipment and facilities, management and quality control, in order to obtain GSP certification to carry out business in China. As indicated

in the *Notice of SDA on the Implementation of the Certification of GSP* (國家藥品監督管理局關於實施GSP認證工作的通知) issued on February 19, 2002, the then SDA began accepting applications for GSP certification on March 1, 2002 and in accordance with the *Notice on the Acceleration and Implementation of GSP Certification* (關於加快GSP認證步伐和推進監督實施GSP工作進程的通知) issued on October 15, 2001, the then SDA required all pharmaceutical wholesale and retail enterprises to comply with GSP standards by the end of 2004 and obtain GSP certification. Under the *Administrative Measures for Certification of Good Supply Practices* (藥品經營質量管理規範認證管理辦法), announced on April 24, 2003, the GSP certificate is valid for five years and may be extended three months' prior to its expiration upon a re-inspection by the relevant authority.

Distribution of Vaccines

The State Council promulgated the *Regulations on the Administration of Circulation and Injection of Vaccines* (疫苗流通和預防接種管理條例), effective on June 1, 2005, which categorized vaccines into Type I Vaccines and Type II Vaccines subject to different levels of administrative control on its distribution. Type I Vaccines refer to vaccines provided by the government to citizens free of charge and include vaccines determined by the State's immunity plan, vaccines added by the provincial government authorities for the implementation of the State's immunity plan and vaccines used for emergent inoculations or mass vaccinations organized by the government authorities. Type II Vaccines refer to other vaccines with which the citizens are voluntarily inoculated at their own expense. Pursuant to the *Regulations on the Administration of Circulation and Injection of Vaccines*, pharmaceutical wholesale enterprises may engage in the business of vaccines upon approval and no pharmaceutical retail enterprise shall engage in such operations. Vaccine production enterprises or vaccine wholesale enterprises shall, according to the stipulations in government procurement contracts, supply Type I Vaccines only to CDCs at the provincial level or other CDCs designated by the provincial CDCs. CDCs at the provincial level shall organize the distribution of Type I Vaccines and distribute them to CDCs at the city or county level according to vaccine usage plans. Each CDC at the county level shall distribute Type I Vaccines to the inoculation entities and the medical and health institutions at the township level according to vaccine usage plans. Each medical and health institution at the township level shall distribute the Type I Vaccines to the village medical and health institutions undertaking the vaccination work. The distribution of Type I Vaccines shall be free of charge.

Vaccine production enterprises may sell self-produced Type II Vaccines to CDCs, inoculation entities and vaccine wholesale enterprises. Vaccine wholesale enterprises may resell Type II Vaccines to CDCs, inoculation entities and other vaccine wholesale enterprises. CDCs at the county level may supply Type II Vaccines directly to inoculation entities while CDCs at the city level or above may not supply Type II Vaccines directly to inoculation entities.

On March 8, 2006 and June 13, 2005, respectively, MOH issued the *Regulation on Vaccine Storage and Transportation* (疫苗儲存和運輸管理規範) and SFDA issued the *Opinion on Supervision and Administration of Vaccine* (疫苗經營監督管理意見) that laid down some general requirements in relation to the storage and transportation management, temperature control, staff qualification, and storage facilities of vaccines.

Provisions for Supervision of Drug Distribution

Pursuant to the *Provisions for Supervision of Drug Distribution* (the "**Provisions**") (藥品流通監督管理辦法) issued by the SFDA on January 31, 2007, only retailers and wholesalers of pharmaceutical products carrying pharmaceutical trading permits are permitted to engage in distribution of third-party pharmaceutical products. Pharmaceutical producers, however, are permitted to distribute self-manufactured products only. Producers and trading companies shall provide training to their sales personnel in relation to pharmaceutical-related legal and professional knowledge. In addition, the Provisions also require parties in the sales activities to provide or examine relevant documents and retain sales receipts with particulars of each transaction. Producers and trading companies are also required to comply with storage conditions as provided in product instructions.

Logistics

Pursuant to the *Regulation on Road Transportation of the PRC* (中華人民共和國道路運輸條例), which took effect on July 1, 2004, any enterprise engaged in the business of transporting goods must obtain a road transportation permit from the road transport administration authority at the county level.

In terms of the third-party logistics service concerning pharmaceutical products, the *Notice of SFDA on the Issues concerning Implementation of the Opinion on Strengthening the Supervision and Administration of Drug and Promoting the Development of Modern Drug Logistics* issued on June 29, 2005 (the "**SFDA Notice**", 國家食品藥品監督管理局就貫徹執行《關於加强藥品監督管理促進藥品現代物流發展的意見》有關問題發出通知) is also applicable. The SFDA Notice specified requirements for third-party logistics service providers of pharmaceutical products with respect to staff qualification, storage, facilities, and information system.

Drug Import

Pursuant to the *Measures on Registration and Administration of Medicines* (藥品註冊管理辦法) effective on October 1, 2007, medicine importers may only import approved medicines with a Certificate of Registration of Imported Medicine (進口藥品註冊證), or in the case of Hong Kong, Macau or Taiwan produced medicines, a Certificate of Registration of Pharmaceutical Product (醫藥產品註冊證). Application for registration of imported medicines will be approved if such medicines have obtained approval in the manufacturer's home country. If not so, the relevant medicine must be confirmed by the SFDA as safe, effective and under clinical demand. Also, manufacturers of imported medicines have to comply with the relevant requirements of the GMP adopted by the manufacturer's home country as well as those adopted in China. Registration of imported medicines requires the support of experimentally proven evidence obtained from the clinical research. The approval from SFDA to perform clinical research for the medicine must first be obtained. After the clinical research on the subject medicine is completed, applicants are required to submit the relevant clinical research information, medicine samples and additional information to the SFDA. Laboratories appointed by the PRC government will examine the medicine samples and report the results to the SFDA. The SFDA will then perform a final review of the application of the subject medicine proposed to be imported.

Drug importers are also subject to *the Administrative Measures for the Import of Drugs* (藥品進口管理辦法) which took effect on January 1, 2004. Importers are required to report to the local food and medicine administration which has jurisdiction over the import port before proceeding to custom clearance. And in the case of certain biological products, medicines introduced to China for the first time, and other medicines prescribed by the State Council, a port inspection is also compulsory.

MANUFACTURING OF PHARMACEUTICAL PRODUCTS

Permits and Licenses for Manufacturing of Pharmaceutical Products

According to the *Law of the PRC on the Administration of Pharmaceuticals* (中華人民共和國藥品管理法) and its implementation rules, before the commencement of the production business of pharmaceutical products in China, a pharmaceutical manufacturer must obtain a Pharmaceutical Production Permit (藥品生產許可證). The grant of such permit is subject to an inspection of the manufacturing facilities, and a finding that their sanitary condition, quality assurance systems, management structure and equipment meet the required standards. This permit is valid for five years and may be renewed at least six months prior to its expiration date upon a reexamination by the relevant authority.

In addition, before commencing business, a pharmaceutical manufacturer must also obtain a business license from the relevant Administration for Industry and Commerce.

GMP

In order to improve the quality of production of medicines, the GMP was introduced in China to ensure the production management and quality management of medicines. Strict controls are placed on qualification of staff, production premises and facilities, equipment, raw materials, hygiene conditions, production management, quality management, maintenance of sales records, maintenance of customer complaints and negative feedback reports.

The GMP standards currently applicable in China are the 2010 revised version promulgated by the SDA in January 2011. This version of the GMP has been effective since March 1, 2011. For GMP certification process, the *Administrative Measures for Certification of the GMP* (藥品生產質量管理規範認證管理辦法) issued by the SFDA in September 7, 2005 is applicable. The certificate is valid for five years and upon successful review upon expiry, the GMP certificate becomes valid for a term of another five years. Six months prior to the expiry dates of GMP certificates, manufacturers are required to apply for renewal of GMP certificates and become subject to the reassessment process.

Approval and Registration of Pharmaceutical Products

According to the *Measures on Registration and Administration of Medicines* (藥品註冊管理辦法) pharmaceutical products must be registered and approved by relevant authority before it can be manufactured. Different registration requirements and formalities are applicable to the registration of new, generic and imported medicines respectively.

New Pharmaceutical Products

A new pharmaceutical product must be registered and approved by the SFDA before it can be manufactured. The registration and approval process requires the manufacturer to submit to the SFDA a registration application containing detailed information concerning the efficacy and quality of the pharmaceutical products and the manufacturing process and the production facilities the manufacturer expects to use. To obtain the SFDA approval necessary for commencing production, the manufacturer is also required to conduct pre-clinical trials, apply to the SFDA for permission to conduct clinical trials, and, after clinical trials are completed, file clinical data with the SFDA for approval. In January 2009, the SFDA issued the *Provisions on Special Approval for the Registration of New Drugs* (新藥註冊特殊審批管理規定) that created a fast track process for the approval of certain new pharmaceutical products.

If a pharmaceutical product is approved by the SFDA as a new pharmaceutical product and such manufacturer meets the manufacturing requirements, the SFDA will issue a New Drug Certificate (新藥證書) together with an Approval Number (批准文號) to the manufacturer and may impose a monitoring period of not more than five years. During the monitoring period, the SFDA will monitor the safety of the new pharmaceutical product, and will not accept new pharmaceutical product certificate registrations for an identical medicine by another pharmaceutical company, approve changes to the ingredients of the registered pharmaceutical product to be identical to the new pharmaceutical product, nor approve the production or import of an identical pharmaceutical product by other pharmaceutical companies.

Generic Pharmaceutical Products

Application for generic pharmaceutical products refers to registration application for producing pharmaceutical products in line with existing national pharmaceutical products standard approved to be marketed by the SFDA and having the identical active ingredients, route of administration, dosage form, strength and therapeutic effects with the existing registered medicines. A generic pharmaceutical product may only be manufactured and marketed upon approval and grant of an Approval Number. The process of registration and approval involves technical review, on-site inspections by provincial level food and drug administration, and medicine testing conducted by qualified testing institutions, the results of which will be provided to the Center for Drug Evaluation of SFDA, where a general opinion will be formed. SFDA shall make a decision whether to grant the Approval Number based on the general opinion provided by the Center for Drug Evaluation.

Manufacturing Safety

Pursuant to the *Law of the PRC on Manufacturing Safety* (中華人民共和國安全生產法) effective on November 1, 2002, manufacturers must establish a comprehensive management system to ensure manufacturing safety in accordance with applicable laws and regulations. Manufacturers not meeting relevant legal requirements are not permitted to commence their manufacturing activities.

RECALL OF PHARMACEUTICAL PRODUCTS

Pursuant to the Measures on the Recall of Pharmaceutical Products (藥品召回管理辦法) (the "**Measures**"), which was issued by the SFDA on December 10, 2007, in the event that a certain pharmaceutical product poses a potential health hazard, the manufacturer of that pharmaceutical product is required to initiate the recall procedures for pharmaceutical products that are stipulated in the Measures. Manufacturers of pharmaceutical products shall, among other things, formulate a

product recall mechanism, collect and monitor safety information regarding pharmaceutical products, investigate, and assess pharmaceutical products that are likely to cause a potential hazard, and recall those that are identified as potential hazardous products. Further, under the Measures, sellers and healthcare institutions shall provide necessary assistance in the event of product recall, feedback recall information, and monitor and call back hazardous products. Depending on the nature of the potential hazard, the Measures classify recalls into three classes. Class I and II recalls apply to products that may cause serious harm, or temporary and reversible harm on health respectively. Class III recalls are initiated normally in the absence of potential health harm but for other reasons. Product recalls may be determined by the SFDA or its local counterparts, or initiated by the manufacturer itself.

REPORTING OF SIDE EFFECT

Under the *Measures for the Administration on Report and Monitoring of the Side Effect of Pharmaceuticals* (藥品不良反應報告和監測管理辦法) issued by MOH on March 4, 2004, manufactures and sellers of pharmaceuticals are required to report records of side effects to relevant Side Effect Monitoring Centers on a regular basis. Process and timeline for reporting, monitoring and investigating different level of adverse incidents involving medicines are also specified.

HEALTH CARE REFORM AND LIST OF ESSENTIAL DRUGS

On March 17, 2009, the State Council issued the *Opinions on Deepening Medical and Health Care System Reform* (關於深化醫藥衛生體制改革的意見), and subsequently laid down its implementation blueprint, which highlighted the objective of establishing the List of Essential Drugs System by 2011. MOH and other governmental authorities later enacted the *Provisional Measures on the Administration of National List of Essential Drugs* (國家基本藥物目錄管理辦法(暫行)), on August 18, 2009 that aims to ensure essential medicines to be sold to consumers at fair prices and thus improving access to basic healthcare services by the general public. As of the Latest Practicable Date, a *National List of Essential Drugs for the Basic Healthcare Institutions* (國家基本藥品目錄(基層醫療衛生機構配備使用部分)), that primarily apply to county-level hospitals, county-level Chinese medicine hospitals, rural clinics and community clinics, has been released. Drugs in such list were subsequently incorporated into the catalogue of medicines covered by national basic medical insurance, work injury insurance and maternity insurance (2009) (國家基本醫療保險、工傷保險、生育保險基本目錄[2009]).

PRESCRIPTION MEDICINES AND OVER-THE-COUNTER MEDICINES

In order to promote safety, efficacy and convenience in the use of pharmaceutical products, the SDA, published the *Trial Administrative Measures regarding the Classification of Prescription Drugs and Over-the-Counter Drugs* (處方藥與非處方藥分類管理辦法(試行)) in June 1999, which were implemented with effect from January 1, 2000. These administrative measures divide medicines according to their type, specification, the relevant disease or ailment which they are designed to treat, dosage and method of administration. Prescription medicines relate to those whose prescription, purchase and intake require prescription by practicing doctors or assistant doctors. Over-the-counter medicines relate to those whose prescription, purchase and intake do not require prescription by practicing doctors or assistant doctors. The prescription label of over-the-counter medicines are subject to the approval of SFDA.

The SFDA is responsible for the selection, approval, publication, and revision of the *State Non Prescription Medicine Catalog* (國家非處方藥目錄). Depending on the safety of the relevant medicine, over-the-counter drugs are further subdivided into type A and type B and administered separately. Manufacturers of both prescription and over-the-counter medicines are required to obtain a Pharmaceutical Production Permit and to obtain production approvals for the relevant medicines. Retailers and wholesalers of prescription medicines and over-the-counter medicines and retail outlets selling prescription medicines and type A over-the-counter medicines are required to obtain a Pharmaceutical Trading Permit. Retail outlets selling type B over-the-counter medicines require approval from the provincial food and drug administration or with the designated bureau. In addition, retail outlets selling type B over-the-counter medicines are required to have professionally trained and suitably qualified staff before engaging in the sale of type B over-the-counter medicines. Retail outlets are required to source their medicines from qualified manufacturers and operators holding the prerequisite permits and approvals.

PRICING POLICY

Certain prescribed pharmaceutical products sold in the PRC are under price control by the relevant PRC authorities. Pursuant to the *Opinion of the Bureau of State Planning Commission regarding Reforms on Price Administration of Pharmaceutical Products* (關於改革藥品價格管理的意見) issued by Bureau of State Planning Commission, the predecessor of the National Development and Reform Commission on July 20, 2000, and *Price-controlled Pharmaceutical Products Catalog of National Development and Reform Commission* (國家發展改革委定價藥品目錄) issued by the National Development and Reform Commission effective on August 1, 2005 and amended on March 5, 2010, prices of pharmaceutical products are either determined by the PRC government or by market conditions.

The prices of certain pharmaceutical products sold in China, primarily those included in the national and provincial Medical Insurance Catalog, are subject to price controls mainly in the form of fixed prices or price ceilings. Manufacturers and operators cannot set the actual price for any given price-controlled product above the price ceiling or deviate from the fixed price imposed by the government. The prices of medicines that are not subject to price controls are determined freely at the discretion of the respective pharmaceutical companies. Sales of pharmaceutical products by pharmaceutical manufacturers in China to overseas markets are not subject to any price control by the PRC government.

CENTRALIZED TENDERING SYSTEM FOR MEDICINE PURCHASES

The *Guiding Opinions concerning the Urban Medical and Health System Reform* (關於城鎮醫療衛生體制改革的指導意見), requires public hospitals and healthcare institutions to purchase medicines through a centralized tendering process. Further, the MOH and other relevant government authorities have promulgated a series of regulations in order to strengthen the implementation of the tendering requirements. On November 12, 2001, the MOH and five other ministries and commissions jointly promulgated the *Working Regulations of Medical Institutions for Purchase of Medicines by Centralized Tendering and Price Negotiations (Trial)* (醫療機構藥品集中招標和集中議價採購工作規範(試行)), to specify the tendering process requirements and ensure the requirements are followed uniformly throughout the country. The PRC government issued the *Tentative Supervisory Measures of Centralized Tender Purchase of Drugs by Medical Organizations* (醫療機構藥品集中招標採購監督管理暫行辦法), on November 12, 2001 which was superseded on July 15,

2010 by the Supervisory Measures of Centralized Purchase of Drugs (藥品集中採購監督管理辦法) to regulate centralized tendering activities. Centralized tendering system for medicine purchases were further perfected and modified with the promulgation of *Certain Measures on Further Regulating Medical Institutions through Centralized Tender Purchase of Drugs* (關於進一步規範醫療機構藥品集中招標採購的若干規定) and the *Opinions concerning Further Regulating Medical Institutions through Centralized Purchasing of Drugs* (進一步規範醫療機構藥品集中採購工作的意見), which expanded the application of centralized tendering system to pharmaceutical products (save for certain Chinese medicines) which accounted for more than 80% of the total expenses on purchase of medicines by medical organizations. The regulations also encourage medical organizations to conduct open tenders, proceed with the bidding process and conclude the transactions on the Internet so as to improve the transparency of the centralized tender process and facilitate the supervision by the government and the public.

In accordance with these regulations, public hospitals and healthcare institutions belonging to the people's government at the county level or above must comply with the centralized tendering process requirements. The tendering process is operated and organized by provincial and municipal government agencies such as provincial or municipal health departments. The centralized tendering process is typically conducted once every year in the relevant province or city in China. Public hospitals and healthcare institutions must purchase medicines included in the provincial medicine purchasing catalogs as formulated by the relevant provincial and municipal government authorities only through centralized tendering process, which primarily cover medicines in the basic medical insurance medicine catalog, and other medicines frequently purchased or used in clinical environment with the exception of certain special medicines.

ADVERTISING OF PHARMACEUTICAL PRODUCTS

Pharmaceutical manufacturers and sellers in China need to comply with the advertising requirements laid down in the *Reviewing Measures of Advertisement of Pharmaceutical Products* (藥品廣告審查辦法), *Reviewing and Publishing Standards of Advertisement of Pharmaceutical Products* (藥品廣告審查發布標準), the *Notice of SDA and State Administration for Industry and Commerce on Strict Review and Supervision of Advertisements of Pharmaceutical Products* (國家藥品監督管理局、國家工商行政管理總局關於加强藥品廣告審查監督管理工作的通知) and the *Notice of SDA on Application of the (Implementation Regulations of the Law on the Administration of Pharmaceuticals for Strict Review Standards of Advertisements of Pharmaceutical Products* (國家藥品監督管理局關於貫切《藥品管理法實施條例》加强藥品廣告審查管理工作的通知) issued on March 13, 2007, March 3, 2007, November 5, 2001 and September 5, 2002 respectively. These regulations prescribe the standards of advertisement applicable to pharmaceutical products. Prescription antibiotics cannot be advertised in mass media.

The Office of Review and Supervision of Pharmaceutical Advertisements of SFDA (國家食品藥品監督管理局廣告審查監督辦公室) is responsible for reviewing and supervising local offices of the SFDA on their work relating to the administration and approval of pharmaceutical advertisements.

ANTI-BRIBERY

Effective on November 15, 1996, the *Tentative Regulations on Prohibition of Commercial Bribery* (關於禁止商業賄賂行為的暫行規定) was enacted by the SAIC to curb commercial bribery practices. Accordingly, pharmaceutical manufacturers and distributors are prohibited from providing clients

with cash and other forms of rewards deemed as bribe, including but not limited to those paid in the name of promotion costs, publicity expense, contributions, research costs, remuneration, consulting fees and commissions, or by reimbursing all kinds of fees, or by providing overseas and domestic travel, in order to sell or purchase products.

PRODUCT LIABILITY AND PROTECTION OF CONSUMERS

Product liability claims may arise if the products sold have any harmful effect on the consumers. The injured party can claim for damages or compensation. The *General Principles of the Civil Law of the PRC* (中華人民共和國民法通則) which was effective from January 1987 states that manufacturers and sellers of defective products causing property damage or injury may incur civil liabilities.

The *Product Quality Law of the PRC* (中華人民共和國產品質量法) was enacted in 1993 and amended in 2000 to strengthen quality control of products and protect consumers' rights. This law states that manufacturers producing defective products can be liable for criminal liability and revocation of business licensees.

The *Law of the PRC on the Protection of the Rights and Interests of Consumers* (中華人民共和國消費者權益保護法) was promulgated on October 31, 1993 to protect consumers' rights when they purchase or use goods and accept services. All business operators have to comply with this law when they manufacture or sell goods and/or provide services to customers. Business operators have to assume criminal liability if their goods or services lead to death of customers.

INTELLECTUAL PROPERTY

Trademark

Registered trademarks in the PRC are protected under the *Trademark Law of the PRC* (中華人民共和國商標法) and the *Implementation Rules for the Trademark Law of the PRC* (中華人民共和國商標法實施條例). The period of validity of a registered trademark is 10 years from the date of registration, renewal is allowed thereafter and the period of validity of each renewal of registration is 10 years. The SAIC has the power to investigate and handle any act of infringement of the exclusive right to use a registered trademark according to law. Where the case is so serious as to constitute a crime, it shall be transferred to the judicial authority for handling.

The *Administrative Regulations on Pharmaceutical Product Prescriptions and Labeling* (藥品說明書和標簽管理規定) stipulates that pharmaceutical products with the same medicine specification and packaging specification that are produced by the same manufacturer are not allowed to use different trademarks.

Patent

The PRC allows patents for the protection of proprietary rights, as set forth in the *Patent Law of the PRC* (中華人民共和國專利法), patents relating to inventions are effective for 20 years from the initial date the patent application was filed. Patents relating to utility model and design are effective

for ten years from the initial date the patent application was filed. Any persons and entities using a patent in the absence of authorization from the patent owner or conducting other activities which infringe upon patent rights will be held liable for compensations to the patent owner, and subject to fines charged by relevant administrative authorities and even criminal punishments.

ENVIRONMENT PROTECTION

Pharmaceutical manufacturers in China also need to comply with the relevant laws and regulations passed by the State and local government environmental protection departments. The major relevant laws are the *Environmental Protection Law of the PRC* (中華人民共和國環境保護法), the *Law of the PRC on Prevention of Water Pollution Law of the PRC* (中華人民共和國水污染防治法), the *Implementation Rules of the Law of the PRC on Prevention of Water Pollution* (中華人民共和國水污染防治法實施細則), the *Law of the PRC on Prevention of Solid Waste Pollution* (中華人民共和國固體廢物污染環境防治法), and the *Law of the PRC on Prevention of Air Pollution* (中華人民共和國大氣污染防治法).

Enterprises discharging any pollutants in their daily operations and manufacture shall observe the national discharge standards which are regulated by the Ministry of Environmental Protection of the PRC, which has established various discharge standards, as amended and revised from time to time, with regards to discharge of water pollutants, solid pollutants, gas exhaust, noises and other pollutants.

According to the *Regulations on Administration of Construction Project Environmental Protection* (建設項目環境保護管理條例) and the *Law of the PRC on Environmental Impact Assessment* (中華人民共和國環境影響評價法), the PRC government has set up a system to assess the environmental impact from construction of project, and classify and administer the environmental impact assessment in accordance with the degree of the environmental impact. For any project the construction of which may result in a material impact on the environment, an environmental impact report which thoroughly assesses the environmental impact is required; for any project which may result in a slight impact on the environment, an environmental impact record analyzing or assesses the specific environmental impact is required; and for any project which may result in minimal impact on the environment, an environmental impact assessment is not required but filing an environmental impact form is required. Enterprises responsible for construction of the project must submit the aforesaid environmental impact documents to the relevant administrative departments of environmental protection for examination and approval. For any enterprise which fails to submit the aforesaid environmental impact documents according to PRC laws and regulations or if the documents are not approved after examination by the relevant administrative departments, the departments responsible for approving the relevant project shall not approve such project and the enterprise shall not commence the construction of the project.

On December 26, 2009, the Standing Committee of the National People's Congress of the PRC promulgated the PRC Tort Liability Law (中華人民共和國侵權責任法), which came into effect on July 1, 2010. With respect to the environment, the law highlighted the principle that polluters are to assume liability in respect of harm caused by environmental pollution, irrespective of whether they have breached national environmental protection regulations. Under the new Tort Liability Law, the party that discharged the polluting substance bears the evidentiary burden of demonstrating that it is not liable for the harm in accordance with relevant provisions of the law,

or that there is no causative link between its conduct and the harm caused to the victim. The law also provides that where the relevant environmental pollution was the fault of a third party, the person suffering harm as a consequence can claim compensation from either the third party itself or the party which actually discharged the polluting substance, with the polluter able to recover any damages paid to the victim from the third party if it can demonstrate that the environmental pollution was the third party's fault.

LABOR AND SOCIAL SECURITY

Labor Protection

According to the *Labor Law of the PRC* (中華人民共和國勞動法), which took effect on January 1, 1995, enterprises and institutions shall establish and perfect its system of work place safety and sanitation, strictly abide by State rules and standards on work place safety and sanitation, educate laborers of work place safety and sanitation.

The *Labor Contract Law of the PRC* (中華人民共和國勞動合同法) effective as of January 1, 2008 emphasizes the conclusion of employment contracts in written form and imposes severe consequences for non-compliance. If the employer fails to conclude a written employment contract with an employee for one month to one year after the actual commencement of work, the employer must pay the employee double salary for the relevant months. If the employer fails to conclude a written employment contract with an employee for more than one year after the actual commencement of work, an unfixed-term of contract is deemed to have been concluded. Enterprises and institutions are forbidden to force the employees to work beyond the time limit and the employers shall pay employees overtime work in accordance with national regulations. In addition, wages shall not be lower than local standards on minimum wages and shall be paid to the laborers timely.

Social Security

The PRC has established a social security system providing people with basic pension insurance, unemployment insurance, medical insurance, maternity insurance, work injury insurance, and housing funding by promulgating the *Social Security Law* (社會保險法), the *Provisional Regulations on the Collection and Payment of Social Insurance Premiums* (社會保險費徵繳暫行條例), *Regulations on Work Injury Insurance* (工傷保險條例), *Regulations on Unemployment Insurance* (失業保險條例), *Decision on Establishing a Unified Basic Pension Insurance System for Enterprise Employees* (關於建立統一的企業職工基本養老保險制度的決定), and many other regulations.

Any employer who fails to pay its social insurance premiums or withhold the employee's portion may be ordered by the PRC Ministry of Human Resources and Social Security or the PRC Tax Bureau to make such payments within a stipulated period, and may be liable for a penalty.

CORPORATE INCOME TAX

According to the "PRC Corporate Income Tax Law" (中華人民共和國企業所得稅法, the "**CIT Law**") enacted on March 16, 2007 and effective from January 1, 2008, a uniform income tax rate of 25% will be applied to PRC resident enterprises notwithstanding if such enterprises are foreign-invested. A resident enterprise (both FIE and domestic company) must pay enterprise income tax for its income derived from or accruing both in and outside China.

The CIT Law and its implementation rules provide that income tax rate of 10% will be applicable to dividends payable to non-PRC resident enterprise investors if the dividends are derived from sources within China. However, if there is a tax treaty between China and the relevant jurisdictions in which such non-PRC enterprise shareholders reside, the relevant tax may be reduced or exempted.

However, according to the Notice of the State Council on the Implementation of the Transitional Preferential Policies in respect of Enterprise Income Tax (國務院關於實施企業所得税過渡優惠政策的通知) which was enacted on December 26, 2007, enterprises established prior to March 13, 2007 that previously enjoy the preferential policies of low tax rates shall be gradually transited to enjoy the statutory tax rate within five years after the implementation of the CIT Law. Among them, the enterprises that enjoy the enterprise income tax rate of 15% shall be subject to the enterprise income tax rate of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012. The enterprises that previously enjoy the tax rate of 24% shall be subject to the tax rate of 25% as of 2008. As of January 1, 2008, the enterprises that previously enjoy "2-year exemption and 3-year half payment", "5-year exemption and 5-year half payment" of the enterprise income tax and other preferential treatments in the form of periodic tax deductions and exemptions may, after the implementation of the CIT Law, continue to enjoy the relevant preferential treatments under the preferential measures and the time period prescribed in the former tax law, administrative regulations and relevant documents until the expiration of the said time period. However, if such an enterprise has not enjoyed the preferential treatments yet because of its failure to make profits, its preferential time period shall be calculated from 2008.

VALUE ADDED TAX ("VAT")

According to the Provisional Regulations of the People's Republic of China Concerning Value Added Tax (中華人民共和國增值税暫行條例) promulgated by the State Council and last amended on November 5, 2008, value added tax is imposed on goods sold in or imported into China and on processing, repair and replacement services provided within China.

The tax rate for goods sold or imported by taxpayers and the tax rate for processing and repair and replacement services provided by taxpayers shall be 17.0%, except items otherwise stipulated by law or by the State Council.

In calculating the VAT payable, for taxpayers engaged in the sales of goods or the provision of taxable services the tax payable shall be the balance of output tax for the period after deducting the input tax for the period. The formula for computing the tax payable is:

VAT payable = Output VAT - Input VAT. However, a special VAT formula shall be applied towards entities that satisfy "Small Scale Taxpayer" criteria as stipulated by the State Council. The formula for Small Scale Taxpayer is VAT payable = Sale amount * 3%.

BUSINESS TAX

With effect from January 1, 1994 and amended on November 5, 2008, PRC Provisional Regulations on Business Tax (中華人民共和國營業税暫行條例) provides that individuals and entities that provide services (including entertainment business), transfer intangible assets or sell immovable property are liable to business tax at a rate ranging from 3.0% to 20.0% of the charges of the services provided, intangible assets transferred or immovable property sold, as the case may be. The formula for calculation of the amount of tax payable is set forth below:

$$\text{Amount of tax payable} = \text{amount of business} \times \text{tax rate}$$

OUR HISTORY

Our Chairman, Mr. Ng, founded our Group in 1995. At the time of our establishment, we distributed prescription pharmaceutical products manufactured by SmithKline Beecham (now GSK) in China.

Building on the success of our pharmaceutical distribution business, we have entered into pharmaceutical promotion and sales agreements with other leading pharmaceutical manufacturers such as Pfizer and expanded our pharmaceutical promotion network to cover every province, autonomous region and municipality in China except Tibet. In 2005, to further expand our pharmaceutical product offering, we started our pharmaceutical manufacturing business by establishing GMP-certified Suzhou First in Suzhou with Suzhou Pharmaceutical Group Co., Ltd. We hold an 80% equity interest in Suzhou First. We started promoting our own branded Shusi in 2006. Suzhou First completed the construction of its new manufacturing facility in the Suzhou Industrial Park in 2010.

We started our vaccine supply chain business in 2004 and believe that we are currently the sole distributor of all GSK vaccines (except for Fluarix) in China. We wanted to position ourselves to be able to benefit from the rapid growth in the Chinese vaccine market. Since commencing our vaccine supply chain business, we have established logistics centers in Shanghai, Beijing, Guangzhou and Suzhou to support our vaccine supply chain business. We have expanded our vaccine supply chain network and built an advanced cold chain infrastructure capable of delivering vaccines to anywhere in China (except Tibet) within 48 hours of dispatching the vaccines. Our cold chain infrastructure has met the strict standards set by our suppliers, including GSK and Pfizer. As at December 31, 2010, we distributed vaccines for nine global and domestic vaccine manufacturers including GSK, Sanofi Pasteur, Pfizer, Novartis and Walvax Biotech.

We started our vaccine promotion and sales business in 2005 to expand our vaccine portfolio and to take advantage of higher margins offered on vaccine promotion and sales services relative to vaccine supply chain services. Since the commencement of our vaccine promotion and sales business, we have rapidly expanded our nationwide vaccine promotion network, covering more than 20,500 urban POVs in China as at December 31, 2010. We provided promotion and sales services to six global and domestic vaccine manufacturers including GSK, Sanofi Pasteur and Hualan.

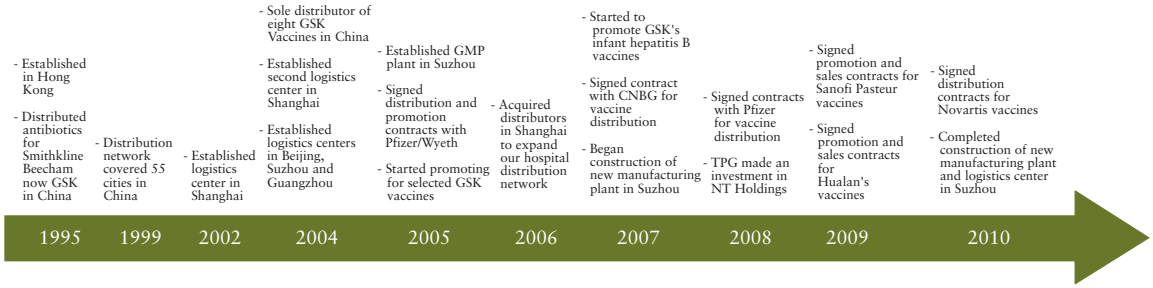
In 2008, the TPG Group invested in NT Holdings through two entities, TPG Biotech and TPG Star, which subscribed for Series A Preference Shares representing 9.11% and 18.21% in NT Holdings, respectively at the time of their investment. Please refer to the section headed "TPG Investment" for details.

Our Subsidiaries

As at December 31, 2010, we have 11 PRC subsidiaries located in Shanghai, Beijing, Guangdong, Jiangsu and Hainan. Our subsidiaries which engage in trading of vaccines and pharmaceutical products are all GSP-certified and our Shanghai subsidiary has obtained ISO9001 certification. Our subsidiary Suzhou First is GMP-certified. Please refer to Appendix I for details of our subsidiaries.

Our History and Development

Below is a timeline of our history and milestones:



1995

- We were established in Hong Kong by our Chairman Mr. Ng
- We began distributing antibiotics for Smithkline Beecham (now GSK) in China

1999

- We distributed antibiotics for Smithkline Beecham in 55 cities in China

2002

- We established our first logistics center in Shanghai. This logistics center had an area of approximately 900 square meters and was used for the storage and distribution of pharmaceutical products

2004

- We became the sole distributor of eight vaccines manufactured by GSK in China
- We established our second logistics center in Shanghai. This logistics center had an area of approximately 1,000 square meters and was used for the storage and distribution of GSK vaccines and vaccine packaging materials
- We established logistics centers in Beijing, Suzhou and Guangzhou. The logistics center in Beijing had an area of approximately 700 square meters and was being used for the storage of vaccine and pharmaceutical products to be distributed by us in northern China. The logistics center in Guangzhou had an area of approximately 690 square meters and was being used for the storage of vaccine and pharmaceutical products to be distributed by us in southern China. The logistics center in Suzhou was located within the GSK manufacturing plant in Suzhou. It had an area of approximately 2,000 square meters and was being used for the storage and distribution of GSK pharmaceutical products

2005

- We started our pharmaceutical manufacturing business by establishing GMP-certified Suzhou First Pharmaceutical Co,. Ltd with Suzhou Pharmaceutical Group Co., Ltd
- We signed distribution and promotion contracts with Pfizer for pharmaceutical products (including Cefobid, Unasyn and Sermion) manufactured by Pfizer
- We started promotion of selected GSK vaccines (including Twinrix)

2006

- We acquired distributors in Shanghai to expand our pharmaceutical distribution network for hospitals located in Shanghai

2007

- We started to promote Engerix-B (Junior) for Children vaccines manufactured by GSK
- We signed a contract with CNBG for distribution of their vaccines in China
- We started the construction of our new pharmaceutical production plant in Suzhou. For details of our new plant, please refer to the section headed "Business — Other pharmaceutical businesses" of this prospectus

2008

- TPG made an investment in NT Holdings. For details of TPG's investment in NT Holdings, please refer to the section headed "TPG Investment" below
- We signed contracts with Pfizer for distribution of their vaccines in China

2009

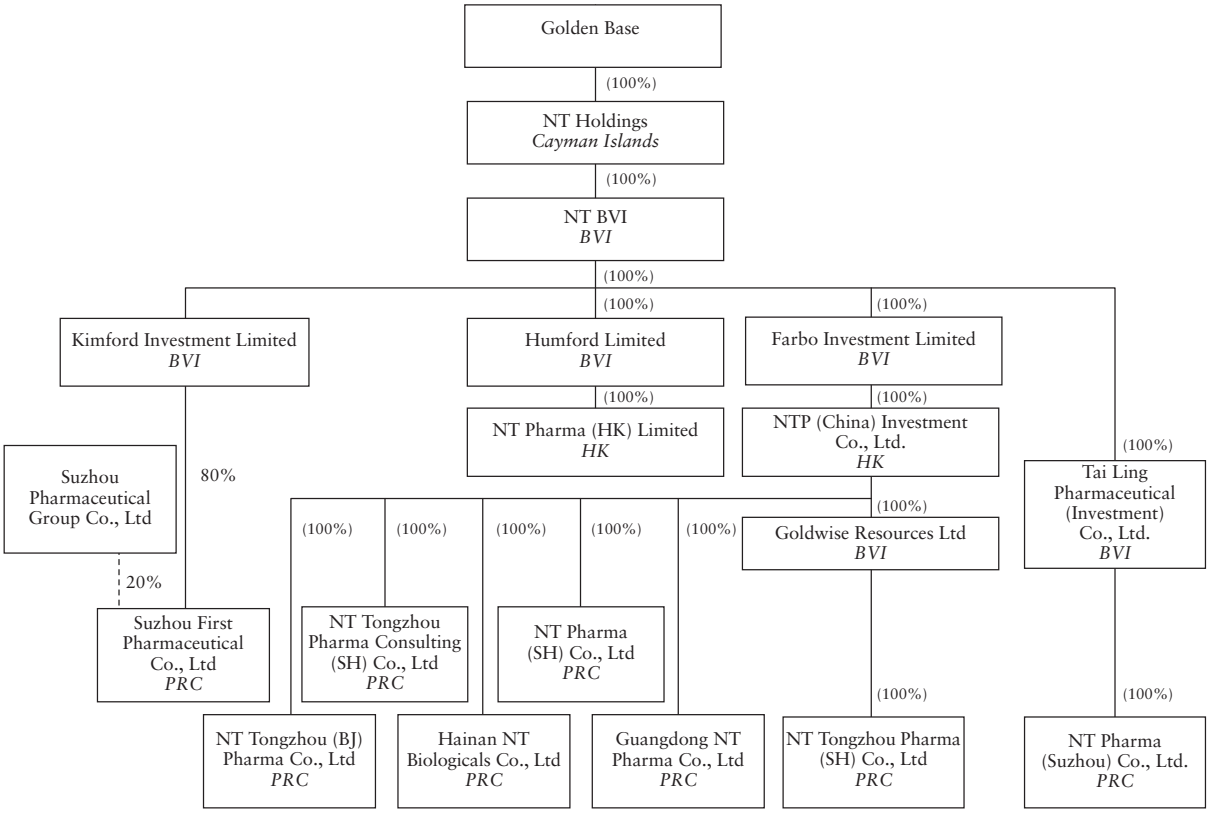
- We signed promotion and sales contracts for Meningococcal vaccines manufactured by Hualan
- We signed promotion and sales contracts for Meningo A + C manufactured by Sanofi Pasteur

2010

- We signed distribution contracts for vaccines manufactured by Novartis
- We completed the construction of our new pharmaceutical manufacturing plant and new logistics center in Suzhou

Corporate and Shareholding Structure of the Group as at July 24, 2008

The following diagram shows our Group's structure as at July 24, 2008, prior to the investment by TPG:



TPG INVESTMENT

TPG invested in NT Holdings in 2008. The proceeds received by NT Holdings from TPG were used for general working capital purposes, capital expenditure towards the construction of our new manufacturing facility in the Suzhou Industrial Park and the acquisition of promotion rights to the DanShenTong brand.

Securities Purchase Agreement

On July 25, 2008, NT Holdings and its subsidiaries, the Founders, Golden Base and TPG entered into a Securities Purchase Agreement (the "**SPA**") pursuant to which TPG Biotech and TPG Star agreed to subscribe for 911 and 1821 Series A Preference Shares representing 9.11% and 18.21% of the share capital in NT Holdings, respectively. TPG Biotech and TPG Star paid US$8,333,333 and US$16,666,667, respectively, on July 25, 2008 as consideration for the Series A Preference Shares. In addition, TPG Biotech and TPG Star agreed to make an additional payment (the "**First Additional Payment**") of US$5 million and US$10 million, respectively, if the Group successfully entered into certain vaccine distribution and promotion agreements meeting certain criteria set out in the SPA, and met certain net profit after tax (as defined in the SPA, "**NPAT**") and revenue targets during 2008. TPG further agreed to make a second additional payment (the "**Second Additional Payment**") of US$3,333,333 and US$6,666,667, respectively, if the Group successfully entered into certain other vaccine and pharmaceutical distribution and promotion agreements meeting certain criteria set out in the SPA, if the audited financial statements for 2008 confirmed that the agreed NPAT and revenue targets had been met, and if the Group obtained certain licenses related to its business. Under the terms of the SPA, TPG was not entitled to receive any additional shares in NT Holdings in exchange for the First Additional Payment or the Second Additional Payment. The terms of the SPA were negotiated by the Founders, NT Holdings and TPG on an arm's-length basis.

The Series A Preference Shares held by TPG were convertible into a number of ordinary shares in NT Holdings based on the applicable conversion rate. Under the original conversion rate, one Series A Preference Share would convert into one ordinary share of NT Holdings. Under the terms of the Memorandum and Articles of Association of NT Holdings adopted upon the execution of the SPA, the conversion rate would be adjusted (i.e. TPG would receive more than one ordinary share for each Series A Preference Share) if NT Holdings failed to meet a certain NPAT target for 2008 and 2009 (which was subsequently amended in the First Supplemental Agreement and Third Supplemental Agreement). Please refer to the section headed "TPG's Rights as a Series A Preference Shareholder" in Appendix V to this prospectus for a more detailed description of the conversion mechanism for the Series A Preference Shares.

Second Subscription

On February 23, 2009, the parties to the SPA entered into a Supplemental Agreement (the "**First Supplemental Agreement**") pursuant to which the parties agreed to the following arrangement:

- TPG Biotech and TPG Star received an additional 452 and 905 Series A Preference Shares, respectively. Upon the receipt of the additional Series A Preference Shares, TPG Biotech owned 1,363 and TPG Star owned 2,726 Series A Preference Shares in NT Holdings, representing 12% and 24% of the share capital in NT Holdings, respectively;

- the parties replaced the combined 2008 and 2009 NPAT-based conversion price adjustment with an adjustment based only on 2009 NPAT which entitled TPG to receive additional ordinary shares upon the conversion of their Series A Preference Shares if NT Holdings did not meet the associated NPAT target for 2009. The parties also added a conversion price adjustment based on whether NT Holdings meets certain NPAT target during 2010; and
- TPG paid the First Additional Payment in full on February 24, 2009.

TPG paid the Second Additional Payment in full on April 17, 2009 and did not receive additional shares in NT Holdings.

Share Sub-division and Exercise of Call Options

On September 16, 2009, the shareholders and directors of NT Holdings passed resolutions approving a sub-division in the share capital of NT Holdings. Each ordinary share of nominal value US$ 0.01 was sub-divided into 125,000 ordinary shares of nominal value US$ 0.00000008 each. Similarly, each Series A Preference Share of nominal value US$ 0.01 was also sub-divided into 125,000 Series A Preference Shares of nominal value US$ 0.00000008 each. As at the completion of the share sub-division, Golden Base owned 908,500,000 ordinary shares, TPG Biotech owned 170,375,000 Series A Preference Shares and TPG Star owned 340,750,000 Series A Preference Shares.

Under the SPA, the First Supplemental Agreement, a Letter Agreement ("**Letter Agreement**") dated November 12, 2009 between the Founders, NT Holdings, TPG Biotech and TPG Star, and a Second Supplemental Agreement (the "**Second Supplemental Agreement**") dated December 11, 2009 between the parties to the Letter Agreement, TPG was granted a call option to purchase an additional 101,625,000 Series A Preference Shares from NT Holdings at exercise price of US$0.098400984 per share. TPG exercised the call option and purchased the additional 101,625,000 Series A Preference Shares on February 4, 2010 for a cash payment of US$10 million to NT Holdings. The proceeds received from the exercise of the call option were used for the Group's general working capital purposes.

In addition, under the Second Supplemental Agreement, NT Holdings granted a call option to the Founders to purchase 101,625,000 ordinary shares in NT Holdings at the exercise price of US$0.098400984 per share. The Founders exercised the call option and purchased the additional 101,625,000 ordinary shares through Golden Base on February 10, 2010. The proceeds received from the exercise of the call option were used for the Group's general working capital purposes.

The following table sets out the shareholders of NT Holdings as at February 10, 2010 following the completion of the above options:

Shareholder	Number of Shares	% of NT Holding Share Capital
Golden Base	1,010,125,000 ordinary shares	62.24%
TPG Biotech	204,249,661 Series A Preference Shares	12.59%
TPG Star	408,500,339 Series A Preference Shares	25.17%

Third Supplemental Agreement

On December 23, 2010, the Founders, Golden Base, TPG Biotech and TPG Star entered into a Third Supplemental Agreement (the "**Third Supplemental Agreement**") pursuant to which the parties agreed to amend the NPAT targets and agreed to a mechanism for Golden Base to compensate TPG following the Global Offering in the event the Company does not achieve the new NPAT targets. For details of such amendments and a more detailed description of the conversion mechanism for the Series A Preference Shares, please refer to the sections headed "Share Transfers from the Founders to TPG" below, "TPG's Rights as a Series A Preference Shareholder" in Appendix V to this prospectus and "TPG Share Adjustments" in Appendix VI to this prospectus.

TPG's Special Rights Prior to the Completion of the Global Offering

TPG enjoy the following special rights as shareholders of NT Holdings:

- The rights granted to TPG under an Investors' Rights Agreement dated July 25, 2008 (the "**IR Agreement**") entered into between the parties to the SPA, which included certain information rights, board representation rights, rights of first refusal, tag along rights, pre-emption rights and other minority protection rights. For details of TPG's rights under the IR Agreement, please refer to the section headed "TPG's Rights under the IR Agreement" in Appendix V to this prospectus. NT Holdings also gave TPG Biotechnology Partners III L.P. (the parent of TPG Biotech) and TPG Star L.P. (the parent of TPG Star) certain management rights under management rights letters dated July 25, 2008.
- The rights granted to holders of Series A Preference Shares pursuant to the articles of association of NT Holdings, which included the right to convert their Series A Preference Shares into ordinary shares in NT Holdings (or the Company following the Reorganization) at a pre-determined ratio, the right to redeem their Series A Preference Shares at a pre-determined price and the right to receive annual management fees and dividends from NT Holdings. For details of such rights, please refer to the section headed "TPG's Rights as a Series A Preference Shareholder" in Appendix V to this prospectus.

- The rights granted to TPG under the SPA, First Supplemental Agreement and Second Supplemental Agreement, which included certain anti-dilution rights (see the paragraph below headed "The Anti-Dilution Option" for further details) and a put option to sell all of the Series A Preference Shares to NT Holdings at a specified price if the Global Offering was not completed before January 25, 2011.

All of the above-mentioned rights will terminate upon the completion of the Global Offering following which TPG will not enjoy any special rights as compared with other shareholders.

For details of such rights, please refer to the section headed "TPG's Other Special Rights" in Appendix V to this prospectus.

The Anti-Dilution Option

Pursuant to the SPA, NT Holdings granted TPG the Anti-Dilution Option exercisable within 30 business days prior to the closing of a Qualified Public Offering to subscribe for such number of ordinary shares in NT Holdings that would result in TPG Star and TPG Biotech, following completion of such Qualified Public Offering, having the same percentage shareholding in NT Holdings (on a fully diluted basis) as was held by each of TPG Star and TPG Biotech immediately after the closing of the purchase of the Series A Preference Shares. The per share purchase price for such ordinary shares in NT Holdings shall equal the price at which the ordinary shares are issued to the public in connection with the Qualified Public Offering. After the Reorganization, the Anti-Dilution Option will also apply to TPG's ownership interest in the Company, not just NT Holdings, given the option was granted with the intention that in connection with the initial public offering of NT Holdings or a member of the Group, TPG would have an option to acquire additional shares in the entity to be listed as part of such initial public offering. The Global Offering is a Qualified Public Offering. Accordingly, after the Reorganization but before the closing of the Global Offering, TPG has the right to exercise the Anti-Dilution Option to purchase a number of shares of the Company that would result in TPG owning 37.8% of the Company immediately following completion of the Global Offering. Although the Anti-Dilution Option is exercisable within 30 business days prior to the closing of the Global Offering, TPG has confirmed that it elected not to exercise the Anti-Dilution Option.

As TPG elected not to exercise the Anti-Dilution Option, and will participate as selling shareholders, upon the completion of the Global Offering (assuming no exercise of the Over-allotment Option or the options granted under the Pre-IPO Share Option Scheme), the shareholding of the Company will be as follows:

Shareholder	Number of Shares	% of the Company's Share Capital
Golden Base	505,062,500 ordinary shares	46.68%
TPG Biotech	73,273,000 ordinary shares (after conversion)	6.77%
TPG Star	146,549,000 ordinary shares (after conversion)	13.55%
Public shareholders	357,032,000 ordinary shares	33.00%

TPG has undertaken to each of the Joint Bookrunners that it shall not and shall procure that the relevant registered holder(s) of the Shares in respect of which are owned by TPG upon the completion of the Global Offering shall not, without the prior written consent of the Joint Bookrunners and unless in compliance with the requirements of the Listing Rules, at any time during the First Six-month Period, *inter alia*, dispose of such Shares. Please refer to the section entitled "Underwriting" in this prospectus for details of the non-disposal undertaking by TPG.

Save for TPG's special rights disclosed above, the holders of the ordinary shares of NT Holdings enjoy the same voting rights, profit sharing and other shareholder's rights as those enjoyed by TPG.

Appointment of TPG's Nominee as a Director

The Board appointed Mr. Stephen Cheuk Kin Law, who was recommended by TPG, as a non-executive director of the Company on March 25, 2011. The Board recognized Mr. Law's valuable expertise and experience and the contributions he could make to the Company during his term. Mr. Law's re-appointment as a director of the Company upon the expiration of his one-year term will be subject to the approval of the shareholders of the Company at such time and the Founders are not under any obligation to vote in favor of his re-appointment.

Share Transfers from the Founders to TPG

Under the Third Supplemental Agreement, the Founders and TPG agreed that if the Company had completed an initial public offering (i.e. the Global Offering) and the Series A Preference Shares were converted or exchanged into ordinary shares of the Company (i.e. the Shares), notwithstanding such conversion or exchange, Golden Base shall, and the Founders shall cause Golden Base to, transfer additional Shares to TPG if NT Holdings (or the Company following completion of the Global Offering) fails to achieve a specified NPAT in 2010 (which we had met) or RMB250 million NPAT in 2011. In other words, if the conversion or exchange of the Series A Preference Shares had occurred before the actual 2011 NPAT of NT Holdings were finalized, and the actual 2011 NPAT turned out to be below the RMB250 million target, then Golden Base shall, and the Founders shall cause Golden Base to, transfer additional Shares to TPG in accordance with the steps disclosed in the section headed "TPG Share Adjustments" in Appendix VI to this prospectus.

The maximum number of Shares which Golden Base is obliged to transfer to TPG under the Third Supplemental Agreement is the number which would increase TPG's shareholding percentage in the Company by 15% from their shareholding percentage immediately upon the date of completion of the Global Offering. Given TPG is expected to hold approximately 20.32% of our share capital upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised), if TPG receives the maximum number of 2011 Top Up Shares from Golden Base, TPG's shareholding in the Company will be approximately 35.32% (excluding any additional Shares purchased by TPG after the completion of the Global Offering).

The other agreed terms concerning the abovementioned arrangement between Golden Base, the Founders and TPG are:

- Golden Base and the Founders' obligations to transfer additional Shares to TPG shall survive the completion of the Global Offering.

- The number of 2011 Top Up Shares (as defined in Appendix VI) to be transferred from the Founders to TPG are subject to adjustments for any share subdivisions or issues of bonus shares.
- Provided that the Global Offering is completed prior to June 30, 2011 and the Company has a pre-money valuation exceeding US$650 million, then Golden Base will not be required to transfer any 2011 Top Up Shares (as defined in Appendix VI) to TPG even in the event that the actual 2011 NPAT of the Company is below the RMB250 million target.

Background of TPG

TPG Star and TPG Biotech are investment holding companies of the TPG group, a private investment firm that was founded in 1992 and currently has more than US$48 billion of assets under management. The TPG group has extensive experience with global public and private investments executed through leveraged buyouts, recapitalizations, spinouts, joint ventures, growth investments and restructurings. The TPG group invested in NT Holdings as part of its growth equity investment activities.

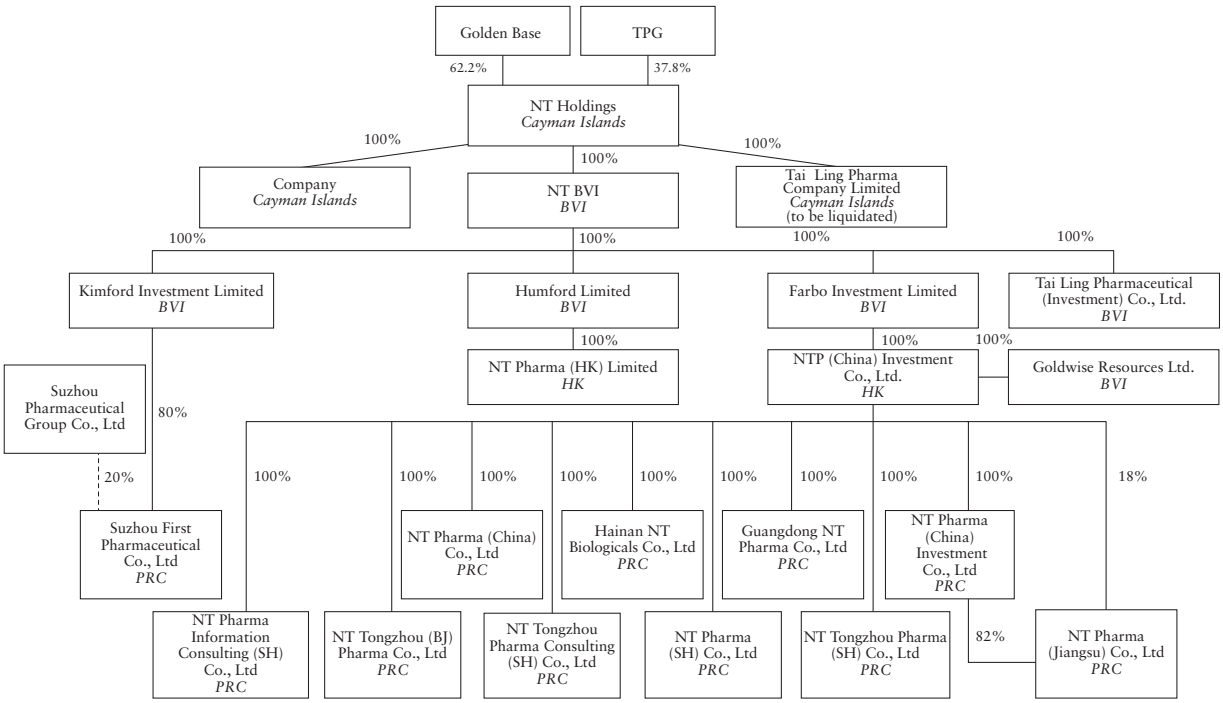
OUR EMPLOYEE SHARE OPTION SCHEME

On September 16, 2009, the shareholders and directors of NT Holdings passed resolutions approving the adoption of an option scheme (the "**2009 Plan**") for employees of our Group. NT Holdings set aside up to 90,614,362 options exercisable for the purchase of up to 90,614,362 of its shares (representing approximately 5.6% of its share capital) as incentives for our employees. NT Holdings subsequently granted an aggregate of 89,914,357 options exercisable for the purchase of up to 89,914,357 of its shares under the 2009 Plan to 64 employees. Immediately prior to the completion of the Global Offering, the directors of NT Holdings will terminate the 2009 Plan and our Directors will adopt the Pre-IPO Share Option Scheme. Under the Pre-IPO Share Option Scheme, our Company will set aside 45,307,181 options exercisable for the purchase of up to 45,307,181 of its Shares (representing approximately 5.3% of its share capital at the time of the adoption assuming all of the options are exercised). Each grantee of options under the 2009 Plan will exchange his/her options under the 2009 Plan for options under the Pre-IPO Share Option Scheme on a 2 for 1 basis, which represents the same value to the grantee before and after such exchange. The exercise price payable by the grantees for each option granted under the Pre-IPO Share Option Scheme is double the exercise price payable by the grantees for their respective options granted under the 2009 Plan (save for those options which has an exercise price of 70% of the Offer Price). All other terms of the Pre-IPO Share Option Scheme are identical to the 2009 Plan. No employee has acquired any shares in NT Holdings under the 2009 Plan or the Pre-IPO Share Option Scheme as of the Latest Practicable Date.

For details of the Pre-IPO Employees Share Options Scheme, please refer to "Pre-IPO Share Option Scheme" in Appendix VIII Statutory and General Information.

OUR REORGANIZATION

The following diagram shows our shareholding structure prior to the Reorganization:



1. Please refer to Appendix I for the principal business activities of our subsidiaries.
2. Suzhou Pharmaceutical Group Co., Ltd. is a connected person of the Company by virtue of its 20% interest in Suzhou First Pharmaceutical Co., Ltd. and does not form part of our Group.
3. Tai Ling Pharma Company Limited has no assets, liabilities or business operations and is expected to be liquidated in due course.

Reorganization Steps

NT Holdings incorporated our Company in the Cayman Islands on March 1, 2010 as a wholly owned subsidiary and the listing vehicle for the Group. At time of incorporation, our authorized share capital consisted of 626,250,000,000 Shares of par value US$0.00000008 each and there was only one Share issued to NT Holdings.

Our Reorganization is effective as of April 8, 2011 whereby:

(a) some subsidiaries of our Group, namely Guangdong NT Pharma Co., Ltd, Suzhou First Pharmaceutical Co., Ltd, Tai Ning Pharmaceutical (Investment) Company Limited, Goldwise Resources Limited, NTP (China) Investment Co., Limited and NT Pharma (HK) Limited novated some intra-group loans, which they respectively owe to NT Holdings, with the aggregate outstanding amount of approximately HK$451.3 million as of March 31, 2011 to NT BVI for no consideration. NT BVI also owe NT Holdings approximately HK$21.4 million as of March 31, 2011 before assuming the liabilities under the abovementioned intra-group loans. NT BVI repaid an aggregate amount of approximately

HK$472.7 million of loans to NT Holdings in full by issuing and allotting 7 ordinary shares of par value US$1 each to NT Holdings, after which, NT BVI had an issued share capital of 9 ordinary shares of par value US$1 each, all of which were held by NT Holdings; and

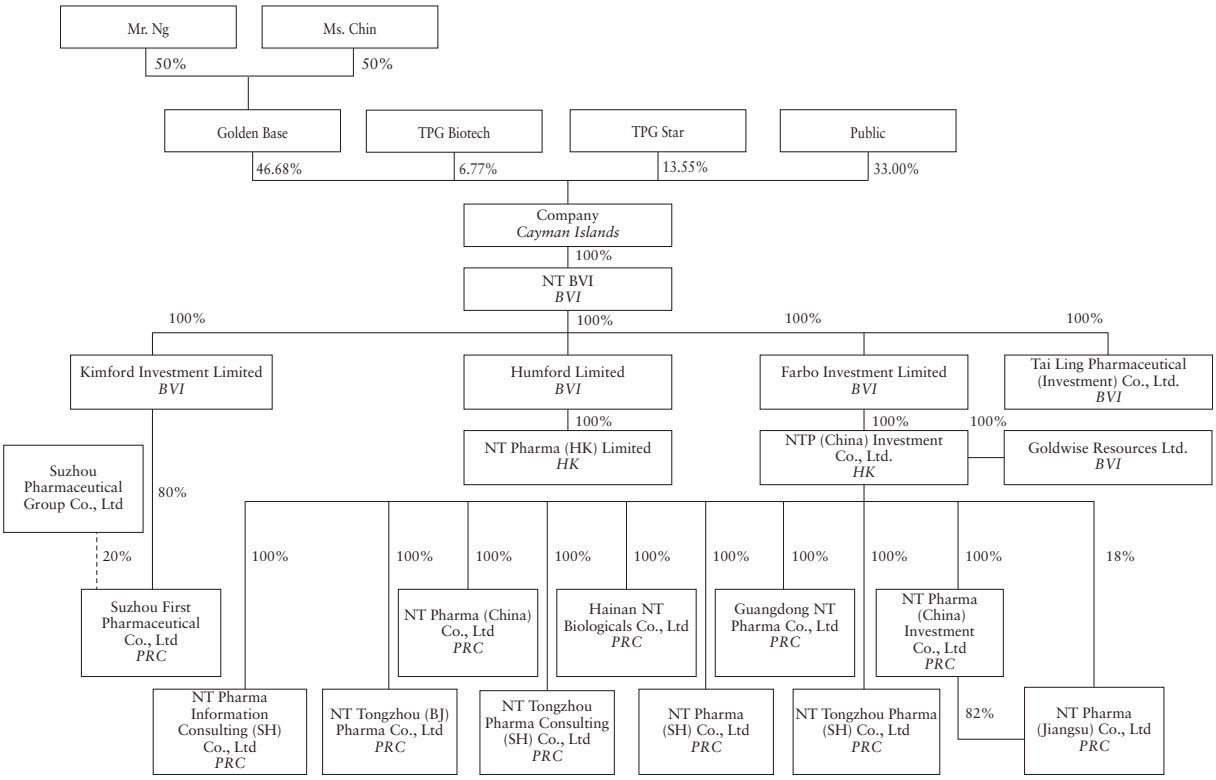
(b) NT Holdings transferred all of the shares it owns in NT BVI to us. In return, we allotted and issued 811,437,499 fully paid new Shares of nominal value US$0.00000008 each to NT Holdings. At such time, our Company had an issued share capital of 811,437,500 Shares, all of which were held by NT Holdings.

(c) NT Holdings distributed all of the Shares it owned in our Company to its shareholders (i.e. Golden Base, TPG Biotech and TPG Star) by way of dividend-in-specie in proportion to their shareholdings. Golden Base, TPG Biotech and TPG Star each received one Share in the distribution-in-specie for every two NT Holdings Shares held. Immediately upon the payment of the distribution-in-specie, the shareholding of the Company will be:

Shareholder	Number of Shares	% of the Company's Share Capital
Golden Base	505,062,500 Shares	62.24%
TPG Biotech	102,124,830 Shares	12.59%
TPG Star	204,250,170 Shares	25.17%

Our corporate structure upon completion of the Reorganization and the Global Offering

The following diagram shows our shareholding structure immediately upon the completion of Reorganization and the Global Offering (assuming no exercise of the Over-allotment Option or the options granted under the Pre-IPO Share Option Scheme):



1. Please refer to Appendix I for the principal business activities of our subsidiaries.
2. Suzhou Pharmaceutical Group Co., Ltd is a connected person of the Company by virtue of its 20% interest in Suzhou First Pharmaceutical Co., Ltd. and does not form part of our Group.

OVERVIEW

We are the largest fully integrated supply chain and promotion and sales services provider of vaccines[1] as well as the second largest third party promotion and sales services provider of pharmaceutical products in China.[2] Our supply chain services consist of customs clearance, warehousing, delivery, invoicing, receivables collection and other value added services. Our promotion and sales services include educating healthcare practitioners on the clinical uses, benefits, side effects and other characteristics of our product portfolio (i.e., medical detailing), organizing clinical seminars, sponsoring industry conferences and other promotional activities, and ancillary supply chain services. Our promotion services differentiate us from other supply chain service providers in China who do not provide such services.

Our nationwide vaccine supply chain is the largest in China in terms of market share by value.[1] From 2007 to 2009, we increased our market share from 18.0% to 23.4% as well as our market share lead over our nearest competitor from 6.9% to 10.7%.[1] We are also the largest third party provider of promotion services in China for leading global and domestic vaccine manufacturers with a market share of 8.7% in 2009.[1] Our vaccine business focuses on the Type II Vaccines segment (i.e. vaccines which are paid for by end users rather than the Chinese government), which by value represented over 64% of the vaccine market in China in 2009. We have established partnerships with four of the five largest global vaccine manufacturers — GSK, Sanofi Pasteur, Pfizer and Novartis — and three major domestic vaccine manufacturers, including Hualan, which is one of the largest private vaccine manufacturers in China. We also promote and sell products manufactured by CNBG, which is the largest state-owned vaccine manufacturer in China. These manufacturers supplied more than 54% (in terms of ex-factory sales revenue) of the Type II Vaccines sold in China in 2009. Our vaccine supply chain and promotion and sales network has nationwide coverage in China (except Tibet). As of December 31, 2010, we directly covered approximately 79% of the CDCs and 72% of the urban POVs in China.[3]

We are also the second largest third party promotion and sales services provider of pharmaceutical products in China.[2] We provide promotion and sales services primarily for products manufactured by leading global pharmaceutical manufacturers, focusing on anti-infective and CNS medicines. Our promotion team regularly makes sales calls to over 26,500 doctors and 3,500 hospitals, including over 900 class-three (i.e. the highest ranked regional hospitals by the Ministry of Health) (over 70% of the total class-three hospitals) and over 1,250 class-two (approximately 20% of the total class-two hospitals[4]) hospitals as of December 31, 2010, giving us an extensive promotion network in China. We also offer pharmaceutical supply chain services, which primarily distribute the pharmaceutical products we promote throughout China. We believe that the fully integrated services

[1] For our vaccine supply chain business, from 2007 to 2009, and for our vaccine promotion and sales business, for 2009, each according to the Frost & Sullivan Report. Our market share in the vaccine supply chain market refers to the revenues generated by our vaccine supply chain business from sales of Type II Vaccines to provincial CDCs as a percentage of the aggregate revenues generated by all supply chain service providers from sales of Type II Vaccines to provincial CDCs. Our market share in the third party vaccine promotion market refers to the revenues generated by our vaccine promotion and sales business from sales of Type II Vaccines to provincial CDCs as a percentage of the aggregate revenues generated by all third party promotion service providers from sales of Type II Vaccines to provincial CDCs.

[2] According to the Frost & Sullivan Report in terms of revenues for 2009.

[3] Total numbers of the CDCs and urban POVs are based on data as of 2009 according to the Frost & Sullivan Report.

[4] Total numbers of class-three and class-two hospitals are based on data as of 2009 according to the MOH.

we offer set us apart from our competitors. Our supply chain services are important in helping global pharmaceutical manufacturers manage their legal compliance, quality control, and costs in China. We expect that our growing partnerships with global and domestic pharmaceutical manufacturers, and our expanding network coverage, should help us continue to grow our pharmaceutical promotion and sales services business.

We maintain two separate teams of managers and sales representatives to promote vaccine and pharmaceutical products. Our promotion teams are well educated and experienced in understanding and promoting the clinical profiles of our vaccine and pharmaceutical products. We have grown our vaccine promotion team from 33 personnel at the beginning of 2008 to 297 as of December 31, 2010, and our pharmaceutical promotion team from 99 personnel at the beginning of 2008 to 396 as of December 31, 2010.

Our Business Segments

Our vaccine and pharmaceutical business are operated through the following four segments:

Vaccine supply chain:

In our vaccine supply chain segment, we distribute 19 vaccines manufactured by global and domestic vaccine manufacturers. These vaccines include six of the 15 best selling vaccines by sales value from October 2008 to October 2009 in China, such as Prevenar (a pneumococcal vaccine), Hiberix (a HIB vaccine) and Priorix (a measles, mumps and German measles vaccine). We derive turnover from providing supply chain services for vaccine products, which we purchase and then sell through our supply chain network. Approximately 73% of our vaccine sales in 2010 were made directly to CDCs, which are the exclusive channels of distribution for Type II Vaccines in China; and the remaining 27% of our vaccine sales in 2010 were made to local distributors. Our advanced temperature-controlled cold chain infrastructure, know-how and broad supply chain network coverage are significant barriers to entry for potential competitors.

Vaccine promotion and sales:

For the vaccine promotion and sales segment, we derive turnover from selling and marketing vaccine products manufactured by global and domestic vaccine manufacturers to customers, and providing both promotion and ancillary supply chain services.

Our experienced vaccine promotion teams promote a diversified portfolio of over ten vaccines to CDCs and POVs to help to generate demand for these vaccines. Our vaccine promotion and sales product portfolio includes Engerix-B (Junior) (GSK) (a hepatitis B vaccine for children), which our promotion team has helped to make the top-selling Type II hepatitis B vaccine for children by sales value in China with a leading market share of 37.1% in 2009; Twinrix (GSK), the only imported hepatitis A and B vaccine for adults in China; and Meningo A+C (Sanofi Pasteur), the only imported 2-valent meningococcal vaccine in China from 2008 to 2009. We mainly sell the vaccines to CDCs and local distributors. These CDCs and local distributors will in turn supply the POVs for whom we promote the relevant vaccines.

Overall, these two segments which make up our vaccine operations represented 57.1% of our total turnover and 34.9% of our total segment operating profit in 2010, growing at a CAGR of 28.0% and 47.6%, respectively, from 2008 to 2010.

Pharmaceutical promotion and sales:

We provide promotion and sales services primarily for drugs manufactured by leading global pharmaceutical manufacturers, focusing on anti-infective and CNS products. We generate turnover from our pharmaceutical promotion and sales segment by selling globally and domestically-manufactured pharmaceutical products to our distributors located across China, who then sell these pharmaceutical products to local Chinese hospitals to whom we promote the relevant products. We provide both promotion and ancillary supply chain services in this business segment.

We are generally the sole promoter of our key pharmaceutical products in the PRC. Our pharmaceutical promotion teams have a proven track record of driving the growth of, and generating demand for, the products we promote. Our services complement the strategies of global manufacturers aiming to take advantage of the fast-growing market in China and generate revenue from a wide range of products. Our pharmaceutical promotion portfolio includes Fortum (GSK), a well-known third generation cephalosporin injectable medicines in China; Relenza (GSK), a medicine well-known around the world for the treatment of influenza; Unasyn, Cefobid and Sermion, widely used anti-infective and CNS medicines manufactured by Pfizer; and our own-branded and in-house manufactured Shusi, one of the only two generic equivalents sold in China for Seroquel, an atypical antipsychotic medicine with multi-billion dollar sales worldwide. According to MENET,[5] Unasyn, Cefobid and Fortum had the largest market shares in their respective categories in China in both 2008 and 2009.

Other pharmaceutical:

In addition to our pharmaceutical promotion and sales segment, we also manufacture and sell certain generic pharmaceutical products through our manufacturing facility located in Suzhou and provide supply chain services for domestic and international pharmaceutical manufacturers.

For the other pharmaceutical segment, we derive turnover from supply chain services for pharmaceutical products sold through our supply chain network and through the manufacture and sale of certain generic pharmaceutical products.

Overall, these two segments which make up our pharmaceutical businesses represented 42.9% of our total turnover and 65.1% of our total segment operating profit in 2010, growing at a CAGR of 53.8% and 86.3%, respectively, from 2008 to 2010. The growth of our pharmaceutical operations was primarily due to our success in growing our pharmaceutical promotion and sales segment while focusing on originator branded generics manufactured by global pharmaceutical manufacturers. An originator branded generic medicine is a pharmaceutical product that has lost patent protection but still carries the original proprietary brand. Such products have a large market and high growth potential in China attributable to their recognized brands and good clinical track record. For example, according to IMS, in 2008, 15 out of the top 70 medicines by value in China were originator branded generics.

Recent development in our vaccine and pharmaceutical promotion and sales segments:

In March 2011, we signed two new promotion and sales agreements, one for Pneumo 23, a 23-valent pneumococcal vaccine mainly targeting the adult and senior populations, with Sanofi Pasteur for the

[5] MENET is a pharmaceutical market research institution affiliated with the SFDA.

nationwide market in China, and one for Prevenar with Pfizer for certain geographic markets in China (we only provided supply chain services for Prevenar before entering into the contract). We have also expanded our promotion and sales agreement with Fudan-Zhangjiang regarding Libod, a cancer drug, which grants us nationwide exclusivity and extends our promotion and sales term.

On March 7, 2011, the Japanese Ministry of Health Labor and Welfare ("**WHLW**") temporarily suspended the use of Prevenar and another influenza vaccine in Japan pending the results of an investigation following allegations that four children have died after receiving the vaccines. The WHLW made an initial finding on March 8, 2011 that there was no evidence of a direct causal relationship between these vaccines and the fatal cases. On March 24, 2011, WHLW announced that use of Prevenar in Japan will resume in as early as April 2011. We distribute and promote Prevenar in China. We currently neither distribute nor promote the influenza vaccine which has been suspended by the Japanese Health Ministry (we previously distributed this vaccine in 2009). As of the Latest Practicable Date, the SFDA has not suspended the sale or use of Prevenar in China and our sales of Prevenar have not been materially affected as a result of the investigation in Japan. In the event that the Japanese Health Ministry makes an adverse finding on Prevenar in its investigations, our sales of vaccines in the future, in particular of Prevenar, may be adversely affected. See "Risk Factors — We may incur losses resulting from product liability, personal injury or wrongful death claims, product recalls, complaints or adverse publicity" and "Risk Factors — Our vaccine business may be adversely affected by product recalls or defects in the vaccine industry, and any other incident that negatively affects the reputation and public perception of the vaccine industry as a whole for further information".

The Chinese vaccine market

The Chinese vaccine market consists of Type I Vaccines, which are funded by the government and provided free of charge to the public, and Type II Vaccines, which are paid for by end-users. The selling prices of Type II Vaccines sold by vaccine manufacturers and distributors are not subject to price controls. In 2009, Type II Vaccines accounted for over 64% of total vaccine market in China by value. From 2006 to 2009, the Type I Vaccine segment grew at a CAGR of 20.7%, while the Type II Vaccine market expanded at a CAGR of 24.4%, by value. However, China's per capita vaccine spending in 2009 was still only a small fraction of that in more developed countries. In addition to robust growth, we believe that the vaccine distribution market in China has begun to consolidate. The collective market share for the top three vaccine distributors increased from 31.3% in 2007 to 39.3% in 2009.[6] Our turnover from our vaccine business grew from RMB930.4 million in 2008 to RMB1,524.6 million in 2010 at a CAGR of 28.0% (the growth of our vaccine business in 2010 was slower than prior periods — see below) which is significantly higher than the sales revenue CAGR of 15.2% experienced by the Type II Vaccine market over the same period. We have achieved our above-market growth by promoting a diversified portfolio of vaccines, growing the breadth and depth of our vaccine supply chain and promotion and sales networks, and maintaining our long-standing relationships with key suppliers and manufacturers.

[6] According to the Frost & Sullivan Report, the market share refers to the revenues generated by the top three vaccine distributors as a percentage of the aggregate revenues generated by all supply chain service providers from sales of vaccines to provincial CDCs.

The growth in demand for some of our vaccine products and our results of operations in 2010 have been slower than the historical trend due to recent negative public perception of the vaccine industry and the related governmental policies. In the past, there have been allegations that poor handling of vaccines by CDCs and sub-standard vaccines produced by certain suppliers have caused health problems among end-users. For example, in March 2010 there were allegations that vaccines were improperly stored and handled, and caused the deaths of four children and illness in 74 others in Shanxi province; in March 2010 there were allegations that a large amount of sub-standard rabies vaccines manufactured by a supplier in Jiangsu province were sold in the PRC market; and in September 2010 there were allegations that a high school student in Guangxi died after receiving a measles vaccination. None of the reported incidents involved vaccines supplied by us or our suppliers. Such incidents have caused reputational damage to the vaccine industry in China and could reduce the demand for vaccine products by creating negative public perception of vaccines. Partly as a result of such incidents, the CDCs shifted significant resources to implement extensive internal reviews of their operations in 2010, which resulted in the slow down of inspection, screening, and purchasing of vaccines by the CDCs. In 2010, primarily as a result of the above incidents, the growth in demand for vaccines has decreased and this decrease in demand had led a number of our customers in our vaccine business to request longer credit terms or payment periods. According to the Frost & Sullivan Report, it is estimated that the year-over-year growth rate of the PRC Type II Vaccine distribution market in 2010 has slowed down to 7.6%. Our directors are of the view that such incidents should not change the overall market condition going forward and should not have further material impact on our results of operations.

Our turnover grew from RMB1,414.0 million in 2008 to RMB2,395.0 million in 2009, and to RMB2,668.0 million in 2010. The table below sets out our total turnover and operating profit by turnover segments for the periods indicated:

	Year ended December 31,			
	2008	2009	2010	CAGR
		RMB'000		%
Total Turnover	1,413,985	2,395,038	2,667,978	37.4
Vaccine — Supply Chain	841,334	1,230,340	1,167,767	17.8
— Promotion and sales	89,093	249,447	356,788	100.1
Pharmaceutical— Promotion and sales	184,059	625,493	838,562	113.4
— Others	299,499	289,758	304,861	0.9
Profit from operations	87,690	192,385	255,537	70.7
Segment operating profit [1]				
Vaccine — Supply Chain	40,626	47,100	44,970	5.2
— Promotion and sales	9,771	60,216	64,888	157.7
Pharmaceutical— Promotion and sales	46,220	103,399	194,741	105.3
— Others	12,862	13,119	10,255	(10.7)

[1] *The segment operating profit data excludes certain unallocated operating expenses. For more information and a reconciliation of total segment operating profit to profit from operations, see "Financial Information — Description of selected components of results of operations — Segment operating profit".*

For a detailed analysis of our operating results, please see "Financial Information — Combined Results of Operations" in this prospectus.

OUR COMPETITIVE STRENGTHS

We are the only large scale integrated services provider in China for the promotion and distribution of vaccine and pharmaceutical products. Our principal strengths are that:

We strategically target the highly attractive segments of the fast-growing healthcare industry in China

Driven by the growth of the PRC economy, increased health consciousness and rising disposable incomes, the PRC represents one of the world's largest and fastest growing healthcare markets. Within this market, we strategically target two highly attractive segments: the Type II Vaccines and originator branded generic pharmaceutical products made by global pharmaceutical manufacturers.

As a vaccine distribution and promotion industry leader, we are well-positioned to benefit from industry growth and reform in China. For the period from 2001 to 2009, total healthcare expenditures in China achieved a CAGR of 12.9%. One of the goals of the PRC government's RMB850 billion healthcare reform plan announced in March 2009 is to strengthen the healthcare preventive system, including strengthening the public vaccine, system which is expected to contribute to the growth of the vaccine industry in China. The PRC government has also announced various measures in recent years to support the vaccine industry, including the increase of the number of vaccines covered under the Expanded Program for Immunization (i.e., Type I Vaccines) from 6 to 14. Government support has helped increase its citizens' awareness of and willingness to receive vaccination and has established a larger and better vaccination infrastructure, which has largely contributed to the growth of both the Type I Vaccine and Type II Vaccine markets. From 2006 to 2009, the Type I Vaccine market grew at a CAGR of 20.7% while the Type II Vaccine market grew at 24.4% CAGR. We focus our supply chain and promotion services on the Type II Vaccine market which makes up over 64% of the vaccine market in China, by value in 2009. We expect the Type II Vaccine market to continue to grow and we aim to grow our market share by meeting the increasing demand from our suppliers and customers for more sophisticated and integrated services. In addition, the PRC government is raising the operating standards for healthcare product distributors to ensure a safe supply of vaccines. For example, the "Technology and Management Guidelines for Pharmaceutical Cold Chain Logistics" (藥品冷鏈物流技術與管理規範) promulgated by the Zhejiang provincial Quality and Technology Supervisory Bureau in 2008 and the "Pharmaceutical Cold Chain Logistics Operations Guidelines" (藥品冷鏈物流操作規範) promulgated by the Jiangsu provincial SFDA in 2010, have both set out stringent specifications on the infrastructure and know-how required by vaccine supply chain service providers. These regulations are expected to increase the costs and know-how requirements for potential competitors setting up competing supply chain businesses. As the leader in vaccine supply chain management in China, we may benefit from more stringent regulations which could act as a barrier to entry for potential competitors.

We are also positioned to benefit from the strong growth in demand for pharmaceutical products manufactured by global pharmaceutical manufacturers. In 2008, four of the top five and 10 of the top 20 pharmaceutical manufacturers by sales in China were global pharmaceutical firms, according to IMS, which demonstrates the presence of these global firms in China. We believe that our services should complement the global firms' strategies to take advantage of the fast-growing Chinese

pharmaceutical market and generate revenue from a wide range of products. We focus on promoting originator branded generics manufactured by global pharmaceutical companies, as these products have a large market and growth potential in China due to their trusted brands and proven clinical track record. For example, according to IMS, in 2008, 15 out of the top 70 medicines in China (ranked by value) were originator branded generics.

We are the largest supply chain and vaccine promotion and sales services provider in China and we expect to continue to benefit from our leading industry position

We are the largest provider of third party promotion and sales services in China for leading global and domestic vaccine manufacturers with a market share of 8.7% in 2009 according to Frost & Sullivan, an increase from 0.4% in 2007.[7] We are also the largest vaccine supply chain services provider in China with a 23.4% share of the supply chain market for Type II Vaccines in 2009, an increase from 18.0% in 2007, according to Frost & Sullivan.[8] Our turnover in our vaccine business achieved a CAGR of 28.0% between 2008 and 2010 (the growth of our vaccine business in 2010 was slower than prior periods; see "Financial Information") compared to a sales revenue CAGR of 15.2% for the Type II Vaccine industry in China over the same period. Furthermore, we increased our market share lead over our nearest competitor in the vaccine promotion market to 4.0% in 2009 and increased our market share lead in the third party vaccine supply chain market over our nearest competitor to 10.7% in 2009. Since the gross margins on the vaccines we promote and sell are significantly higher than the vaccines we distribute, the expansion of our vaccine promotion and sales segment has helped to increase our overall gross margin from 16.6% in 2008 to 24.9% in 2010. Our growing reputation and ability to promote and deliver more products with lower fixed costs due to centralized warehousing, advanced cold chain infrastructure and know-how, and the breadth of our customer network should help allow us to continue to increase market share. We believe this growing market share should help continue to strengthen our reputation and encourage global and domestic vaccine suppliers to use our promotion and supply chain services to roll out new products quickly and efficiently.

In addition, the regulatory and operating environment may in the future become more favorable for direct sales to local level CDCs, who usually pay higher prices compared to provincial level CDCs, as some of the provincial level CDCs may relax control on lower level CDCs under their supervision and allow more flexibility for distributors to sell to lower level CDCs directly. We believe that our industry leadership, expansive network, operating expertise, and continued efforts by our sales team to cover all levels of CDCs since 2008 may help us take advantage of such changes should they occur

[7] According to the Frost & Sullivan Report, our market share in the third party vaccine promotion market refers to the revenues generated by our vaccine promotion and sales business from sales of Type II Vaccines to provincial CDCs as a percentage of the aggregate revenues generated by all third party promotion service providers from sales of Type II Vaccines to provincial CDCs.

[8] According to the Frost & Sullivan Report, our market share in the vaccine supply chain market refers to the revenues generated by our vaccine supply chain business from sales of Type II Vaccines to provincial CDCs as a percentage of the aggregate revenues generated by all supply chain service providers from sales of Type II Vaccines to provincial CDCs.

in the future. In 2010, our direct sales to local CDCs increased to approximately RMB142.2 million, or 13%, of our total sales to CDCs, from approximately RMB118.6 million, or 11%, of our total sales to CDCs in 2009. We aim to increase such direct sales to improve our gross and operating margins.

We have the largest integrated vaccine promotion and supply chain platform in China

We have the largest vaccine promotion and supply chain platform in China as the result of the following factors:

- *Broad vaccine promotion and supply chain network coverage:* As of December 31, 2010, our vaccine network covered more than 2,800 provincial, municipal and local level CDCs and 20,500 urban POVs located nationwide, covering over 90% of the urban population. The number of CDCs covered by our vaccine supply chain network has increased from around 380 and the number of urban POVs covered by our vaccine promotion and sales network has increased from around 4,000 urban POVs, since January 2008.
- *Advanced cold-chain infrastructure:* Our advanced temperature controlled cold-chain infrastructure is critical to our vaccine business as it allows us to meet the demanding technical requirements for transporting vaccines. Our advanced cold-chain infrastructure helps to provide reliable, timely and cost effective handling of our suppliers' vaccine products from importation to delivery to CDCs and local distributors across China (except Tibet) within 48 hours of dispatching the vaccines. We started to establish our cold chain infrastructure in 2004 with our purchase of equipment and with the help of GSK who provided the know-how. We have made significant investments to develop new advanced technologies and know-how to further enhance our cold-chain operations. Our advanced cold-chain infrastructure presents a high barrier to entry for competitors. Our advanced cold-chain infrastructure has met the strict standards set by our suppliers, including GSK and Pfizer. During the 2008 Beijing Olympic Games, we were responsible for the warehousing and delivery of certain vaccines prepared for the Olympic Games. In addition, we have been invited by the Jiangsu Pharmaceutical Quality Control Society as a PRC vaccine supply chain service provider to participate in a conference in September 2009 discussing the current cold chain logistics market in China and assisting Jiangsu SFDA in developing regulations related to cold chain logistics for vaccines.
- *Largest[9] skilled and experienced promotion team:* During the Track Record Period, we have grown our vaccine promotion staff from 33 personnel at the beginning of 2008 to 297 personnel as of December 31, 2010. Our team members have an average experience of over five years in the pharmaceutical industry and two years in the vaccine industry, and approximately 90% hold college degrees. Our highly skilled promotion team allows us to further leverage our extensive vaccine supply chain network and our close relationships with key suppliers and customers to provide higher value-added services to our suppliers on a cost-effective basis and capture additional market share. Our vaccine promotion team has helped make GSK's Engerix — B (Junior) vaccine the top-selling hepatitis B Type II Vaccine for children in China with a leading market share of 37.1% in 2009.

We have established relationships with our suppliers who are leading global and domestic vaccine manufacturers

We have established partnerships with four of the five largest vaccine manufacturers in the world — including GSK, Sanofi Pasteur, Pfizer and Novartis — and three major domestic vaccine

[9] According to the Frost & Sullivan Report dated February 2010.

manufacturers, including Hualan, one of the largest privately owned vaccine manufacturers in China. We also promote and sell products manufactured by CNBG, which is the largest state-owned vaccine manufacturer in China. There manufacturers supplied more than 54% (in terms of ex-factory sales revenue) of the Type II Vaccines sold in China in 2009. Our extensive vaccine promotion and sales and supply chain services are sought after by manufacturers. Due to the complexity of producing vaccines and the lengthy approval process, China's vaccine manufacturing industry is highly concentrated. We believe that our strong relationships with leading manufacturers present a significant barrier to entry for potential entrants to the industry. In addition, our relationships with leading manufacturers, together with our extensive and expanding product portfolio, is highly attractive to CDCs and POVs, which are the exclusive channels for vaccine sales in China. We believe the increasing demand by global and domestic vaccine manufacturers for fully integrated services and broad distribution coverage will continue to be critical to expanding our market share and continued growth.

We have a diversified and expanding vaccine promotion and sales portfolio with strong market acceptance and growth potential

We focus on high-quality products of major vaccine types made by reputable manufacturers with competitive market positions such as:

- Engerix-B (Junior) (GSK), a hepatitis B vaccine for children which our promotion team has helped to develop into the top-selling product in the fast growing market for children's hepatitis B Type II vaccines. This market grew at a CAGR of 22% between 2007 and 2009 in China, reaching RMB480 million in sales in 2009;
- Twinrix (GSK), the only hepatitis A and B combined vaccine in China produced by a global vaccine manufacturer and a widely known brand for hepatitis vaccine globally;
- Meningo A+C (Sanofi Pasteur), a leader in meningococcal vaccine in China, widely used in over 90 countries and the only 2-valent meningococcal vaccine manufactured by a global manufacturer in China. It has the #2 market share in the fast growing Type II 2-valent meningococcal vaccine market in China;
- Meningococcal ACYW (Hualan), a recently launched 4-valent meningococcal vaccine that offers wide protection and competes with only two other domestically manufactured vaccines in China; and
- Weisairuiji (IMBCAMS), a well-known lyophilized live attenuated hepatitis A vaccine. The Type II hepatitis A vaccine market in China grew 34.9% from 2008 and reached RMB850 million in 2009.

We believe our diversified vaccine promotion portfolio has made us an attractive partner for our customers as they are able to purchase their vaccine needs from one source. We believe this has also contributed to our revenue growth since we can promote additional vaccine products across our extensive promotion and sales network efficiently and cost effectively.

We have a leading third party pharmaceutical promotion and sales business primarily serving global pharmaceutical manufacturers

We have a leading third party pharmaceutical promotion and sales business for global pharmaceutical manufacturers in China with the following competitive features:

- *Nationwide pharmaceutical promotion and distribution network coverage.* As of December 31, 2010, our promotion team regularly contacts over 26,500 doctors and 3,500 hospitals, including over 900 class three (over 70% of the total class-three hospitals[10]) and over 1,250 class two (approximately 20% of the total class-two hospitals[10]) hospitals, representing an extensive pharmaceutical promotion and sales network in China. In addition, we have a nationwide pharmaceutical supply chain network distributing those pharmaceutical products we promote.
- *A diversified and expanding product portfolio.* Our product portfolio is primarily focused on branded generic products which offer strong growth potential. We sell anti-infective and CNS medicines and plan to expand our coverage to oncology and cardiovascular products. We are generally the sole promoter in China for our key pharmaceutical promotion and sales products. Our pharmaceutical products portfolio has increased from 8 products as of January 1, 2008 to 17 products as of December 31, 2010. We have been successful in adding a number of profitable products into our portfolio and growing their sales. The majority of our key promotion and sales products are originator branded generics, which are pharmaceutical products that no longer enjoy patent protection but still carry their original proprietary brands. With the help of an experienced promotion team, originator branded generics can command large market shares in China and demonstrate high growth potential due to their proven market acceptance, despite the introduction of new competing generic products. As of December 31, 2010, none of our promotion and sales pharmaceutical products is under patent protection. The table below sets out the market share in China of the originator branded generics we promote and sell:

Name	2009 Market Share in China (Ranking)	2008 Market Share in China (Ranking)	2007 Market Share in China (Ranking)
Fortum[11] (GSK)	34.2% (1)	29.0% (1)	19.7% (1)
Cefobid (Pfizer)	46.6% (1)	35.7% (1)	31.4% (1)
Unasyn (Pfizer)	35.0% (1)	24.3% (1)	12.9% (2)
Sermion (Pfizer)	18.0% (2)	12.4% (3)	8.1% (4)

Source: MENET

[10] Total numbers of class-three and class-two hospitals are based on data as of 2009 according to the MOH.

[11] We started promoting Fortum in 2007.

- *A skilled and experienced promotion team.* Our experienced promotion team has a good track record of generating high growth for the products we promote. Our team has a broad geographical reach and skilled execution capabilities. During the Track Record Period, our pharmaceutical promotion team grew from 18 managers and 81 representatives at the beginning of 2008 to 61 and 335, respectively, as of December 31, 2010. Our managers have an average of 12 years experience in the pharmaceutical industry and as of the Latest Practicable Date, approximately 65% hold degrees in healthcare-related fields. Our well-trained sales team possesses relevant expertise and knowledge as well as a good understanding of the risks and benefits of their assigned products. We believe our pharmaceutical promotion team differentiates us from our competitors and allows us to provide targeted promotion and sales services resulting in a broader reach for our suppliers' products on a more cost-effective basis.
- *Strong relationships with global pharmaceutical manufacturers.* We have established strong partnerships with global pharmaceutical manufacturers. For example, we have promoted pharmaceutical products for Pfizer for five years. We provide global pharmaceutical manufacturers with a full range of promotion and sales and supply chain services. These services are important for global pharmaceutical manufacturers to help manage their legal compliance, quality control, and costs in China. We believe that our close relationships with global pharmaceutical manufacturers provide us with a competitive advantage in securing promotion and sales services arrangements for global pharmaceutical manufacturers actively seeking to outsource more of their promotion and sales services work due to cost-efficiencies and our extensive promotion network coverage.

We have an experienced and entrepreneurial management team

Our experienced senior management team has extensive knowledge of the vaccine and pharmaceutical industries in China with a consistent track record of strong revenue growth and profitability. Mr. Ng, the founder and Chairman of our Group, has over 15 years of healthcare industry experience with extensive knowledge in business management, marketing, investment and strategic planning. Over 75% of our senior management team members have management experience at multinational corporations and over 60% of them hold a master's degree or above. Our management team encourages an entrepreneurial culture with a competitive, performance-based compensation system. In an effort to better serve our suppliers and provide a full range of value-added services, our management team has successfully implemented the use of dedicated vaccine promotional sales in China and has worked closely with GSK to build out our advanced cold-chain infrastructure and know-how which is critical to our vaccine supply chain business. We believe that we have a strong management team capable of building on our competitive strengths and successfully implementing our strategic initiatives.

OUR STRATEGIES

We aim to consolidate and strengthen our position as the largest fully integrated supply chain and promotion and sales services provider for vaccines as well as the second largest third party promotion and sales services provider for pharmaceutical products in China. We aim to achieve these objectives through the following business strategies:

Actively expanding our vaccine and pharmaceutical promotion networks

Each of our vaccine and pharmaceutical promotion networks currently covers every province, autonomous region and municipality in China (other than Tibet). We intend to further penetrate those areas by expanding our vaccine promotion network to over 21,000 urban POVs by the end of 2011 which would represent over 73% of all urban POVs across China. We also intend to expand our pharmaceutical promotion network to cover more than 4,200 hospitals and 38,000 doctors by the end of 2011.

In particular, we intend to implement this strategy by:

- recruiting experienced personnel to increase the size of our teams and to maintain our leadership position in the Chinese vaccine and pharmaceutical promotion markets;
- expanding the coverage per team member by increasing our investment in training, making more resources available to our team and conducting more promotional activities with our promotional targets, such as training and seminars, to increase the demand for the vaccines and pharmaceutical products we promote;
- partnering with or acquiring a controlling stake in other local vaccine or pharmaceutical promoters who may have more extensive coverage in the geographical areas where we plan to increase our presence. We intend to supervise the activities of our partners to ensure the quality of their promotion services and their integration with our overall promotion strategy. As of the the Latest Practicable Date, we have not identified any targets nor have we outsourced any part of our promotion activities to other agents or subcontractors;
- for our vaccine promotion and sales business in particular:
    - continuing to target the vaccines we promote to each POV to its demographic profile (e.g. age, affordability, types of diseases); and
    - entering into joint promotion arrangements with vaccine manufacturers, pursuant to which we and the manufacturers will be responsible for promotion activities for specified products in designated geographical markets. We expect that these joint promotion arrangements should help us reach new POVs and increase the size of the product portfolio we offer to existing POVs. These arrangements also enable our suppliers to outsource their promotion activities for areas they cannot cover themselves, further strengthening our relationships with them.

Strengthening the coverage and services capability of our vaccine supply chain network

We intend to strengthen the coverage and services capability of our vaccine supply chain network through expanding our vaccine supply chain network coverage, further investing in our cold chain infrastructure and know-how, and developing an advanced information system.

Expanding and deepening our network coverage

We plan to expand the coverage of our vaccine supply chain network to more than 85% of all CDCs in China in 2011. Through such expansion, we aim to leverage on our broad geographical coverage to increase our direct sales to local CDCs, who usually pay higher prices compared to provincial CDCs, which could increase our gross margins and operating margins.

We intend to achieve this by broadening and deepening our supply chain network to cover more CDCs or acquiring or investing in vaccine supply chain service providers that have leading market shares, in their local areas (being areas not adequately covered by our vaccine supply chain network) and an established revenue and profitability record. We plan to integrate these companies with our operations to expand the coverage of our vaccine supply chain network to these new areas. At the same time, we can improve the efficiency of our vaccine supply chain network by utilizing more local logistics centers and optimizing our delivery routes.

Investing in our cold chain infrastructure and know-how

We will continue to invest in our advanced supply chain infrastructure and know-how, which provides our vaccine suppliers and customers with reliable, timely and cost effective handling of their vaccine products from importation to delivery to end-users.

We intend to continue investing significant resources to upgrade and maintain our vaccine cold chain infrastructure and know-how to:

- serve the increased volume and wider coverage of our rapidly growing vaccine supply chain network;
- improve efficiency and reduce costs; and
- reinforce our brand image as the operator of an advanced cold chain infrastructure.

We are increasing the capacity and coverage of our cold chain infrastructure by expanding the size of our existing logistics centers, opening a new logistics center by the end of 2011, investing in additional temperature-controlled vehicles, and entering into joint ventures to expand our logistics facilities (we have not identified any joint venture partners as of the Latest Practicable Date). We will continue to upgrade our temperature monitoring system and develop new packaging designs in order to provide better service to our suppliers and customers.

Developing an advanced information management system

We plan to build an advanced information management system to allow us to retrieve up-to-date data on orders, sales and inventory figures of the vaccines we distribute for every CDC covered by our vaccine supply chain network and manage our own procurement, sales and inventory levels more efficiently. With this system, we should be able to monitor the inventory levels of our logistics centers and customers, assist our customers with inventory management and anticipate demand for the products we distribute. At the same time, we should be able to provide timely, complete and accurate data to vaccine manufacturers on the sales of their products. We estimate that the system which will link us to our customers requires an initial investment of around RMB20 million and an ongoing annual operating cost of RMB5 million to RMB10 million. We expect more than half of the required investment to be funded by certain suppliers who have agreed to co-invest in this system with us and the remainder from our cash from operations. We have begun developing this system and expect the first phase to be completed by the end of 2011 with continuous improvement going

forward. The system to improve the management of our own procurement, sales and inventory levels requires an investment of around RMB20 million, which will be funded from our cash from operations and proceeds raised from the Global Offering. The development, testing and continual improvement of this system will take approximately two years to complete. We expect our information management system to help strengthen our relationships with CDCs and vaccine manufacturers and to obtain more business from them. An advanced information management system should also help us improve the efficiency of our supply chain network and reduce costs.

Growing our vaccine and pharmaceutical promotion and sales portfolios by adding profitable products with high growth potential manufactured by global and domestic companies

We plan to leverage our established vaccine and pharmaceutical promotion and supply chain networks and experienced promotion teams to add new profitable and high growth products to our vaccine and pharmaceutical promotion and sales segments.

For our vaccine promotion and sales business, we aim to create and maintain a comprehensive portfolio of all major vaccines produced by both global and domestic manufacturers with different prices aimed at various segments of the Chinese vaccine market. We intend to expand our portfolio to include rabies and inactivated polio vaccines, among others. A diversified portfolio should help to further strengthen our position as the preferred one-stop vaccine supplier for our customers.

For our pharmaceutical promotion and sales business, we aim to expand our portfolio of anti-infective and CNS medicines to other focused therapeutic areas such as oncology and cardiovascular products. We target pharmaceutical products manufactured by global pharmaceutical manufacturers, small to medium sized European and American manufacturers, or established domestic manufacturers with a good track record of safety and efficacy. We will target products with some level of established penetration in the Chinese market in geographical regions already covered by our pharmaceutical promotion and sales network, giving us a foundation on which to leverage our pharmaceutical promotion and sales network to grow these products.

We intend to grow the product portfolios for our promotion and sales business with medium and long-term exclusive contracts and will consider alternative arrangements depending on the merit of the products and business relationships with our partners. These arrangements may include royalty arrangements, licensing agreements, and minority equity investments in our manufacturer partners.

OUR BUSINESSES

We have operations in the following businesses:

- *Vaccine business* — We provide promotion and sales, supply chain and other value-added services for global and domestic vaccine manufacturers through our nationwide vaccine promotion and supply chain networks.
- *Pharmaceutical business* — We provide promotion and sales services for pharmaceutical products of global and domestic manufacturers, focusing on specific therapeutic areas. We also manufacture and sell certain generic pharmaceutical products as well as provide supply chain services for global and domestic pharmaceutical manufacturers.

OUR VACCINE BUSINESS

We are the largest fully integrated supply chain and promotion and sales services provider for vaccines in China.[12] Our vaccine business consists of the vaccine supply chain and vaccine promotion and sales segments. We have a nationwide vaccine promotion and supply chain network. We have established partnerships with four of the five largest global vaccine manufacturers — GSK, Sanofi Pasteur, Pfizer and Novartis — and three major domestic vaccine manufacturers, including Hualan, one of the largest private vaccine manufacturers in China. We also promote and sell products manufactured by CNBG, which is the largest state-owned vaccine manufacturer in China. These manufacturers supplied more than 54% (in terms of ex-factory sales revenue) of the Type II Vaccines sold in China in 2009.

The following table sets forth the turnover generated from each of the business segments in our vaccine business and the total turnover from our vaccine business during the Track Record Period and each item as a percentage of total turnover:

	Year ended December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
Segment Turnover						
Vaccine supply chain	841,334	59.5	1,230,340	51.4	1,167,767	43.8
Vaccine promotion and sales	89,093	6.3	249,447	10.4	356,788	13.4
Total	930,427	65.8	1,479,787	61.8	1,524,555	57.2

Vaccine Supply Chain Services

Our vaccine supply chain operation is a key business segment of our Company, accounting for 51.4% and 43.8% of our total turnover in 2009 and 2010, respectively. We have the largest vaccine supply chain network coverage for CDCs in China (i.e. we are able to distribute vaccines to more CDCs than any other single vaccine supply chain service provider) with a market share of 23.4% in 2009 according to Frost & Sullivan.[13] From 2007 to 2009, we increased our market share lead over our nearest competitor from 6.9% to 10.7%. Our vaccine business focuses on the Type II Vaccines market which made up over 64% of the vaccine market in China by value in 2009. Our supply chain distributes 19 vaccines manufactured by our partners, including 6 of the 15 best selling vaccines by sales value from October 2008 to October 2009 in China, such as Prevenar, Hiberix and Priorix.

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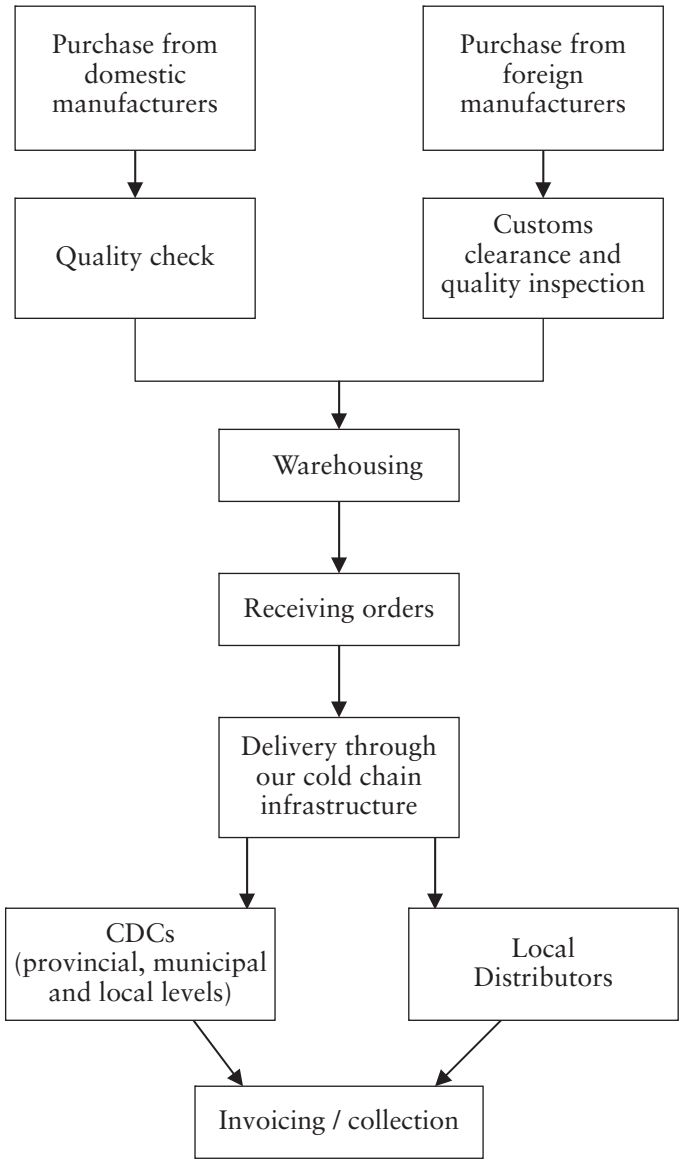
[12] For our vaccine supply chain business, from 2007 to 2009, and for our vaccine promotion and sales business, for 2009, each according to the Frost & Sullivan Report. Our market share in the vaccine supply chain market refers to the revenues generated by our vaccine supply chain business from sales of Type II Vaccines to provincial CDCs as a percentage of the aggregate revenues generated by all supply chain service providers from sales of Type II Vaccines to provincial CDCs. Our market share in the third party vaccine promotion market refers to the revenues generated by our vaccine promotion and sales business from sales of Type II Vaccines to provincial Centers of Disease Control as a percentage of the aggregate revenues generated by all third party promotion service providers from sales of Type II Vaccines to provincial Centers of Disease Control.

[13] Our market share in the vaccine supply chain market refers to the revenues generated by our vaccine supply chain business from sales of Type II Vaccines to provincial CDCs as a percentage of the aggregate revenues generated by all supply chain service providers from sales of Type II Vaccines to provincial CDCs.

Approximately 73% of our vaccine sales in 2010 were made directly to CDCs which are the exclusive channels for distribution of Type II Vaccines in China. The remaining 27% of our sales are made to local distributors. We deliver vaccines to our customers through our advanced cold chain infrastructure. We can deliver vaccines to any part of China (except for Tibet) within 48 hours of dispatching the vaccines. We collect payments from, and manage inventory levels of, our customers and offer our suppliers value-added services such as sales data collection, integration and analysis.

Operating Process

The following diagram illustrates our vaccines distribution operations:



We purchase products from leading global and domestic vaccine manufacturers. We assist these manufacturers in clearing customs and tax procedures, if required. We warehouse vaccines in a climate-controlled environment until the receipt of customer orders, following which we deliver these orders to our customers in a timely manner. The operating process concludes with the invoicing of, and collection of payment from, our customers.

Revenues from Our Vaccine Supply Chain Business

The following table sets forth a breakdown of revenue (after inter-segment elimination), during the Track Record Period by PRC region:

	Year ended December 31,		
Region	**2008**	**2009**	**2010**
Eastern China Region (華東地區): (Anhui, Henan, Hubei, Jiangsu, Shandong, Shanxi, Shanghai, Zhejiang)	33.3%	40.0%	37.9%
Southern China Region (華南地區): (Fujian, Guangdong, Guangxi, Hainan, Hunan, Jiangxi)	31.4%	23.4%	27.5%
Northern China Region (華北地區): (Beijing, Hebei, Heilongjiang, Jilin, Liaoning, Tianjin)	24.5%	22.6%	20.2%
South Western Region (西南地區): (Guizhou, Sichuan, Yunnan, Chongqing)	7.4%	9.7%	9.5%
North Western Region (西北地區): (Gansu, Inner Mongolia, Ningxia, Qinghai, Shaanxi, Xinjiang)	3.4%	4.3%	4.9%
Total	100%	100%	100%

Note: Revenues for each region are calculated by aggregating revenues derived from all of our customers incorporated or located in such region.

Each of our PRC subsidiaries focuses on the distribution of vaccine products manufactured by a number of assigned vaccine producers. In the near future, we intend to reorganize the division of our supply chain business to specialize by specific regions in China. This will enable our customers to place orders for all products distributed by our Company from one point based on their geographical locations.

As of December 31, 2010, we employed 50 distribution team members across China (except Tibet). They are primarily responsible for managing orders from customers, collecting payments from customers, liaising with our cold chain infrastructure team to ensure timely delivery of the orders, managing our sales data and assisting our customers with the management of their inventories and costs. Our distribution team members are organized based upon geographic location. Our distribution team members visit CDCs from time to time to ensure they hold a sufficient inventory of vaccines and to take orders and collect payments promptly. Our distribution team members are not responsible for directly handling and receiving payments from our customers. Instead, our customers pay us through electronic bank transfers, or in some cases, through bills receivable. There has been no incident of misappropriation of our customers' funds by our employees during the Track Record Period.

We also offer our suppliers value added services such as sales data collection, integration and analysis. These services distinguish us from our competitors and enable our suppliers to better manage and plan their business operations in China.

Our vaccine supply chain business is significantly affected by the seasonally higher sales of certain flu, chicken pox and meningococcal vaccines during the second half of each year, particularly from the end of the third quarter to end of the fourth quarter. For example, we have distributed most of GSK's Fluarix, chicken pox and Walvax Biotech and Sanofi Pasteur's meningococcal vaccines during August to December of each year. This period coincides with the start of school semester when students usually receive their flu vaccines and the peak period for flu, chicken pox and meningitis. As a result, we expect to realize a significant portion of our vaccine supply chain turnover from Fluarix and Varilrix and meningococcal vaccines from the end of the third quarter to the end of fourth quarter each year. For further information, see the sections headed "Summary — Seasonality" and "Financial Information — Significant Factors Affecting Our Results of Operations — Seasonality".

Supplier Arrangements

We have established partnerships with four of the five largest global vaccine manufacturers — GSK, Sanofi Pasteur, Pfizer and Novartis — and three major domestic vaccine manufacturers, including Hualan, one of the largest privately owned vaccine manufacturers in China. As of December 31, 2010, we believe that our vaccine distribution business was:

- the sole PRC distributor of all GSK conventional (non-flu) vaccine products;
- the sole distributor and one of the importers of Pfizer Pneumococcus vaccine Prevenar in Eastern China;
- the sole PRC distributor of Sanofi Pasteur's Meningo A+C — the only imported 2-valent meningococcal vaccine in China;
- the sole PRC distributor of Walvax Biotech's meningococcal Group A, C 2-valent Polysaccharide Conjugate Vaccine; and
- the sole PRC distributor of all Novartis vaccines including Agrippal, Fluad and Rabipur.

We started distributing vaccines for GSK in 2004. We subsequently added Pfizer, Sanofi Pasteur, Novartis and Walvax Biotech products to our distribution portfolio. As of December 31, 2010, we provided supply chain services to three global and two domestic vaccine manufacturers (we also provided supply chain services to one other global and three other domestic vaccine manufacturers who supplied vaccines to our vaccine promotion and sales business and turnover from sales of these vaccines is recognized in our vaccine promotion and sales business). We maintain relationships with our suppliers by entering into distribution agreements with terms generally lasting three years, subject, in the case of certain agreements, to the supplier's right to terminate the agreement at will.

Below is a summary of the typical matters set out in our vaccine distribution agreements:

- specifications for the vaccine products we distribute;
- the purchase price payable by us and the recommended sales prices set by the suppliers. Our sales prices must comply with applicable law;
- geographical restrictions regarding where the products may be sold and whether we are the sole distributor of these products in the specified regions;

- the suppliers are responsible for ensuring the quality of, and the validity of, their intellectual property rights to their vaccine products and we are responsible for the timely delivery of products to our customers and observing the credit terms granted by the suppliers;
- we are obligated to ensure that inventories of the products are stored in appropriate storage facilities in accordance with the instructions of the suppliers and any relevant laws and regulations. In particular, we are required to maintain proper cold chain infrastructure for the vaccines in accordance with regulatory requirements;
- if the vaccines are recalled by the SFDA or for other reasons, we are obligated to return the recalled vaccines to the suppliers;
- the suppliers will indemnify us against all losses suffered or incurred by us as a result of any claims brought by or against us based on the manufacture, import and repackaging of the products by the suppliers or their affiliates;
- we have a preferential right to negotiate with the suppliers to renew some of the distribution agreements; and
- the suppliers may terminate the distribution agreements if: (i) we breach any of their key terms, including failure to comply with the credit terms and failure to remedy the breach within applicable cure periods, if any; (ii) we assign the distribution agreement to a third party without the prior consent of the relevant supplier; (iii) the subsidiary that is a party to the relevant distribution agreement is liquidated; or (iv) there is a change of legal or beneficial ownership in our subsidiary that is a party to the relevant distribution agreement that the supplier in its sole discretion deems significant. Also certain agreements provide that any party to the agreement (including the supplier) may terminate the agreement without cause upon six months' prior written notice.

The credit terms granted by our suppliers are generally up to 90 days. We settle outstanding payables with our suppliers through bank transfers.

During 2010, the credit periods granted by our suppliers increased and typically ranged from 60 to 180 days, primarily due to the introduction of new products into our product line for which our suppliers granted longer credit terms, and to negotiated delays in payment terms as a result of the slowdown in payment from our customers.

We are generally permitted to return products that are damaged, have incomplete packages/unclear labels, have expired or do not otherwise satisfy our quality standards, by notifying the supplier. Subject to negotiation with the supplier, we are able to return unsold products to the manufacturer. During the Track Record Period, the sales returns to our suppliers were immaterial.

Pricing

Customary with market practice, the price of our products is generally determined through negotiations with our suppliers and customers. We particularly take into account our gross margins when we carry out such negotiations.

Product Portfolio

We offer quality vaccine products manufactured by leading global and domestic vaccine manufacturers to our customers. As of December 31, 2010, we distributed 19 vaccines, including six of the 15 best selling vaccines by sales value from October 2008 to October 2009 in China.

The table below sets forth the major vaccine products we distribute:

Product	Distribution Coverage of the Company	Usage	Year Introduced	Age of Targeted End-user	Type I or Type II Vaccine
Recombinant (yeast) hepatitis B vaccine (for adults)	Nationwide	Prevention of hepatitis B	2005	15 years +	Type II
Haemophilus influenza type B conjugate vaccine (ampoule)	Nationwide	Prevention of infections caused by Type B haemophilus influenza	2008	6 weeks +	Type II
Haemophilus influenza type B conjugate vaccine (pre-packed)	Nationwide	Prevention of infections caused by Type B haemophilus influenza	1999	6 weeks +	Type II
Diphtheria, Tetanus and Pertussis DTPa	Nationwide	Prevention of diphtheria, tetanus and pertussis	2006	3-5 months, 18-24 months	Type II
Live attenuated varicella vaccine	Nationwide	Prevention of infections caused by varicella virus	1998	1 year +	Type II
Inactivated hepatitis A vaccine (ampoule / pre-packed)	Nationwide	Prevention of hepatitis A	Ampoule (2009) Pre-packed (1995)	1-19 years	Type II (Type I in some areas)
MMR vaccine, live	Nationwide	Prevention of measles, mumps and rubella	1999	8-24 months	Type II (Type I in some areas)
Split influenza virus vaccine (for adults)	Nationwide	Prevention of seasonal influenza	1999	3 years +	Type II
Split influenza virus vaccine (for children)	Nationwide	Prevention of seasonal influenza	2000	6 months - 3 years	Type II
7-valence pneumococcal capsular polysaccharide conjugate vaccine	Eastern China	Prevention of pneumonia caused by seven pneumococci groups	2008	3 months +	Type II
A-group C-group meningococcal conjugate vaccine	Nationwide	Prevention of meningitis caused by A & C group	2009	3 months - 5 years	Type II
MF59-adjuvanted inactivated subunit influenza vaccine (for elderly)	Nationwide	Prevention of seasonal influenza	1997	65 years +	Type II
Third generation inactivated subunit influenza vaccine	Nationwide	Prevention of seasonal influenza	1976	6 months +	Type II

Product	Distribution Coverage of the Company	Usage	Year Introduced	Age of Targeted End-user	Type I or Type II Vaccine
Purified chick embryo cell culture rabies vaccine (PCECV)	Nationwide	Prevention and treatment of rabies	1997	Infant +	Type II

Except for Fluarix, Havrix and Priorix (these vaccines are usually Type II Vaccines; however, they are Type I Vaccines in certain regions of China where GSK has entered into Type I Vaccine tenders), the products in our distribution portfolio are all Type II vaccines. Our top five distributed products represented approximately 50.2%, 37.9% and 31.2% of our total turnover in 2008, 2009 and 2010, respectively.

Cold Chain Infrastructure

Most vaccine products must be stored and transported strictly within a specified temperature range of 2-8^{0}C. As a part of our vaccine business, we operate an advanced cold chain infrastructure, which includes advanced climate controlled logistic centers, packaging materials and vehicles as well as sophisticated information technology and quality control systems. We started to establish our cold chain infrastructure in 2004 with our purchase of equipment and the help of GSK who provided the know-how. Our cold chain infrastructure provides our suppliers with a logistics network that helps ensure reliable, timely and cost effective handling of our suppliers' products from importation through to final delivery. Our cold chain infrastructure is capable of delivering vaccines to any part of China (except Tibet) within 48 hours of dispatching the vaccines. During the Track Record Period, there were no material losses to our inventories caused by defects in our cold chain infrastructure and we have not suffered any material disruption to our cold chain infrastructure. Our cold chain infrastructure has complied with the relevant laws, rules and regulations relating to the distribution of vaccines during the Track Record Period.

We possess advanced know-how on how to keep vaccines within the required temperature range during their transit. We implement customized packaging designs with suitable materials for vaccines taking into account factors such as seasonal weather conditions, transportation means and distance. This plays a critical role in maintaining the temperature of our vaccines during their transit. The temperature monitoring system used in our cold chain infrastructure utilizes advanced technology. We mainly transport vaccine products through special temperature-controlled packaging and/or vehicles. We have access to live temperature data on trucks owned and operated by us and will be alerted to any temperature abnormalities occurred during deliveries made by these trucks. In addition, electronic thermometers are used to record the temperature during the transportation process on each vehicle (including those owned and operated by our third party contractors). Specialized software tracks the temperature during the transportation process by means of graphs, charts and other reports. Our temperature monitoring record and process has played an important role in allowing us to further develop and improve our cold-chain operation know-how over the past five years. Our cold chain infrastructure must comply with strict standards set by the global vaccine manufacturers (including GSK and Pfizer) and we have passed all audits to date. We do not hold any patent on our cold chain infrastructure and temperature maintenance and monitoring know-how.

As of December 31, 2010, our cold chain infrastructure used over 100 trucks, of which eight were owned and operated by us, three were leased and operated by us and the remainder were owned and operated by third party contractors. We plan to purchase additional trucks in 2011 to support our growth. In 2010, our self-owned and operated trucks delivered approximately 20% of all vaccines sold by us. As of December 31, 2010, we had engaged three third party contractors to provide transportation services for vaccine products. They are Shanghai Dapeng International Logistics Co., Ltd (上海大鵬國際貨運有限公司), Shanghai Nuoer Logistics Co., Ltd (上海諾爾物流有限公司) and Shanghai Lianhua International Transportation Co., Ltd (上海蓮花國際儲運有限公司). We started our relationships with these companies in 2003, 2005 and 2008, respectively. We pay our third party contractors service fees based on the weight and delivery distance of our packages as well as costs incurred by them for returning vaccine packaging materials or transportation boxes provided by us. We paid our third party contractors approximately RMB6.2 million, RMB9.4 million and RMB19.1 million in fees in 2008, 2009 and 2010, respectively. We select those third party contractors based on their fleet size, reputation, capabilities and costs. We enter into transportation contracts with our third party contractors every two years. Before we enter into or renew the contracts with our third party contractors, we inspect their business licenses and relevant permits to ensure that they are qualified to provide transportation services for vaccine products. The transportation contracts specify the fees payable by us and the obligations of the contractors to provide transportation services to our standards and in a timely and safe manner.

We take a number of measures to help maintain the quality of the vaccines delivered by third party contractors. We are responsible for packaging the vaccines delivered by our third party contractors. Our packaging is capable of maintaining vaccines in a safe temperature range for around 24 to 48 hours, which is adequate for the vast majority of deliveries undertaken by the third party contractors. The packaging provided by us is also equipped with temperature monitoring and recording devices which allow us to note any temperature abnormalities that occurred during any journey. We plan to upgrade our temperature monitoring device and system in the near future to allow us to have live access to such data. Our third party contractors are required to follow strict standard operating procedures in the event that a temperature-controlled truck's temperature regulating function is impaired (e.g. the vaccines on board must be transferred to another working temperature-controlled truck within a specified time period). We can ascertain whether our third party contractors have followed the standard operating procedures by reviewing the temperature delivery data upon completion of each order. We provide regular and detailed training to our third party contractors and they must strictly comply with our quality assurance standards, compliance with which we audit annually. We also hold regular meetings with and conduct site visits to our third party contractors. Provided that a third party contractor has followed our standard operating procedures, we will be responsible for any losses caused by the packaging of the products supplied by us. However, if a third party contractor has failed to follow our standard operating procedures, then that third party contractor will be liable for any losses suffered by us. We believe that the know-how of the cold chain infrastructure does not depend on the trucks owned by the third party contractors, but rather is dependent on the combination of packaging materials, temperature monitoring system and data tracking supplied or used by us. We do not rely on any special capabilities of our third party contractors. On this basis, we believe other third party contractors are readily available on the market with comparable price and quality.

For small freight volumes or in instances where temperature-controlled trucks are not suitable, insulated boxes or insulated packaging are also used to help ensure the products meet the temperature requirements during the entire journey. All of our cold chain packaging must meet strict quality standards.

As of December 31, 2010, we employed eight dedicated personnel responsible for monitoring the cold chain infrastructure, all of whom hold bachelor degrees and have an average of approximately 19 years of relevant professional experience. They draft our Group's standard operating procedures and ascertain whether our third party contractors have followed the standard operating procedures by reviewing the temperature delivery data upon completion of each delivery. They also regularly inspect our cold chain infrastructure and have access to temperature data of all temperature-controlled trucks (including live temperature data for the temperature-controlled trucks we own and operate) and logistic centers on our cold chain infrastructure. When we become aware of a temperature abnormality during a delivery, we may treat the affected vaccines in accordance with the manufacturers' guidelines to ensure their quality has not been compromised. If the affected vaccines cannot be treated, then they will be destroyed. During the Track Record Period, there were no material losses to our inventories caused by temperature abnormalities in our cold chain infrastructure.

We were appointed to handle the warehousing and delivery of certain vaccines prepared for the Beijing Olympic Games in 2008. We have also been invited by various CDCs to provide them with technology consultation and support for their cold chain systems. In addition, we have been invited by the Jiangsu Pharmaceutical Quality Control Society as a PRC vaccine supply chain service provider to participate in a conference in September 2009 discussing the current cold chain logistics market in China and assisting the Jiangsu SFDA in developing regulations related to cold chain logistics for vaccines.

Logistics Centers

As of December 31, 2010, we owned and operated four logistics centers in different regions of China. Their primary functions are processing and warehousing our inventories and distributing vaccines to our customers. Our logistics centers are strategically located in order to enable us to provide efficient coverage for our customers and allow us to deliver vaccines to any part of China (except Tibet) within 48 hours of dispatching of the vaccines. Our logistics centers strictly comply with GSP standards. They are equipped with inventory management systems and 24-hour temperature monitoring and alarm systems.

The following map illustrates the locations of our logistics centers and coverage of our vaccine supply chain network:

We completed the construction of a new logistics center in Suzhou in September 2010 (which commenced operations in September). This increased the total area of our logistics centers from 7,778 square meters in December 2009 to 12,972 square meters in September 2010. We plan to open a new logistics center in Taizhou in 2011, which will bring the total area of our logistics centers to approximately 28,500 square meters (subject to final mapping).

Key Customers

Our supply chain covered over 2,800 CDCs nationwide as of December 31, 2010. Out of the 2,800 CDCs, we distributed vaccines directly to 542 CDCs.[14] Some CDCs covered by our supply chain network may not directly purchase vaccines from us, since they may be required under local government policy to purchase vaccines only from a designated higher level CDC.

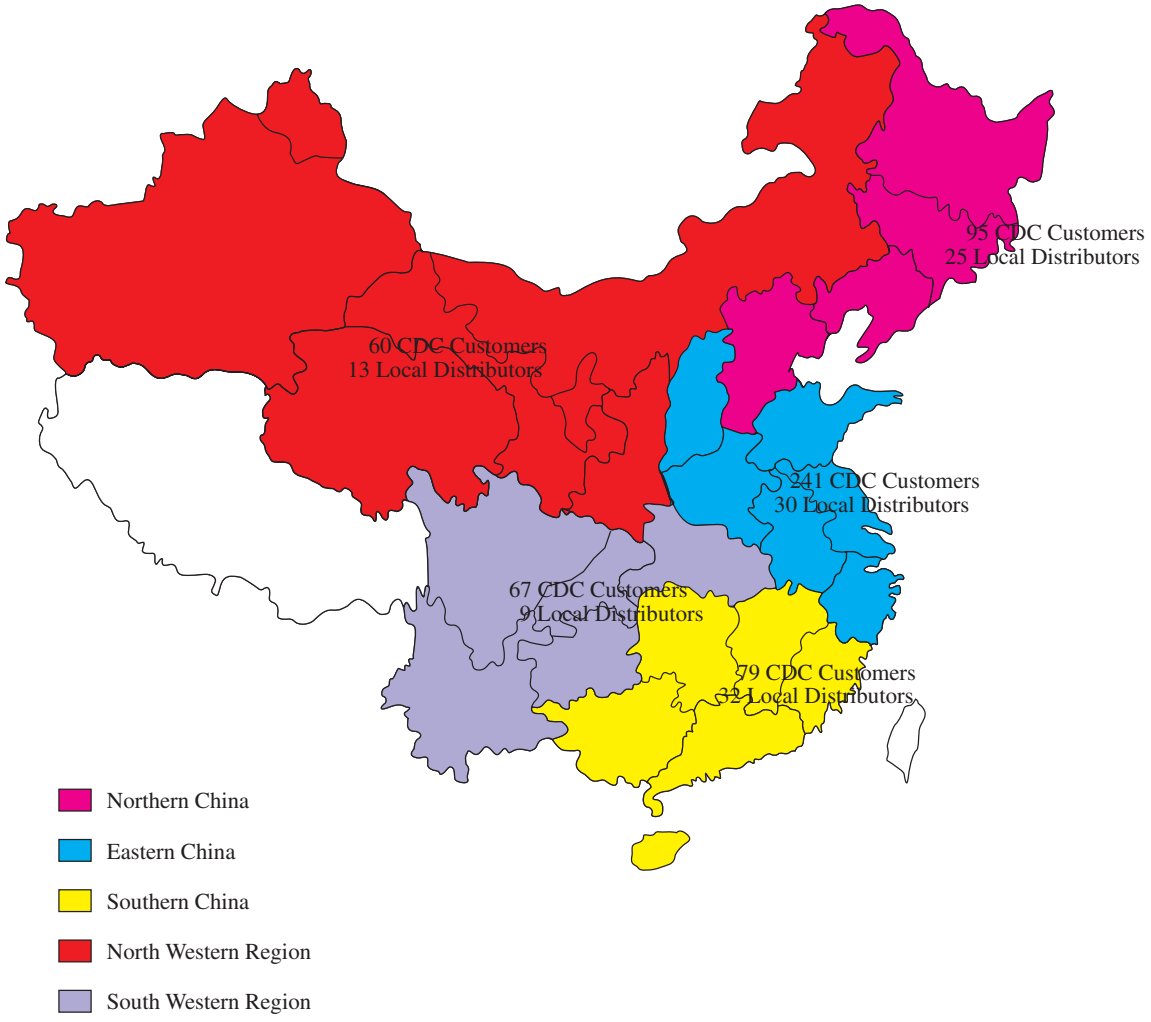
Approximately 73% of our vaccine sales in 2010 were made directly to CDCs which are the exclusive channels for distribution of Type II Vaccines in China. Approximately 87% of our sales to CDCs customers were made to provincial and municipal CDCs in 2010. This distribution model may change in the future in light of changes in the operating and financial policies of CDCs. As a result, the percentage of sales to local CDC customers may increase in the future. Our remaining sales are made to local distributors. The local distributors are small operators with networks and experience in distributing vaccines in their respective geographical regions. They are all independent third parties. We have maintained stable relationships with our local distributors and had only terminated our business relationships with one local distributor during each of 2008 and 2009, and with nine in 2010.

As of the Latest Practicable Date, we sell vaccines to all of our local distributors based on individual purchase orders in line with the market practice. The individual purchase orders specify the recommended resale prices for our local distributors and our terms of supply.

The terms of supplies which we offer to our CDC customers and local distributors are the same except we usually give our local distributors a 1-5% discount on the sales prices we offered to them in comparison to those we offered to our CDC customers as their profit margins and shorter credit terms were typically ranging between cash on delivery to 90 days (in contrast to the 60-120 day credit terms we typically grant to our CDC customers). As a result of decreased demand in the vaccine industry in the PRC in 2010, we extended the credit terms offered to 28.4% of our active CDC customers. In an exceptional case, we granted a credit term of 240 days to the Henan CDC, a customer which accounted for 1.8% of our turnover in 2009 and 2.4% of our turnover in 2010. Generally, our CDC customers place orders with us on an as-needed basis and we do not enter into any long-term contracts with them. We receive monthly reports from our local distributors on their sales of each product to their customers. Based on the monthly reports, we are able to monitor the inventory levels of our local distributors.

[14] These are CDCs who have placed orders with us during 2010, which also include the CDCs who have ordered vaccines promoted by us (i.e. revenues derived from such sales are recognized under our vaccine promotion and sales segment).

As of December 31, 2010, our supply chain distributed vaccines directly to 542 CDCs nationwide and 109 local distributors. The following map sets forth a geographical breakdown of these CDCs and local distributors:



We have maintained stable relationships with our customers. We were also able to rapidly grow our customer base for our vaccine supply chain business during the Track Record Period. The following table sets forth the changes in the number of the customers (i.e. those who have placed orders with us during the respective periods) for our vaccine business during the Track Record Period together with the respective amounts and percentages of our turnover contributed by these customers during the same period:

	Year ended December 31,								
	2008			2009			2010		
Customers	No.	Turnover (RMB'000)	% of total turnover	No.	Turnover (RMB'000)	% of total turnover	No.	Turnover (RMB'000)	% of total turnover
(Our entire vaccine business)									
CDC	225	732,684	51.8	385	1,053,605	44.0	542	1,107,560	41.5
Local Distributors	66	197,743	14.0	105	426,182	17.8	109	416,995	15.6
(Our vaccine supply chain segment only)[15]									
CDC	201	691,831	48.9	200	904,375	37.8	251	875,309	32.8
Local Distributors	57	149,503	10.6	66	325,965	13.6	80	292,458	11.0

The sales to our customers are typically governed by the terms of the purchase orders which our customers must complete for each transaction. Each purchase order form specifies the order, delivery and payment arrangements between us and the customer. We are responsible for the delivery of vaccines to our customers. Our customers are generally invoiced at the time of delivery of their order, and the typical credit terms we grant to our CDC customers are 60-120 days. Since CDCs are financially backed by the PRC government, we have not experienced any material payment default from our customers in the past. The typical credit terms that we grant to our local distributors range from cash on delivery to 90 days.

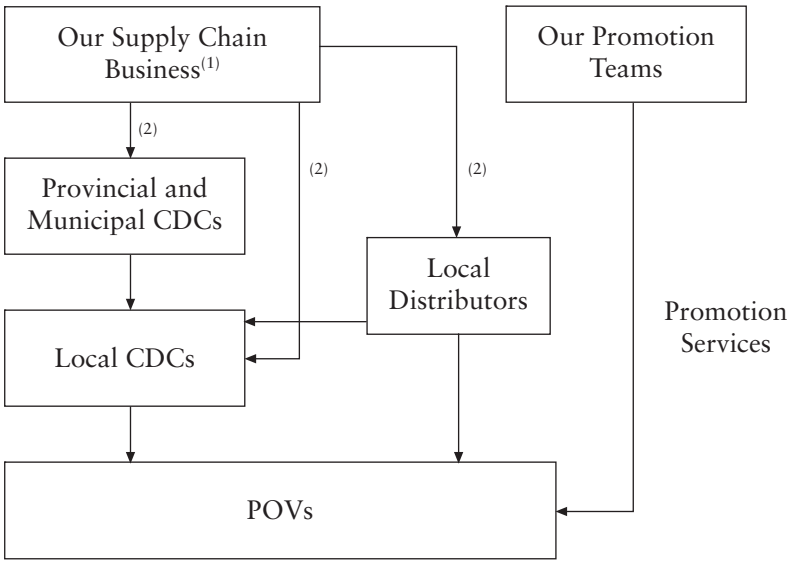
Our customers may return products that are damaged, have incomplete packaging, unclear labels, missing contents or that are inconsistent with the specifications on the purchaser orders. In addition, our customers, subject to negotiation with us, may return products that have expired, are close to expiring or cannot be sold. During the Track Record Period, the sales returns from our customers were immaterial.

[15] Excluding sales of vaccines promoted by us which were recognized by our vaccine promotion and sales segment.

Vaccine Promotion and Sales Services

We were the largest third party provider of promotion and sales services in China for global and domestic vaccine manufacturers with a market share of 8.7% in 2009.[16] Our promotion, or sales and marketing, services include educating healthcare practitioners on the clinical uses, benefits, side effects of our product portfolio (i.e. medical detailing), organizing clinical seminars, and sponsoring industry conferences and other promotional activities, differentiating us from other supply chain service providers in China. Our vaccine promotion team promotes a diversified portfolio of over ten vaccines to more than 20,500 urban POVs located in every province, autonomous region and municipality in China except for Tibet. These POVs are the only source of access to vaccines for the urban Chinese population, who are the target users of Type II Vaccines. Upon a successful promotion and sale, a POV will purchase the vaccine products from its own supplier (which is typically a CDC at a superior level who directly purchases such products from us). We may sell vaccines directly to POVs; however, most POVs currently purchase vaccines only from CDCs.

The following diagram illustrates our vaccine promotion and sales operations:



(1) See the flow chart on page 131 of this prospectus for a description of the services provided by our supply chain business.

(2) We record turnover and the associated cost of sales for our vaccine promotion and sales segment on our income statement when we deliver products to our customers. For further details, see the section headed "Financial Information – Description of Selective Components of Results of Operations."

[16] According to the Frost & Sullivan Report. Our market share in the third party vaccine promotion market refers to the revenues generated by our vaccine promotion and sales business from sales of Type II Vaccines to provincial CDCs as a percentage of the aggregate revenues generated by all third party promotion service providers from sales of Type II Vaccines to provincial CDCs.

In addition, we have established teams to jointly promote certain GSK and Walvax Biotech vaccine products, pursuant to which we and the respective vaccine manufacturers are responsible for promotion activities for specified products in designated geographical markets.

Our vaccine promotion and vaccine supply chain teams focus on different products and are assigned different tasks. We also enter into different agreements for the products promoted by our promotion services team and the products distributed by our supply chain services team. Therefore, they do not compete against each other. Our vaccine promotion team only provides promotion services to our partners for the products in our vaccine promotion and sales portfolio with the aim of generating interest in, and demand for, these products. All supply chain services, such as order taking, delivery or payment collection for these products are provided by our supply chain team. We recognize all sales of products in our vaccine promotion and sales portfolio as turnover generated by our vaccine promotion and sales segment. The value of the services of our promotion team is reflected in our gross profit from the vaccine promotion and sales segment, with gross profit being primarily the difference between the purchase price for the merchandise and the sales price. Our promotion expenses are recognized as distribution costs. In contrast, we recognize all sales of products in our vaccine distribution portfolio as turnover generated by our vaccine supply chain business. Our vaccine promotion and sales portfolio and vaccine supply chain portfolio do not contain any overlapping vaccine products (except for Havrix where we promote and sell this product in designated geographic areas under our joint promotion arrangement with GSK and we also provide supply chain services to GSK in other geographic areas. Please refer to the section headed "Business — Vaccine Joint Promotion Team" for further details).

The following table sets forth the turnover from of our vaccine promotion and sales operations, and as a percentage of our total turnover during the periods indicated:

	Year ended December 31,					
	2008		2009		2010	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Vaccine promotion and sales segment	89,093	6.3	249,447	10.4	356,788	13.4

Our vaccine promotion and sales segment is affected by seasonality, with sales in the second half of each financial year generally representing a significantly higher proportion of our annual turnover from this segment. For further information, see the sections headed "Summary — Seasonality", "Risk Factors — Risks Relating to Our Business — Our vaccine and pharmaceutical business operations are affected by seasonality" and "Financial Information — Significant Factors Affecting Our Results of Operations — Seasonality".

Operating Process

Our vaccine promotion and sales segment is supported by our vaccine supply chain business to complete the sales process and provide suppliers and customers an integrated range of promotion and supply chain services. For further details about our distribution and logistics arrangement for vaccines, please refer to the "Vaccine Supply Chain Services" section above.

Vaccine Promotion Team

As of December 31, 2010, we employed 62 managers and 235 sales representatives across China to promote vaccines products directly to over 20,500 urban POVs nationwide. Within our promotion team, a team of 11 managers and 50 sales representatives are dedicated to our joint promotion business established with GSK and Walvax Biotech (discussed below).

Our managers and sales representatives are primarily responsible for informing our targeted POVs of the characteristics and benefits of the vaccines we promote and developing sales and marketing plans for these vaccines. They make regular (weekly or monthly, depending on the location of the customer) onsite visits to POVs and hold regular seminars in various provinces or counties.

We provide regular training to our managers and sales representatives on the latest developments in the products we promote. Our managers and sales representatives also have access to promotional leaflets and materials on these products. Our promotion team members are all skilled professionals with an average experience of over five years in the pharmaceutical industry and two years in the vaccine industry. Approximately 90% of our vaccine promotion staff hold college degrees.

Vaccine Joint Promotion Team

We have established teams to promote Havrix and Hiberix jointly with GSK and to promote lyophilized 2-valent meningococcal vaccine jointly with Walvax Biotech. Under these joint promotion arrangements, we and the manufacturers are responsible for promotion activities for the specific products in separate geographic regions. All members of our joint promotion team are employed by us. They operate under our vaccine promotion and sales segment and promote vaccines only within our designated geographic regions (i.e. they do not carry out any promotion activities outside of these areas). Our supply chain team will provide supply chain services (including delivery services) of these products for orders originating within our designated geographic regions. Only the sales of these products within our designated geographic regions will be accounted as turnover from our vaccine promotion and sales segment. We also have to bear all costs incurred for carrying out promotion activities in our designated geographic regions. GSK and Walvax Biotech are responsible for promotion activities carried out by their own promotion teams for the relevant products in their designated geographic regions. GSK and Walvax Biotech will receive revenues from sales of the relevant products in their designated geographic regions and they have to bear all costs incurred for carrying out the promotion activities in their designated geographic regions.

All sales of Havrix made by us under the GSK joint promotion arrangement in our designated geographic regions are accounted for as turnover from our vaccine promotion and sales segment. All sales of Havrix made by us in other regions (where we only provide supply chain services to GSK) are accounted for as turnover from our vaccine supply chain segment. The products sold by us under the GSK joint promotion arrangement have different labels than those sold by us in other regions where we only provide supply chain services.

Similarly, all sales of Walvax Biotech's lyophilized 2-valent meningococcal vaccine made by us under the Walvax Biotech joint promotion arrangement in our designated geographic regions are accounted for as turnover from our vaccine promotion and sales segment. All sales of the same product made by us in other regions (where we only provide supply chain services to Walvax Biotech) are accounted for as turnover from our vaccine supply chain segment. The products sold by us under the Walvax Biotech joint promotion arrangement have different batch numbers than those sold by us in other regions where we only provide supply chain services.

Supplier Arrangements

We have developed strong relationships with leading global and domestic vaccine manufacturers such as GSK, Sanofi Pasteur, Hualan, Walvax Biotech, and the IMBCAMS.

We started our vaccine promotion and sales business with GSK's Twinrix in July 2005. We added Weisairuiji to our portfolio in January 2010. As of December 31, 2010, we provided promotion services to two global and four domestic vaccine manufacturers. The vaccine products we promote are delivered by our suppliers to our vaccine supply chain business for distribution to customers together with the other products distributed by our supply chain network. We believe we are the sole authorized distributor for all vaccines which we promote except for those where we have entered into joint promotion arrangements with our vaccine suppliers. Under the joint promotion arrangements, we are the sole distributor in the geographic areas designated to us. We enter into promotion and sales contracts with our suppliers for specified terms which usually range from one to three years. The promotion and sales contracts may be renewed upon mutual agreement before their expiration dates.

Below is a summary of the typical matters set out in our vaccine promotion and sales contracts:

- specifications for the vaccine products we promote;
- the purchase price payable by us and the recommended sales prices set by the suppliers. Our sales prices must comply with applicable law;
- geographical restrictions regarding where the products may be promoted and whether we are the sole promoter of these products in the specified regions;
- the suppliers are responsible for providing information necessary for us to promote the vaccine products; providing training to our representatives in respect of the vaccine products; providing samples of promotional materials regarding the vaccine products; and maintaining the validity of their trademarks. We are required to send our promotion materials to some of our suppliers for approval before we can use such promotion materials;
- the suppliers will indemnify us against all losses suffered or incurred by us as a result of any claims brought by or against us based on the manufacture, import and sale of the vaccine products by the suppliers or their affiliates;
- a party may terminate a sales contract if the other party is in breach of the contract and does not remedy such breach within a specified period of time. A sales contract may also be terminated if one of the contracting parties goes into liquidation;
- our suppliers may terminate the sales contracts if we fail to comply with promotion guidelines specified in our sales contracts; and

- some sales contracts provide that the supplier may terminate a sales contract if there is a change in the legal or beneficial ownership in our subsidiary that is a party to that sales contract. In addition, some sales contracts may be terminated upon three months' prior written notice if the suppliers or their affiliates withdraw their vaccine products from the regions in which we promote their vaccine products or dispose their vaccine business to a third party.

Some of our promotion and sales agreements contain minimum purchase requirements and require us to pay the supplier an agreed amount which represents a portion of the unfulfilled targets. If we fail to meet the minimum purchase requirements the suppliers may terminate our promotion and sales contract. We have met all the minimum purchase requirements as prescribed in these contracts during the Track Record Period.

We are permitted to return all products that are damaged, have incomplete packages or unclear labels, have expired when we receive them or do not otherwise satisfy our quality standards by notifying the supplier. Unlike the products we sell under our vaccine supply chain business, we are not permitted to return products purchased by us which we have failed to sell to our customers. During the Track Record Period, our sales returns to our suppliers were immaterial.

Pricing

Our gross margin for the promotion and sales of vaccine products is significantly higher than our gross margin for on our vaccine supply chain business. Our promotion and sales contracts specify the prices we pay our suppliers and sometimes the prices we are recommended to charge our customers for the vaccine products we promote and distribute. We generally observe the recommended sale prices set by our suppliers under the promotion and sales contracts in order to maintain and foster the good business relationships with our suppliers. We have been successful in negotiating with our suppliers to increase the prices they charge and prices at which we are recommended to sell to our customers at the same time in order to maintain our gross margins. Therefore, the respective gross margin for each of the vaccine products we promote has remained relatively stable over the Track Record Period. The overall contribution to our gross profit from our vaccine promotion and sales segment has been increasing as we have added products with higher gross margins to our portfolio and increased the volume of our turnover from these products.

Products Portfolio

We promote the sale of quality vaccine products manufactured by leading global and domestic vaccine manufacturers to our customers. We only promote Type II vaccines.

The table below sets forth the major vaccine products we promote:

Product Name/ Manufacturer	Usage	Commencement of Promotion by the Company	Year Introduced	Age of Target End User	Promotion Coverage of the Company	Product Strengths
Engerix-B (Junior) for children (GSK)	Hepatitis B vaccine	2008	1986	0 — 15 years	Sole nationwide promoter in China	Best selling Type II hepatitis B vaccine for children in China
Twinrix (GSK)	Hepatitis A and hepatitis B vaccine	2005	1997	16 years +	Sole nationwide promoter — focusing on developed cities	The only imported hepatitis A and B combined vaccine on the domestic market
Meningo A+C (Sanofi Pasteur)	Meningococcal — Groups A and C vaccine	2009	1974	2 years +	Sole nationwide promoter — focusing on the largest 80 cities in China	The only imported meningococcal vaccine in the domestic market Widely used around the world Fewer side effects and good protective effects
Weisairuiji (維賽瑞吉) (IMBCAMS)	Hepatitis A (Live) vaccine, Freeze-dried	2010	2006	18 months +	Sole nationwide promoter — focusing on 200 second and third tier cities in China	Superior protective effects after single shot One of the best domestic selling vaccines
Meningococcal ACYW (Hualan)	Meningococcal - Group ACYW vaccine	2009	2009	2 years +	Sole nationwide promoter — focusing on 200 second and third tier cities in China	Wide protection Competes with only two other domestically manufactured similar type of vaccines

We have established teams to jointly promote Havrix and Hiberix with GSK and lyophilized 2-valent meningococcal vaccine with Walvax Biotech.

Key Customers

As of December 31, 2010, we promoted vaccine products to over 20,500 POVs throughout China. Our vaccine promotion team does not directly enter into any supply contracts with all POVs. Instead, a POV will purchase such vaccine products from its own supplier (which is a higher level CDC who directly purchases such products from us). We may sell vaccines directly to POVs, however, most POVs currently purchase vaccines only from CDCs.

We have maintained stable relationships with customers who purchase the vaccine products promoted by us. We have also been able to rapidly grow our vaccine promotion network during the Track Record Period. The following table sets forth the changes in the number of POVs covered by our vaccine promotion and sales segment during the Track Record Period:

	Year ended December 31,		
	2008	2009	2010
Approx. additions of new targeted POVs	4,000	10,000	2,500
Approx. no. of POV covered at end of the year	8,000	18,000	20,500

Our customers may return products that are damaged, arrive as incomplete packages, have unclear labels, or are missing contents or are inconsistent with the specifications of the purchasing order. In addition, our customers, subject to negotiation with us, may return the products which have expired or are close to expiry. We may re-distribute inventory from one customer to another if one has excess inventory. During the Track Record Period, the sales returns made by our customers were immaterial.

OUR PHARMACEUTICAL BUSINESS

Our pharmaceutical business primarily consists of the direct promotion of pharmaceutical products, manufactured by global and domestic manufacturers, by our professional sales team to doctors in local PRC hospitals and the related sales of these products to distributors. Our pharmaceutical business also includes the manufacturing and sale of SFDA approved in-house generic pharmaceutical products.

The table below sets forth the breakdown of our turnover from our pharmaceutical promotion and sales operations and other pharmaceutical operations and each item as a percentage of our total turnover during the periods indicated:

	Year ended December 31,					
	2008		2009		2010	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Pharmaceutical Promotion and Sales Business	184,059	13.0	625,493	26.1	838,562	31.4
Other Pharmaceutical Businesses	299,499	21.2	289,758	12.1	304,861	11.4

Pharmaceutical Promotion and Sales

We are one of the largest and leading providers of third party promotion services in China. We generate turnover from our pharmaceutical promotion and sales business by selling globally and domestically-manufactured pharmaceutical products to our distributors located across China, who then sell these pharmaceutical products to local PRC hospitals. Depending on our arrangement with our suppliers, the value of our services is either recognized as service income, which is a direct payment to us by our suppliers, or through gross margin, being primarily the difference between our purchase price and our sales price for the product, or a combination of both. Our professional promotion representatives help strengthen product recognition by targeting doctors in local PRC hospitals which in turn will boost sales from our distributors to these hospitals. As of December 31, 2010, we had 396 promotion representatives. Our promotion team focuses on anti-infective and CNS medicines. Our promotion team regularly calls on over 26,500 doctors and 3,500 hospitals, including over 900 class three hospitals (over 70% of the total class-three hospitals)[17] and over 1,250 class two hospitals (approximately 20% of the total class-two hospitals)[17] as of December 31, 2010, representing an extensive pharmaceutical promotion coverage in China.

Supplier Arrangements

We have established strong relationships with our suppliers. We select and purchase well-known pharmaceutical products from global and domestic manufacturers. We are generally the sole authorized pharmaceutical products distributor in China for these global and domestic manufacturers. As of December 31, 2010, we entered promotion and/or distribution agreements with four global and four domestic suppliers.

These promotion and distribution agreements authorize us to promote and/or distribute certain of their pharmaceutical products in China. Pursuant to these agreements, we purchase certain pharmaceutical products from suppliers for resale to our distributors. We generally discuss sales targets and relevant marketing plans for the following financial year with our suppliers on an annual basis. These agreements have terms ranging from one to 10 years and may be renewed by agreement. During the Track Record Period, we did not experience any difficulty in renewing our agreements with our suppliers.

The credit terms granted by our suppliers generally range from 30 to 90 days. We settle outstanding payables with our suppliers through telegraphic transfers. We are able to return defective products and products that are damaged within 90 days from the delivery date of the products to our logistics centers. During the Track Record Period, we did not make a material amount of returns to our suppliers.

The nationwide marketing activities for the products we promote are generally designed and implemented by each relevant pharmaceutical manufacturer. As part of our promotion arrangements, we organize seminars and product presentations at local hospitals.

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[17] Total numbers of class-three and class-two hospitals are based on data as of 2009 according to the MOH.

Products Portfolio

As of December 31, 2010, we promoted and sold 17 pharmaceutical products in total. During the Track Record Period, the key pharmaceutical products promoted by us were Fortum, Cefobid, Sermion, Unasyn, DanShenTong and Shusi. All of the pharmaceutical products we promote and sell are prescription medicines and are subject to price controls imposed by the PRC government. See the sections headed "Summary — Price Controls" and "Regulations" in this prospectus for information about these price controls. In 2008, 2009 and 2010, the six key pharmaceutical products promoted and sold by us represented approximately 12.5%, 24.2% and 28.5% of our total turnover, respectively, and approximately 36.6%, 63.2% and 66.6% of our turnover from our pharmaceutical business, respectively. The following table sets forth a summary of these key pharmaceutical products:

Product Name (generic name)	Product Logo	Usage	Manufacturer	Year we started promotion and sales
Fortum (ceftazidime)		Infections	GSK	2007
Cefobid (cefoperazone)		Infections	Pfizer	2005
Sermion (nicergoline)		CNS disorders	Pfizer	2005
Unasyn (ampicillin sodium and sulbactam sodium)		Infections	Pfizer	2005
DanShenTong (tanshinone)		Antibacterial medicine	Hebei Xili	2008
Shusi (quetiapine fumarate)		Schizophrenia and bipolar disorder	Company	2007

Fortum

Fortum is an injectable third generation cephalosporin antibiotic and is mainly prescribed for severe infections. Fortum is an originator-branded generic. We focus our promotional and sales activities primarily in hospital departments including the respiratory, hematology and pediatric departments. It has a leading market share of approximately 34.2% of the ceftazidine category in China in 2009, a 74% increase from the 19.7% market share in 2007 according to MENET, a pharmaceutical market research institution affiliated with the SFDA. GSK, the manufacturer of Fortum, gradually started to transfer its promotion activities for Fortum to us from the end of 2007. The Group officially took over all promotion activity for Fortum by the end of 2008. Pursuant to our agreement with GSK, we are the exclusive authorized nationwide promoter and distributor of Fortum and GSK is unable to distribute Fortum through other channels. Our Fortum sales volumes have grown 41% from 2008 to 2010. We primarily promote and sell Fortum in China's largest cities. As of December 31, 2010, we covered approximately 1,788 hospitals in China for Fortum.

Cefobid

Cefobid is one of the few cephalosporin antibiotics effective in treating pseudomonas bacterial infections, which are otherwise resistant to these antibiotics. It is an originator-branded generic and is used in various hospital departments including hepatobiliary surgery, respiratory and hematology departments. Cefobid is widely accepted by doctors in China with the largest Chinese market share of 46.6% in the cefoperazone market in 2009, a 48% increase from its market share of 31.4% in 2007, according to MENET. Pursuant to our agreement with Pfizer, we are the exclusive authorized nationwide promoter and distributor of Cefobid and Pfizer is unable to distribute Cefobid through other channels. From 2008 to 2010, our sales volume from Cefobid increased from approximately 1,140,000 doses to 1,656,000 doses, representing a CAGR of approximately 20.5%. We primarily promote Cefobid in second tier cities. As of December 31, 2010, we covered approximately 309 hospitals in China for this product.

Sermion

Sermion is a neuro-protective agent indicated for chronic cerebral insufficiency and impaired brain function caused by conditions such as stroke. It can help to activate the brain's metabolism. Sermion is an originator-branded generic and has proven to be effective in hospital use, regulating and improving brain disorders caused by metabolic-vascular insufficiency and alterations derived from insufficient arterial irrigation in the limbs. Sermion is sold in tablet form. According to MEMET, Sermion had a Chinese market share of 18.0% in 2009, doubling its 8.1% market share in 2007, and ranked number four in the nicergolin category in 2008. Pursuant to our agreement with Pfizer, we are the exclusive authorized nationwide promoter and distributor of Sermion and Pfizer is unable to distribute Sermion through other channels. From 2008 to 2010, our sales volume from Sermion increased from approximately 407,000 doses to 760,000 doses, representing a CAGR of approximately 36.6%. As of December 31, 2010, we covered approximately 706 hospitals in China for Sermion.

Unasyn

Unasyn is an injectable antibacterial combination. It is widely used in various hospital departments including urology, pediatric and ENT (ear-nose-throat). Pursuant to our agreement with Pfizer, we are the exclusive authorized nationwide promoter and distributor of Unasyn and Pfizer is unable to distribute Unasyn through other channels. From 2008 to 2010, our sales volume from Unasyn increased from approximately 507,000 doses to 1,487,000 doses, representing a CAGR of approximately 71.3%. According to MENET, Unasyn has a market share of approximately 35.0% in China in 2009, almost tripling the 12.9% market share in 2007. We primarily promote Unasyn in tertiary cities. As of December 31, 2010, we covered approximately 153 hospitals in China for Unasyn.

DanShenTong

The DanShenTong capsule is a traditional Chinese medicine effective in fighting infections and dermatological conditions such as acne. It is widely accepted by doctors based on its clinically-proven efficacy and safety. Pursuant to our agreement with Hebei Xili, we are the exclusive authorized nationwide promoter and distributor of DanShenTong and Hebei Xili is unable to

distribute DanShenTong through other channels. From 2008 to 2010, our sales volume from DanShenTong increased from approximately 1,419,000 doses to 6,930,000 doses, growing at approximately 121.0%. As of December 31, 2010, we covered approximately 1,186 hospitals in China for DanShenTong.

Shusi

Shusi is our own-branded pharmaceutical product and is the only product manufactured by us which is also among the six key pharmaceutical products promoted by us. Shusi is one of the only two generic equivalents of Seroquel in China. Seroquel is an atypical antipsychotic medicine with multi-billion dollar sales worldwide. It is used in the management of schizophrenia, bipolar mania and a variety of other disorders, including insomnia and anxiety.

New products

We generally focus our product portfolio expansion on products with strong customer recognition and attractive margins, as well as those with the potential to help us to grow our turnover. We continue to evaluate the market feasibility and market demand of other well-recognized pharmaceutical products in order to expand our product portfolio.

The following table sets forth a summary of key products we have recently launched. In addition to those key products, we have also signed distribution and promotion agreements for several other pharmaceutical products in the pain management and diabetes areas. In 2010, the contribution to our total revenue of the sales of Relenza and Libod were approximately 2.4% and less than 0.1%, respectively.

Product Name (generic name)	Product Logo	Manufacturer
Relenza (zanamivir)	RELENZA 依乐韦 扎那米韦吸入粉雾剂	GSK
Libod (liposome doxorubicin)	里葆多 LIBOD 聚乙二醇脂质体多柔比星	Fudan-Zhangjiang

Relenza

Relenza is sold in a powder form for oral inhalation. It is used for the treatment of infections caused by influenza virus A and influenza virus B, commonly known as the flu. We entered into a promotion and distribution agreement with GSK in November 2009 pursuant to which we became the authorized distributor of Relenza. Given the worldwide outbreak of swine influenza in April 2009, we believe our engagement as the authorized distributor of Relenza should help us to strengthen our market position.

Libod

Libod is a PEG modified liposome doxorubicin injection that was approved by the SFDA in July 2009. Doxorubicin is used as a cancer medicine. According to Fudan-Zhangjiang, the original developer of Libod and a company listed on the Hong Kong Stock Exchange, Libod is the first and only liposome chemotherapy medicine manufactured inside China. It is used as the first-line chemotherapeutic medicine for various types of cancer or the second-line medicine for the AIDS-KS

patient whose disease has progressed. The PEG modified liposome formulation helps to reduce side effects of doxorubicin including cardiovascular toxicity, hair loss, and bone marrow damage. The formulation also improves efficacy by elevating the medicine concentration level around the tumor area.

We entered into an agreement with Fudan-Zhangjiang in September 2009, which has been further amended in March 2011. Under the agreement with Fudan-Zhangjiang, we are the sole promoter of Libod in China.

Sales to Our Distributors

We primarily sell pharmaceutical products to our local distributors, who then sell these products to local hospitals in China. The majority of our pharmaceutical sales are made to large pharmaceutical distributors in China. Out of our top 50 local distributor customers in our pharmaceutical business (determined by turnover contributions in 2010), many are among the largest 50 pharmaceutical distributors in China by sales value according to the Chinese Association of Pharmaceutical Commerce. On average, we started our business relationships with most of our top 50 local pharmaceutical distributors in 2004 and 2005. Although we can sell the pharmaceutical products to hospitals directly, we believe this sales channel allows us to increase our market penetration, to manage our distribution network more efficiently and effectively and minimizes our risk in distributing products in areas where we are less familiar. Our distributors are primarily engaged in the pharmaceutical distribution business. We have maintained stable relationships with our five largest distributors in terms of revenue for over four years. We select our distributors based on various criteria, including the scale of their existing distribution networks, capabilities in pharmaceutical procurement bidding, industry track record and experience, delivery capabilities, financial condition and creditworthiness. In particular, we believe that distributors with capabilities in pharmaceutical procurement bidding are able to provide us better services including, among other things, administrative assistance, documentation support, coordinating the bidding process, and facilitating communications with relevant government authorities. We maintain flexibility in our distribution arrangements by, among other things, selecting distributors with different market penetration in designated regions in China. In 2008, 2009 and 2010, we had 135, 169 and 186 distributors, respectively, all of which are independent third parties.

We generally enter into standard distribution agreements with our distributors, which specify terms such as delivery, payment and return policy. The standard distribution agreement has a term of one year and may be renewed by agreement. The agreement may contain payment incentive clauses to encourage early payment by the local distributors. The credit terms we grant to our local distributors typically range from cash on delivery to 90 days. We do not set initial purchase and minimum purchase requirements for our distributors. Upon termination of the distribution agreements, we may assist the terminated distributors to identify other suitable distributors to purchase their unsold products; however we have no contractual obligations in respect of the sale and purchase of unsold products. We did not repurchase any of the unsold products from our distributors during the Track Record Period.

After receiving relevant purchase orders from our distributors we are responsible for arranging delivery of our products to our distributors. Our distributors are usually responsible for arranging for storage and onward delivery of our pharmaceutical products. Our distributors are also responsible for organizing and managing sales orders placed by relevant hospitals, and are required to provide us, on a monthly basis, sales figures and data relating to sales made to end customers and inventory reports. Most of our distributors have also granted us access to their real-time online systems, which allow us to monitor and obtain the latest information on their inventory levels of the pharmaceutical products. In addition to the above arrangements, we also undertake physical examinations of our distributors' inventory on regular basis.

We generally permit our distributors to return defective products to us prior to the expiration date if the defect relates to product quality. We also permit our distributors to return defective products to us within 90 days from the delivery date of the products to their warehouses if the defect relates to packaging. During the Track Record Period, we did not receive any material returns of defective products from our distributors.

As of the Latest Practicable Date, none of our Directors had any interest in any of our five largest distributors and we did not have any outstanding material disputes with our existing distributors.

Pricing

The prices of all the pharmaceutical products that we sell to our distributors depend on the retail prices which are determined by the PRC government through the PRC government-mandated collective hospital tendering process at the provincial level, through which a hospital solicits public bids from pharmaceutical manufacturers as part of its pharmaceutical procurement process. See the section headed "Regulations — Centralized Tendering System For Medicine Purchases" in this prospectus for information about the tendering process. The tendering process generally takes three to six months to complete. We enter into promotion and/or distribution agreements with the manufacturers and advise them in the collective hospital bidding process. We work closely with the manufacturers to improve their bidding position and number of successful bids by providing industry expertise, market intelligence, competitive price suggestions, documentation support and other administrative services. The pricing of these products will be determined in accordance with the collective hospital bidding process.

We adopted the following measures to help avoid or mitigate any adverse impacts of potential price reductions implemented by the PRC government:

- both our government affairs department and our suppliers maintain regular communications with the relevant price control bureau to minimize the risk and magnitude of any price reduction;
- our tendering strategies take into account different tender prices across various regions as a whole in order to ensure that effective tendering is put into place and the tender price at one region does not adversely affect the tender price at another region; and
- when there is a price reduction affecting a certain pharmaceutical product, we attempt to work closely with our supplier to determine a revised gross margin in order to help ensure our profit margin remains the same.

During the Track Record Period, the adjustments to the retail prices implemented by the PRC government were immaterial and the net profit margin of our products have not been materially affected. For information about recent price reductions which affect two of our products, see "Summary — Price Controls" and "Financial Information — Recent Developments".

Promotion of Pharmaceutical Products

We promote our pharmaceutical products through an extensive promotion network with experienced promotion representatives from promotion teams located across China. Our promotion representatives are primarily responsible for targeting and making direct contact with doctors from local hospitals to promote relevant pharmaceutical products and to introduce the benefits, side effects and characteristics of such products. Our promotion representatives target doctors in local PRC hospitals based on the specific properties of a pharmaceutical product and will contact relevant doctors on a regular basis for promotional purposes and to strengthen product recognition. Promotion representatives are divided into specific teams, each of which is responsible for the promotion of designated pharmaceutical products. This model allows our promotion teams to acquire a better understanding of the pharmaceutical product for which they are responsible for promoting and selling. Using this approach, we aim to increase demand from doctors and the relevant PRC hospitals for our pharmaceutical products, which in turn should increase our sales to distributors.

We have five defined promotion districts, namely: East I Region, East II Region, North I Region, North II Region and South Region. Specific promotion teams are designated for each promotion district, and each team is responsible for promoting designated pharmaceutical products from different brands. The following map sets forth our promotion districts for pharmaceutical promotion:

In order to expand the coverage of our promotion network and to deepen product penetration, our promotion representatives directly target doctors in each district. We believe that our promotion model enhances the promotional scope and market penetration of our products and also enables us to manage our promotion network more efficiently.

In addition to the above promotion arrangements, we also organize seminars and presentations to hospitals in China for the purpose of promoting our existing and new pharmaceutical products. Invitations to these seminars and presentations are primarily extended to doctors and pharmaceutical professionals based on the relevant medical sector to which the subject pharmaceutical products relate. These seminars and presentations enhance recognition of our products and present doctors and medical professionals with an opportunity to better understand our products and their properties.

Other Pharmaceutical Businesses

Manufacturing and Sale of Pharmaceutical Products

We engage in the manufacturing and sale of pharmaceutical products through our operating subsidiary, Suzhou First, at its manufacturing facility located in Suzhou, Jiangsu. We believe that our manufacturing facility allows us to provide high-quality products to our customers while growing the reputation of our brands.

Due to the urban planning initiative implemented by the government, we relocated our production facility to the current site. We began the construction of our new manufacturing facility in Suzhou, Jiangsu in July 2007 and completed the construction in December 2009. We obtained the GMP approval from SFDA in relation to our tablet production lines in February 2010, after which they commenced full production. We obtained the GMP approval from SFDA in relation to our injection production lines in April 2010, after which they commenced full production. There has been no material adverse impact to our financial and business operations during the Track Record Period due to such relocation.

Since 2007, we have outsourced the manufacture of some injection products to independent third parties due to capacity constraints. The quantity of products being outsourced increased during the relocation of our manufacturing facility to Suzhou First from late 2008 and the production was completely outsourced during 2009. Although Suzhou First had three times the capacity of our old manufacturing facility, however, shortly after production had commenced, we have reached the production capacity. We had to continue to outsource the production of some injection products until we expand our injection products production capacity (tentatively planned for 2012). We outsourced the manufacture of 26.6 million units of injection products in the year ended December 31, 2010. For the years ended December 31, 2008, 2009 and 2010, the cost of outsourcing was approximately RMB12.18 million, RMB22.13 million and RMB15.92 million, respectively.

Under relevant PRC laws and regulations, where a drug license holder commissions the manufacturing process to other drug manufacturers with the approved drug license number unchanged, such manufacturing outsourcing shall be subject to the approval by the SFDA. The drug license holder shall first apply to the Provincial Food and Drug Administration with necessary supporting documents. The application will then be moved onward to the SFDA for final approval after the Provincial Food and Drug Administration conducts a preliminary review.

In response to the PRC laws and regulations requirements, we first check and examine the relevant licenses and certificates of our subcontractors, including but not limited to business license, drug production certificate, GMP license and testing report issued by the relevant Provincial Food and Drug Administration. We then file the relevant documents to Jiangsu Food and Drug Administration for the outsourcing permission. As of the Latest Practicable Date, we have obtained all necessary permits from SFDA in relation to our manufacturing outsourcing.

In addition, we have also taken the following measures to ensure the outsourcing quality and the compliance of applicable PRC laws and regulations:

- quality control standards are set out in the outsourcing contracts, requesting our subcontractors to strictly follow our quality standards;

- assigning the production to any third party is strictly prohibited without our prior written consent;
- we have a dedicated team to monitor the outsourcing productions, including, among other things, conduct on-site inspections; and
- as the outsourcing manufacturer is also under the supervision of its local Food and Drug Administration, we review the quality and/or testing reports issued by local Food and Drug Administration after each of its random/regular inspections to ensure applicable laws and regulations are complied with and quality standards are followed.

We believe that increasing our annual production capacity is essential to meeting anticipated growing demand of our products. The following table sets forth the number of production lines of our new manufacturing facility, including expected annual production volume for the year indicated:

Types of Products	Year	Number of Production Lines	Production Volume during the Year
			(millions of units)
Tablets	2010	2	74.8
	2011	2	100 (expected)
	2012	2	120 (expected)
Injection	2010	2	32.5
	2011	2	65 (expected)
	2012	2	80 (expected)

Production of our former manufacturing facility discontinued in October 2008.

The following table sets forth the number of production lines for our self-manufactured tablet and injection products, including annual production capacity and utilization rate for the year indicated, in our former manufacturing facility:

Types of Products	Year	Number of Production Lines	Expected Production Capacity during the Year[(1)]	Annual Production during the year	Utilization Rate
			(millions of units)	(millions of units)	
Tablets	2008	1	150	113	75.4%
Injection	2008	2	20	15.5	78.9%

Note:

(1) The expected production capacity during the year for tablets production line is calculated on the basis of 8 hours per day and 300 days per year and the expected production capacity during the year for injection production lines is calculated on the basis of 22 hours per day and 300 days per year.

We manufacture and sell SFDA approved, non-patented, generic pharmaceutical products under various brand names. As of December 31, 2010, we had obtained approvals from the SFDA to manufacture and sell 156 pharmaceutical products and 3 medical devices including 44 products on the Essential Drugs List.[18]

Taking into consideration factors such as our production capacity, prevailing market conditions and demand from customers, we selectively manufacture products that we believe can best optimize the use of our manufacturing facilities and maximize our profitability. Our new manufacturing facility manufactured and sold 27 pharmaceutical products as of December 31, 2010, consisting primarily of generic medicines including, among others, antibiotics, vitamins and atypical antipsychotic medicine. 15 of these pharmaceutical products we manufactured are sold under the brand names of Shusi, Yiling, Kaifuxi, Yiliang, Zhuoao, Kaifuling and Kaifufei, and 10 out of 27 are on the national Essential Drugs List. None of the pharmaceutical products we manufactured competes directly with the products distributed by the Group for other manufacturers. The retail prices of the pharmaceutical products we manufactured are regulated and capped by the PRC government. During the Track Record Period, there have been no material changes in the retail price ceilings of the pharmaceutical products we manufactured.

We set out below the key characteristics of the top five pharmaceutical product groups which we manufacture as at December 31, 2010:[19]

Product Name	Product Unit Size	Brand Name	Usage	Government Regulated Retail Price Ceiling	Essential Drugs List
Clindamycin phosphate for injection	0.3g	Kaifufei (凱甫菲)	Antibiotic	RMB15.8/each	Yes
	0.6g	Kaifufei (凱甫菲)		RMB26.9/each	
	0.9g	Kaifufei (凱甫菲)		RMB36.6/each	
	1.2g	Kaifufei (凱甫菲)		RMB45.7/each	
Ambroxol for injection	15mg	Zhuoao (卓澳)	Mucolytic agent	RMB9.9/each	No
	30mg	Zhuoao (卓澳)		RMB17.0/each	
Aztreonam for injection	0.5g	—	Antibiotic	RMB57.7/each	No
	1.0g	—		RMB98.1/each	
	2.0g	Suqunan (蘇曲南)		RMB166.8/each	
Amoxicillin and Clavulanate acid injection	0.6g	Haifujia (海夫佳)	Antibiotic	RMB21.0/each	No
	1.2g	Haifujia (海夫佳)		RMB38.0/each	
Amikacin for injection	0.2g	—	Antibiotic	RMB2.0/each	Yes
	0.4g	Kaifusheng (凱甫生)		RMB4.4/each	

[18] All the medicines in the Essential Drugs List are included in China's basic health insurance catalog. The pricing of the essential medicines is decided by the PRC government through public tender at the provincial level.

[19] The analysis of our top five self-manufactured pharmaceutical products does not take into account Shusi, details of which are disclosed under the section headed "Business — Our Pharmaceutical Business — Pharmaceutical Promotion" of this prospectus.

For the years ended December 31, 2008, 2009 and 2010, the top five pharmaceutical product groups manufactured by us contributed approximately 13.3%, 6.6% and 7.4% of our turnover from pharmaceutical segments, respectively, and 4.5%, 2.5% and 3.2% of our total turnover, respectively.

Products manufactured by us are sold primarily to our distributors who then sell to local hospitals in China and retail pharmacy stores. Delivery of such products are usually arranged by us. We generally enter into standard distribution agreements with our distributors annually using the same form of standard distribution agreements as those in our pharmaceutical promotion and sales segment.

Our pharmaceutical manufacturing is mainly done through our subsidiary, Suzhou First. We currently have an 80% interest in Suzhou First, with the other 20% being owned by the Suzhou Pharmaceutical Group Co., Ltd. a holding company with subsidiaries which primarily engage in pharmaceutical manufacturing. We contributed cash to the registered capital and Suzhou Group contributed technology, expertise and knowledge in manufacturing pharmaceutical products to Suzhou First. Through the establishment of Suzhou First, we acquired the relevant technology, expertise and know-how in manufacturing pharmaceutical products (including Shusi). According to the agreement signed by us and Suzhou Group dated November 25, 2005, the net profit of Suzhou First is to be shared by us and Suzhou Group on a 80:20 basis, subject to a minimum annual profit entitlement to Suzhou Group of RMB800,000. Pursuant to acknowledgement letters signed by Suzhou Group, Suzhou Group has agreed to waive its entitlements to any share of profit of Suzhou First for the period between January 1, 2006 to December 31, 2009 and its entitlement to any share of profits in excess of RMB800,000 for the year ended December 31, 2010. Suzhou Group agreed to this amended arrangement as a result of us having taken on the costs related to hiring approximately 50 additional employees for the manufacturing operations at Suzhou First.

The pharmaceutical products that we manufactured consisted primarily of generic medicines and we did not have a dedicated research and development team.

Other Operations

Our other pharmaceutical business comprises distribution of pharmaceutical products manufactured primarily by Pfizer and providing logistics services to certain customers in Shanghai.

The distribution services include, among other things, warehousing, delivery, invoicing and customs clearance. The logistics services mainly involve delivery of pharmaceutical products from suppliers to various hospitals. Unlike our pharmaceutical promotion and sales segment, these operations above do not involve sales and marketing activities.

We have established a strong relationship with Pfizer and are the sole authorised distributor for these pharmaceutical products in China. The distribution agreements we entered with our suppliers authorize us to distribute these pharmaceutical products in China. These agreements have a term of one to three years and may be renewed by agreement. During the Track Record Period, we did not experience any difficulty in renewing our agreements with our suppliers. The credit terms granted by our suppliers are generally 60 days. We settle outstanding payables with our suppliers through telegraphic transfers. Pursuant to these distribution agreements, we are not responsible for carrying out any promotion activities for these products.

For the years ended December 31, 2008, 2009 and 2010, revenue derived from our other pharmaceutical business excluding sales of self manufactured pharmaceutical products was approximately RMB210.2 million, RMB224.7 million and RMB211.4 million, respectively.

Raw Materials

Our raw materials primarily consist of Quetiapin Fumarate (富馬酸奎硫平), Clindamycin phosphate (克林黴素磷酸酯), Ambroxol (氨溴索) and Levofloxacin (左氧氟沙星). We directly purchase all of our raw materials, save for Quetiapin Fumarate (富馬酸奎硫平), from our raw materials suppliers, who are independent third parties. All our raw materials are readily available in China. We require that all raw materials supplied to us are manufactured no longer than six months from the date of delivery. All raw materials delivered by our materials suppliers to our warehouses are inspected before acceptance in accordance with our internal standards and those that fail to comply are returned to the materials suppliers. The general credit terms offered by our raw materials suppliers range from 30 to 45 days. During the Track Record Period, we did not encounter any shortage of these raw materials.

Our subsidiary, Suzhou First purchases one of our raw materials, Quetiapin Fumarate (富馬酸奎硫平), the key raw material for manufacturing Shusi, from Suzhou No.4 Pharmaceutical Factory ("**Suzhou Fourth**"). As Suzhou First is our subsidiary and Suzhou Fourth is our connected person, these transactions will constitute continuing connected transactions under the Listing Rules. The purchase prices paid by Suzhou First to Suzhou Fourth were negotiated on an arm's length basis with ordinary commercial terms. Please refer to the section headed "Relationship with our Controlling Shareholders and Connected Transactions" for further details.

Our packaging materials primarily consist of paper boxes, plastic bottles and labels. We purchase our packaging materials from our materials suppliers in China.

Materials Suppliers

We adopt a stringent selection process in choosing our materials suppliers. We identify suitable materials suppliers from the market and then make a preliminary selection of candidates, who are then required to provide relevant production licenses and submit samples to us. We also conduct site visits to evaluate the production facilities and quality control systems of the potential materials suppliers. We generally evaluate our materials suppliers on an annual basis to ensure quality materials and arrange monthly meetings with our materials suppliers to discuss production plans for the following month. We normally enter into fixed price supply agreements with our materials suppliers on annual basis. Raw materials supplied by our materials suppliers are delivered to our warehouses at their own cost and risk.

Except for the purchase of Quetiapine Fumarate from Suzhou Fourth, we have adopted a policy of having at least two additional suitable alternative materials suppliers for each principal raw material. We believe that this policy helps us to minimize the risk of supply shortage and allows us to benefit from the lower cost of supplies due to competition among the material suppliers.

We have maintained stable relationships with our five largest materials suppliers for an average of over six years.

None of our Directors have any interest in any of our five largest materials suppliers. As of the Latest Practicable Date, we did not have any outstanding material disputes with our existing materials suppliers.

INVENTORY

Vaccines

We actively manage and maintain our inventories to ensure the delivery of vaccines to our customers in a cost efficient and timely manner without compromising quality. We have dedicated specialist teams actively involved in setting inventory standards and are continually seeking ways to further improve our inventory control. For vaccines distributed through our vaccine supply chain business, we usually hold sufficient safety stocks to ensure we can deliver vaccines to our customers in a timely manner. For vaccines we promote, we usually procure inventories based on the relevant annual promotion plan. We review our inventory analysis reports and inventory turnover on a regular basis. If the Group cannot return certain vaccines to the suppliers in accordance with the relevant agreements, then it will make 100% provision for those vaccines with expiry dates of less than three months. This provision policy is in line with the industry norm given our customers do not accept vaccines with expiry dates of less than three months from us.

For our vaccine supply chain business, we are generally permitted to return products that are damaged, have incomplete packages/unclear labels, have expired or do not otherwise satisfy our quality standards, by notifying the supplier. In accordance with market practice, subject to negotiation and agreement with our suppliers, we are able to return unsold products to our suppliers. For our vaccine promotion and sales business, we are permitted to return all products that are damaged, have incomplete packages/unclear labels, have expired or do not otherwise satisfy our quality standards by notifying the supplier. Unlike the products we sell under our vaccine supply chain business, we are not permitted to return products purchased by us which we have failed to sell to our customers.

Pharmaceuticals

Our inventory of pharmaceuticals primarily consists of a variety of pharmaceutical products together with raw materials and packaging materials. In relation to pharmaceutical products, our inventory levels are usually stable and are determined based on our sales plans and market demand. If the Group cannot return certain pharmaceutical products to the suppliers in accordance with the relevant agreements, then it will make 100% provision for those pharmaceutical products with expiry dates of less than six months. We believe that this provision policy is in line with the industry norm given our customers do not accept pharmaceutical products with expiry dates of less than six months from us. We actively monitor and adjust our inventory based on the levels of products being dispatched, and our operations team checks the stock on a monthly basis. Our raw material inventory levels are adjusted based on our sales plans and the production plans of our manufacturing business. We manage our inventory according to our businesses and production plans and monitor our inventory levels.

Inventory Write-down

We made approximately RMB2.4 million, RMB3.7 million and RMB5.1 million of inventory write-down for the years ended December 31, 2008, 2009 and 2010, respectively.

IT SYSTEMS

Our information management system provides for invoice preparation, inventory tracking and customer account management. We maintain a database containing important details of our customers and suppliers and promotion targets, which is an essential aspect of our vaccine and pharmaceutical businesses. Our cold chain infrastructure also has advanced temperature control and monitoring systems.

In order to prevent any disruption to our information systems as well as to respond to unforeseen events or system failures and timely resume system operations, we have developed a disaster contingency plan for our information systems. Upon the failure or disruption of our information system, we have timely access to outside information technology personnel and standby hardware to rectify any problems. We have firewall software installed to prevent unauthorized access to our system. We maintain copies of our emails on a separate server and we also back-up our work files on different hard discs. We are able to switch to a secondary system upon the failure or disruption of the primary system. During the Track Record Period, we did not encounter any material system failures or disruptions to our information system. We plan to build an advanced information management system to allow us to retrieve up-to-date data on orders, sales and inventory figures of the vaccines we distribute for every CDC covered by our vaccine supply chain network. With this system, we will be able to monitor the inventory levels of our logistics centers and customers, assist our customers with inventory management and anticipate demand for the products we distribute. At the same time, we will be able to provide timely, complete and accurate data to vaccine manufacturers on the sales of their products. We expect this to help strengthen our relationships with CDCs and vaccine manufacturers and to win more business from them. An advanced information management system should also help us improve the efficiency of our supply chain network and reduce costs.

CUSTOMERS

Our five largest customers for the year ended December 31, 2010 were Guangdong Center for Disease Control and Prevention, Sinopharm Holding Co. Ltd., Shanghai Municipal Center for Disease Control and Prevention, Zhejiang Provincial Center for Disease Control and Prevention and Beijing Centres for Disease Control and Prevention and Centres for Medical Prevention Research. For the years ended December 31, 2008, 2009 and 2010, our sales to our five largest customers accounted for approximately 29.1%, 28.5% and 22.1% of our total sales, respectively. Our largest customer accounted for approximately 9.9%, 9.1% and 7.3% of our total sales for the years ended December 31, 2008, 2009 and 2010, respectively.

None of our Directors or their respective associates has any interest in any of the abovementioned customers.

Our vaccine supply chain business delivered vaccines to 542 CDCs and 109 local distributors as at December 31, 2010.[20]

[20] These are CDCs who have placed orders with us during the year ended December 31, 2010, which also include the CDCs who have ordered vaccines promoted by us (i.e. turnover derived from such sales are recognized under our vaccine promotion and sales business).

Our vaccine network covered more than 2,800 CDCs and 20,500 urban POVs as of December 31, 2010. These CDCs or POVs may directly place an order for vaccine products with us or may purchase them from their own supplier (which is a CDC at a superior level who directly purchases such products from us).

We primarily sell pharmaceutical products to our local distributors. As at December 31, 2010, there were only a small number of local distributors which distributed both vaccine and pharmaceutical products sold by us. Sinopharm Group Co., Ltd. was one of them which accounted for approximately 13.4% of our pharmaceutical sales and 2.4% of our vaccines sales for the year ended December 31, 2010. The combined contribution of the remaining overlapping local distributors to our turnover during the Track Record Period was immaterial.

SUPPLIERS

As at December 31, 2010, we had 17 suppliers of vaccine and pharmaceutical products for our vaccine promotion and sales and supply chain business and our pharmaceutical promotion and sales business.

For the years ended December 31, 2008, 2009 and 2010, our purchases from our five largest suppliers accounted for approximately 88.4%, 85.9% and 97.8% of our total cost of sales. In 2010, our five largest suppliers were GSK, Pfizer, Beijing Keyuanxinhai Medicine Trading Co., Ltd, Novartis and Hualan. They are all large manufacturers or wholesalers of vaccine and/or pharmaceutical products in China. We have had business relationships with GSK for 15 years, Pfizer for five years, Beijing Keyuanxinhai Medicine Trading Co., Ltd for three years, Hualan for one year and Novartis for less than a year. Our largest supplier accounted for approximately 67.2%, 70.4% and 65.5% of our total cost of sales for the years ended December 31, 2008, 2009 and 2010, respectively.

None of our Directors or their respective associates has any interest in any of the abovementioned suppliers.

Please refer to sections headed "Supplier Arrangements" for a more detailed description of the terms of our distribution and promotion agreements.

The promotion and distribution agreements with Hualan, Sanofi Pasteur, Technology Development Service Center for Disease Control of Yunnan province, State Pharmaceutical (Holdings) Limited and Beijing Guo Sheng Pharmaceutical Research and Development Center contain clauses which restrict the Group from promoting or distributing vaccine products which compete with the relevant suppliers.

Before entering into agreements with our suppliers, we examine the relevant permits and licenses for the products supplied to us in accordance with our internal standard operating procedures. Based on the results of such examinations, we believe that all products supplied to and distributed by the Company have obtained all required permits and licenses.

GSK

GSK is a company incorporated in the United Kingdom and it is one of the largest global pharmaceutical, biological and healthcare companies. According to the Frost & Sullivan Report, GSK is the second largest supplier of Type II Vaccines by value for the PRC market in 2009. According to IMS, GSK is one of the top 15 suppliers of prescription medicines by value for the PRC market in 2008. We started our business relationship with GSK in 1995 when we distributed antibiotics for them.

For the years ended December 31, 2008, 2009 and 2010, 63.4%, 65.6% and 60.7% of our turnover was generated from selling products supplied by GSK, respectively. During the same periods, GSK also contributed to 44.1%, 46.6% and 46.5% of our gross profit, respectively. For the years ended December 31, 2008, 2009 and 2010, 67.2%, 70.4% and 65.5% of our cost of sales were attributed to the supplies from GSK.

Our distribution and promotion agreements with GSK generally run between six months to three years and a substantial majority of them will expire before the end of 2011. Normally, we will begin to negotiate the terms for the extension of these agreements with GSK three to six months prior to the expiry dates. As of the Latest Practicable Date, we are negotiating with GSK on the extension of the terms of those distribution and promotion agreements expiring by the end of 2011. We have not had any issues in extending our distribution and promotion agreements with GSK (or its predecessor) since our business inception in 1995. We are authorized to promote or distribute GSK's products in China. We cannot promote or distribute products which may compete with GSK's vaccines without obtaining the prior consent of GSK. The agreements also specify the payment terms and product return policies.

There was no instances of a GSK product failure/recall that affected our operations and business during the Track Record Period.

Since the credit terms granted by GSK are specifically agreed in our contracts with GSK, we do not anticipate any unexpected shortening of credit terms granted by GSK. GSK has not unexpectedly shorten its credit terms during the 15 years in which it had business dealings with us. We will continue to monitor our long and short term cashflow positions and models and our ability to respond to any impact caused by GSK unexpectedly shortening its credit terms.

We had a pharmaceutical consignment arrangement with GSK, which was terminated in 2008 as we decided to focus on our promotion and sales services. Under this arrangement, we delivered pharmaceutical products to customers based on instructions given by GSK. GSK would invoice us for these products and we, in turn, would invoice the customers. We would receive a service fee from GSK which represented the difference in the prices we paid to GSK and prices we received from the customers. In certain circumstances, GSK also paid us some additional logistics fees. We were not responsible for any inventory risks or products returned by the customers. In addition, we did not bear any credit risks under this arrangement as we would only pay GSK's invoices after receiving the corresponding payment from the customers and therefore did not record any cost of purchasing the merchandise. From our pharmaceutical consignment arrangement with GSK, we recorded a one-off charge of RMB 7.9 million in 2008, due to certain rebates and bonuses paid to customers which related to sales of GSK products made in 2007 but which were subsequently agreed in 2008 to be

borne by us. In the consignment arrangement we principally provided warehousing and logistics service for GSK to downstream distributors. It was a normal business practice that incentive rebates and bonuses were given to the downstream distributors by GSK when the distributors achieve a certain agreed performance target (such as reaching a certain sales volume). Typically, GSK would bear such incentive rebates and bonuses for performance targets met in 2007. However, when we terminated the consignment arrangement, we had discussions with GSK and with the distributors and decided to make certain payments in 2008 to distributors in order to maintain our relationship with both the distributors and GSK. As such payments were not our obligations under the consignment arrangement in 2007 but instead were subsequently agreed upon in 2008, the related expenses have been charged to our income statement in 2008 instead of 2007.

COMPETITION

Vaccines

The vaccine distribution market is competitive. Only the Company and Zuellig Pharma Asia Pacific had turnover exceeding RMB1 billion in 2009 according to the Frost & Sullivan Report. The other notable players in the market are Citic Pharmaceutical Co., Ltd and Sinopharm Group Co., Ltd with turnover of approximately RMB250 million and RMB150 million in 2009, respectively, according to the Frost & Sullivan Report. The remaining distributors are smaller domestic companies. The top three players increased their total market share from 31.3% to 39.3% in 2007 to 2009 according to the Frost & Sullivan Report. The key end user groups of the vaccines distributed are new borns and children who are vaccinated under compulsory immunization programs and adults who voluntarily take vaccines to prevent certain diseases.

According to the Frost & Sullivan Report, there are two third party vaccine promotion and sales services providers in China with a market share of more than 4% in 2009, namely the Company and Chongqing Zhifei Biological Products Co., Ltd. There are also over 200 small-to-medium-sized vaccine promotion companies with revenue between RMB7-15 million per annum who focus on specific targeted regions, and do not have an established national network. In addition, the Frost & Sullivan Report found that there are private local dealers who are typically individuals and/or groups of individuals that are not associated with a registered company but rely on their government contacts to promote and sell vaccines for manufacturers. They do not have formal business structures and do not provide supply chain support and/or customer service. The key end user groups of these vaccines are adults and children who voluntarily to take and pay for the vaccines to prevent certain diseases. The vaccine promotion and sales market grew from RMB4.8 billion in 2007 to RMB7.3 billion in 2009 at a CAGR of 23.3%, according to Frost & Sullivan, with third party promotion and sales service providers consistently making up more than half of the total market revenue.

We believe that we distinguish ourselves from our competitors in China by having a nationwide supply chain and promotion networks, an advanced cold chain infrastructure, a diversified portfolio, experienced employees and established relationships with vaccine manufacturers.

To remain competitive in the vaccine market, we intend to actively expand our vaccine promotion network, strengthen the coverage, capability and services of our vaccines supply chain network, maintain a profitable and diverse portfolio and develop new value-added services to differentiate ourselves further from our competitors.

Pharmaceuticals

We believe that there are no other third party promotion and sales services providers who promote the same pharmaceutical products we do in the regions in which we are authorized to promote. Pharmaceutical promotion is highly product-specific. Based on our portfolio, our promotion team for a particular product competes primarily with in-house promotion teams from global or domestic manufacturers that focus on products in the same product category. During the Track Record Period, our pharmaceutical products have complied with all applicable laws and regulations in China.

We believe that this is attributable to the following factors:

- driven by their success in China on the one hand and global headcount and cost-reduction pressure on the other, large global pharmaceutical manufacturers have limited sales team capacity in China and are forced to be more selective in prioritizing promotion support for products in their large portfolio. As a result, they rely on third party promotion services providers to promote a wider range of products in their portfolio in order to capture the revenue potential of additional products;
- for smaller global pharmaceutical companies whose operations have not reached sufficient scale in China, partnering with domestic promotion services providers has been a cost-efficient way to capture the vast potential of the Chinese pharmaceutical market; and
- many domestic pharmaceutical companies have historically focused on manufacturing and have not established in-house sales and marketing capabilities. As the promotion practices in China become more sophisticated and clinical-based, these companies have also looked to grow sales of their products by outsourcing to capable promotion services providers.

See also "Risk Factors — Risks Relating to Our Business — We operate in a highly competitive market and our business, financial condition and results of operations may be adversely affected if we are not able to compete effectively" and "Industry Overview".

QUALITY CONTROL

Vaccines

We maintain a stringent quality control system and devote significant attention to quality control for our vaccine supply chain business. As of December 31, 2010, we employed eight dedicated personnel responsible for monitoring the cold chain infrastructure, all of whom held bachelor's degrees. They had an average of 19 years of industry experience. Our quality control team is also responsible for drafting the standard operating procedures for our third party contractors and ensuring that we are in compliance with all applicable regulations, standards and internal policies. Our senior management is actively involved in setting quality policies and managing internal and external quality performance.

Our vaccine business fully complies with all relevant PRC laws and regulations to ensure the quality of our operations. In addition, we have obtained vaccine permits and GSP. We employed 20 quality control staff as of December 31, 2010 for our vaccine and pharmaceutical businesses. Our quality control team is based across our distribution network and is responsible for implementing quality control measures in our vaccine distribution operations. Our cold chain infrastructure and facilities are designed to ensure the maintenance of suitable storage conditions for the quality and safety of vaccine products.

Vaccine products delivered by our suppliers are quarantined while quality inspection is performed. Our quality control team performs inspections to help ensure the products meet requisite quality standards. Upon approval by our quality control team, the vaccine products are stored in our climate controlled logistics centers by product type and production date to ensure they are shipped on a first-in-first-out basis. All of our logistics centers are linked by a centralized inventory system which enables us to monitor our inventory levels across our logistics centers at all times. Inventory levels of vaccine products are updated immediately with the latest stock levels monitored daily by our supply chain staff in order to check accuracy and make adjustments for any goods which may have been damaged. Our quality control team is responsible for ascertaining whether our third party contractors have been following our standard operating procedures by reviewing the temperature delivery data upon completion of each delivery.

Expired vaccine products are generally destroyed in two ways: (i) we return such vaccine products to where they originated; or (ii) we are given authorization to immediately destroy them in a controlled environment.

Pharmaceuticals

We place great emphasis on the quality of our pharmaceutical products. We adhere to a strict quality control system over our entire operations. We perform various quality inspection and testing procedures to ensure that our pharmaceutical products comply with all applicable laws and regulations in China.

We are subject to random inspections conducted by SFDA. As at the Latest Practicable Date, we have passed all inspections conducted by SFDA.

We have a dedicated quality control team responsible for conducting regular internal audits to ensure our compliance with the above standards. As at December 31, 2010, we employed 20 quality control personnel for our vaccine and pharmaceutical businesses. Most of them have a bachelor's degree or diploma and have five or more years of pharmaceutical related experience.

We have adopted strict hygiene standards at our manufacturing site. All production employees are required to wear production uniforms, working caps and shoes. Access to our manufacturing site is controlled and each individual employee is assigned to a designated post within the manufacturing site.

EMPLOYEES

As of December 31, 2008, 2009 and 2010, we had 622, 1,055 and 1,201 full-time employees in China, respectively. The following table shows the breakdown of our full-time employees by division and function as at December 31, 2010.

Function	Number of Employees	Percentage of Total
Pharmaceutical	446	37.1%
Vaccine	383	31.9%
Factory	229	19.1%
Logistics	82	6.8%
Corporate	61	5.1%
TOTAL	1,201	100.0%

For the years ended December 31, 2008, 2009 and 2010, we incurred labor costs of RMB56.7 million, RMB89.0 million and RMB154.7 million, respectively, representing approximately 4.0%, 3.7% and 5.8% of our total turnover for those periods.

All of our full-time employees are paid a fixed salary, year-end bonus depending on performance and may be granted other allowances, based on their positions. We regularly review compensation and benefits policies to ensure that our practices are in line with market norms and relevant labor regulations. For each operating unit, different and specific performance evaluation is used. Employees' incentives and bonuses are calculated based on the evaluation results of their respective units as well as on individual performance.

We provide regular training to our employees to keep them up-to-date with the latest developments in the healthcare industry and products we distribute or promote. We also teach our sales teams techniques to generate increased demand for our products.

In accordance with applicable PRC regulations on social insurance, we participate in a pension contribution plan, a medical insurance plan, an unemployment insurance plan and a housing fund for our employees as required by the local governments. We comply with all statutory social insurance and housing fund obligations applicable to us under PRC laws in all material aspects.

We maintain good working relationships with our employees. We believe that our management policies, working environment, staff development opportunities and benefits have contributed to building good employee relations and retention. As of the Latest Practicable Date, we have not experienced any strikes or any labor disputes with our employees which have had a material effect on our business.

OCCUPATIONAL HEALTH AND SAFETY

We are subject to the Production Safety Law of the PRC (中華人民共和國安全生產法), Labour Law of the PRC (中華人民共和國勞動法) and other relevant laws, administrative regulations, national standards and industrial standards which stipulate requirements to maintain safe production conditions and to protect the health of employees. Pursuant to these requirements, any entity that is not sufficiently facilitated or equipped to ensure safe production may not engage in production and business operation activities, and that we must provide production safety education and training programs, as well as a safe working environment to employees. The design, manufacture, installation, use, checking and maintenance of our safety facilities and equipments are required to conform to applicable national or industrial standards. In addition, it is required that the labor protection facilities and equipments must meet the national or industrial standards and that we must supervise and educate their employees to use such facilities and equipments according to the prescribed rules.

We have implemented safety measures at our production facilities to ensure compliance with applicable regulatory requirements. We conduct periodic inspections of operating facilities to ensure that our pharmaceutical distribution and production operations are in compliance with existing laws and regulations. We also require safety performance report on a regular basis.

We conduct periodic inspections of our logistics facilities to ensure that our logistics operations comply with existing laws and regulations. We have adopted strict policies in accordance with relevant national standards to minimize the risk of injury in logistics process especially when handling the vaccine products.

We conduct regular training sessions for employees at our production and logistics facilities on accident prevention and management.

During the Track Record Period, we have not experienced any material or prolonged stoppages of production due to equipment failure and we have not experienced any major accidents during our production and logistics process. As of the Latest Practicable Date, our production facilities complied with all applicable laws, regulations and standards.

ENVIRONMENTAL MATTERS

Our pharmaceutical manufacturing operations are governed by national, provincial and local environmental laws and regulations. For further information on the environmental laws and regulations governing our operations, see "Regulation — Environment Protection" to this prospectus. The primary wastes generated from our pharmaceutical manufacturing processes are waste water, which are generated in compliance with all applicable environmental rules and regulations.

Suzhou First is required to, among other things, file an environment assessment report and obtain the permission of relevant environment protection bureau before commencement of construction of its plant located at Suzhou Industrial Park. Upon completion, the plant is subject to an environment inspection and Suzhou First shall also obtain a Pollutant Discharge Permit after passing such environment inspection. Suzhou First has filed the application for the Pollutant Discharge Permit, and complied with all other abovementioned environment requirements. We have obtained the Pollutant Discharge Permit on September 3, 2010. According to a confirmation dated January 20, 2011 issued by the Environment Protection Bureau of Suzhou Industrial Park, up to January 19, 2011, no violation of environment laws or regulations has been found on the part of Suzhou First, and Suzhou First has never been subject to any environment protection related administrative penalty.

We strongly emphasize pollution management and control procedures. Our personnel have extensive experience in the manufacture of pharmaceutical products in China. They are familiar with industry standards and applicable laws and regulations in relation to environmental protection and hold regular meetings to address any potential risks relating to environmental issues which would have an adverse effect on our operations. For the years ended December 31, 2008, 2009 and 2010, our cost of compliance with applicable environment rules and regulations were approximately RMB12,816, RMB450,000 and RMB43,807, respectively.

As of the Latest Practicable Date, we have not been subject to any fines or legal actions involving non-compliance with any applicable environmental regulations in China and we did not have any threatened or pending action by any environmental regulatory authority in China.

INSURANCE

As of December 31, 2010, we maintained a range of insurance coverage on various of our properties and fixed assets, production facilities, equipment, inventory and transportation vehicles in China.

We believe that our insurance coverage is adequate for our operations. Since it is not required by PRC law, and consistent with the usual industry practice in China, we do not carry any business interruption or product liability insurance or third-party liability insurance.

As of the Latest Practicable Date, we have not made or been the subject of any insurance claims which are material to the Group.

INTELLECTUAL PROPERTY

Details of the Group's intellectual property rights are more particularly set out under the section headed "Statutory and General Information — B. Further Information about the Business — Intellectual Property Rights" in Appendix VIII to this prospectus.

The Company is not aware of any incidence of intellectual property rights infringement dispute or litigation against our PRC subsidiaries initiated by others during the Track Record Period and vice versa. The Company's PRC legal counsel has confirmed that they are not aware of any incidence of intellectual property rights infringement dispute or litigation against our PRC subsidiaries initiated by others during the Track Record Period and vice versa.

OUR PROPERTIES

Owned properties

As of February 28, 2011, we owned two parcels of land (with a total site area of approximately 107,920.04 square meters) and six buildings (with a total gross floor area of approximately 27,031.22 square meters) for our pharmaceutical manufacturing facilities, logistics center, ancillary facilities, offices and other uses. Vigers Appraisal & Consulting Limited, an independent property valuer, has valued our owned properties at approximately RMB35.8 million as of February 28, 2011. Please refer to the text of the letter and the valuation certificates issued by Vigers Appraisal & Consulting Limited in the property valuation set out in Appendix IV to this prospectus.

Buildings

As of February 28, 2011, we owned six buildings with a gross floor area of approximately 27,031.22 square meters which are in the process of completion inspection and obtaining the building ownership certificates. The Company's PRC legal counsel has confirmed that they are not aware of any legal impediment to obtain the building ownership certificates subject to the satisfaction of applicable administrative requirements and completion of relevant formalities. Please refer to the paragraph headed "Risk Factors — We have not obtained title certificates to some of the properties we occupy" for details.

Land use rights

As of February 28, 2011, we owned two parcels of land with a total site area of approximately 107,920.04 square meters. We have obtained state-owned land use rights certificates for these two parcels of land.

Leased properties

As of February 28, 2011, we leased 19 premises with a total gross floor area of approximately 11,735.8 square meters throughout China and Hong Kong. In relation to these leased buildings, all of our landlords are entitled to lease the buildings. The Company's PRC legal counsel has confirmed that unregistered lease contracts are effective under PRC law unless they have specifically provided that they need to be registered. We have registered all the lease contracts which need to be registered under their respective terms and conditions. The Directors confirm that we are using these leased properties in accordance with the permitted usages under the relevant lease agreements.

LEGAL AND COMPLIANCE

Our Directors confirm that we have not received notice of any litigation or arbitration proceedings pending or threatened against us or any of our directors that could have a material adverse effect on our financial condition or results of operation.

We confirm that we are, in all material aspects, in compliance with all applicable laws and regulations of China, and with respect to the businesses we conduct, we have obtained all necessary licenses, permits, approvals or certificates that are necessary for the commencement and continuance of our business, except otherwise disclosed below. We are in the process of updating the certificate of registration for medical device for three testing stripes that we manufacture to reflect the new location of our manufacturing facility. As advised by local government authority, the production location of the certificate of registration will be updated at the same time upon renewal in June 2011. Based on the confirmations provided by relevant PRC governmental authorities with respect to our business operation, foreign exchange control, taxation, environmental protection, and social security matters, and upon due enquiry, our PRC counsel confirms that they are not aware of any violation of or non-compliance with applicable laws and regulations of China in the aforementioned areas which would have a material adverse impact on our business. Our PRC counsel further confirms that we have obtained all necessary licenses, permits, approvals or certificates that are necessary for the commencement and continuance of businesses within our business scope as stipulated in the business license, except as disclosed in this prospectus and items of the stipulated business scope which we have not engaged in. Below is a summary of our key pharmaceutical licenses, permits, approvals and certificates:

Subsidiary Name	Name of the Licenses, Permits, Approvals and Certificates	Expiry Date	Scope of the Licenses, Permits, Approvals and Certificates
Hainan NT Biologicals Co., Ltd. (海南泰凌生物製品有限公司)	Pharmaceutical Trading Permit	December 29, 2014	The permitted business mode is wholesale. The business scope is: Chinese patented medicine, medicinal chemicals and their preparation, antibiotics bulk medicines and their preparation, biochemical medicines, biological products and vaccines.
	GSP Certification	July 20, 2013	The certificated scope is wholesale.

Subsidiary Name	Name of the Licenses, Permits, Approvals and Certificates	Expiry Date	Scope of the Licenses, Permits, Approvals and Certificates
NT Tongzhou Pharma (SH) Co., Ltd. (泰凌同舟醫藥(上海)有限公司)	Pharmaceutical Trading Permit	December 31, 2014	The permitted business mode is wholesale. The business scope is: Chinese patented medicine, pharmaceutical chemicals preparation, antibiotics, biochemical medicines, biological products and vaccines.
	GSP Certification	July 20, 2012	The certificated scope is wholesale.
NT Tongzhou (BJ) Pharma Co., Ltd. (泰凌同舟(北京)醫藥有限公司)	Pharmaceutical Trading Permit	December 10, 2014	The permitted business mode is wholesale. The business scope is: Chinese patented medicine, medicinal chemicals, pharmaceutical chemicals preparation, antibiotics, biochemical medicines, biological products, vaccines, Category II psychotropic medicines preparation, anabolic steroids and peptide hormone.
	GSP Certification	January 6, 2014	The certificated scope is pharmaceutical wholesale.
	Permit for Medical Equipment Trading Enterprise	July 13, 2015	The business scope is: i) class III: injection puncture instrument; ii) class II and class III: medical macromolecular materials and products; iii) class II: ordinary diagnostic instrument, physiatry and rehabilitation equipment, Chinese medicine equipment and medical hygiene materials and dressing, clinical examination analytical device, operating room, emergency room, surgery device and equipment.

Subsidiary Name	Name of the Licenses, Permits, Approvals and Certificates	Expiry Date	Scope of the Licenses, Permits, Approvals and Certificates
Guangdong NT Pharma Co., Ltd. (廣東泰凌醫藥有限公司)	Pharmaceutical Trading Permit	December 3, 2014	The permitted business mode is wholesale. The business scope is: medicinal chemicals, pharmaceutical chemicals preparation, antibiotics bulk medicines, antibiotics preparations, biochemical medicines and biological products (vaccines included).
	GSP Certification	June 8, 2014	The certificated scope is pharmaceutical wholesale.
Suzhou First Pharmaceutical Co., Ltd. (蘇州第壹製藥有限公司)	Pharmaceutical Production Permit	December 31, 2015	The manufacturing venue and manufacturing scopes are: No. 1 Hualing Street, Suzhou Industrial Park: lyophilized powder for injection, powder injection, troche (antineoplastic medicines included) and psychotropic medicines.
	Permit for Medical Equipment Manufacturing Enterprise	May 15, 2011	The permitted manufacturing scope is: class II 6840 clinical examination analytical device and in-vitro diagnostic reagent. The manufacturing venue is No. 71 Plot, No. 3 Parcels, Suzhou Industrial Park.
	Permit for Medical Equipment Trading Enterprise	November 5, 2015	The business scope is: class II medical equipment, class III medical equipment, 6840 clinical examination analytical device, 6845 extracorporeal circulation and blood treating equipment, 6864 medical hygiene materials and dressing and 6865 medical suture material and bond (excluding in-vitro diagnostic reagent).
	Pharmaceutical GMP Certificate	February 25, 2015	Certificated scope: troche (antineoplastic medicines included)

Subsidiary Name	Name of the Licenses, Permits, Approvals and Certificates	Expiry Date	Scope of the Licenses, Permits, Approvals and Certificates
	Pharmaceutical GMP Certificate	April 28, 2015	Certificated scope: lyophilized powder for injection, powder injection.
NT Pharma (Jiangsu) Co., Ltd. (泰凌醫藥(江蘇)有限公司)	Pharmaceutical Trading Permit	May 3, 2014	The permitted business mode is wholesale. The business scope is: Chinese patented medicine, pharmaceutical chemicals preparation, medicinal chemicals, antibiotics, biochemical medicines, biological products, psychotropic medicines (Category II) and vaccines.
	GSP Certificate	July 22, 2014	Certificated scope: wholesale
	Permit for Medical Equipment Trading Enterprise	October 29, 2014	Class II medical equipment, class III medical equipment (excluding in-vitro diagnostic reagent and implantable medical devices)

We have adopted a strict policy to ensure product safety. We always ensure copies of relevant permits and approvals are obtained before entering into any distribution or distribution and promotion agreements. All vaccines are supplied to us with quality reports and approvals granted by relevant government authorities. We have adopted standard operating procedures, which were discussed with our suppliers to help them in a product recall situation. During the Track Record Period, we did not make any product recalls due to any quality defects or perceived product side effects and we were not involved in any personal injury or wrongful death claims.

As at the Latest Practicable Date, our subsidiary, Suzhou First Pharmaceutical Manufacturing Co., Ltd, has ceased operation in its former plant located at No. 171 Xiyuan Rd, Suzhou, Jiangsu, PRC. We have relocated our production to the new plant located at Suzhou Industrial Park. Our new plant has commenced full production.

All of our approvals and permits are within their respective validity periods. Our Directors are of the view that there is no impediment to obtain the renewal of any of the relevant approvals, permits, licenses and certificates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), the Controlling Shareholders will together control the exercise of voting rights of 46.68% of the Shares eligible to vote in a general meeting of our Company.

Non-competition undertaking

Our Controlling Shareholders have entered into a non-competition undertaking agreement dated April 4, 2011 in favor of our Company (the "**Non-competition Undertaking**"), pursuant to which each of them has undertaken to our Company that he/she/it will not, and will procure that his/her/its associates (except any members of our Group) will not, during the restricted period set out below, directly or indirectly, either on his/her/its own account or in conjunction with or on behalf of any person, firm or company, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business in China or elsewhere in the world which is or may be in competition with our business, and any other business which any member of our Group may undertake from time to time after the listing of our Shares (the "**Restricted Business**"). Such non-competition undertaking does not apply to the following:

(a) having any interests in the shares of any member of our Group; or

(b) having interests in the shares of a company which shares are listed on a recognized stock exchange provided that:

    (i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated sales or consolidated assets, as shown in that company's latest audited accounts; and

    (ii) the total number of the shares held by any of the Controlling Shareholders and/or their respective associates in aggregate does not exceed 5% of the issued shares of that class of the company in question and such Controlling Shareholders and/or their respective associates are not entitled to appoint a majority of the directors of that company.

The "restricted period" stated in the Non-competition Undertaking refers to the period during which (i) the shares of our Company remain listed on the Hong Kong Stock Exchange; and (ii) in relation to each Controlling Shareholder, he/she/it and/or his/her/its respective associates, individually or jointly, are entitled to exercise or control the exercise of not less than 30% of the voting power at general meetings of our Company.

Each of our Controlling Shareholders has further undertaken to procure that, during the Restricted Period, any business investment or other commercial opportunity relating to the Restricted Business (the "**New Opportunity**") identified by or offered to them and/or any of his/her/its associates (other than members of the Group) (the "**Offeror**") is first referred to our Group in the following manner:

(a) Each of our Controlling Shareholders is required to, and shall procure his/her/its associates (other than members of the Group) to, refer, or to procure the referral of, the New Opportunity to us, and shall give written notice to us of any New Opportunity containing all information

reasonably necessary for us to consider whether (i) such New Opportunity would constitute competition with our core business, and (ii) it is in the interest of our Group to pursue such New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs) (the "**Offer Notice**").

(b) The Offeror will be entitled to pursue the New Opportunity only if (i) the Offeror has received a notice from us declining the New Opportunity and confirming that such New Opportunity would not constitute competition with our core business, or (ii) the Offeror has not received such notice from us within 10 business days from our receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Opportunity pursued by the Offeror, the Offeror will refer the New Opportunity as so revised to us in the manner as set out above.

Each of our Controlling Shareholders also jointly and severally undertakes to:

(i) procure that all relevant corporate and financial information in his possession relating to any Restricted Business be provided to us from time to time;

(ii) to the extent not inconsistent with any confidentiality agreements, allow the authorized persons or internal auditors of our Group to access the material financial or corporate information in relation to any third-party transaction, so as to determine whether the terms of the Non-Competition Undertaking were complied with by the Controlling Shareholders and their associates; and

(iii) provide us, within 10 days from receipt of our written request, with a written confirmation in respect of his/her/its compliance with the Non-Competition Undertaking, and consent to the inclusion of such confirmation in our annual report.

Our Controlling Shareholders and their associates (except any members of our Group) have also undertaken to disclose, from time to time, information on the New Opportunity, including but not limited to disclosure in public announcements or our annual reports, the decisions made by us to pursue or decline such New Opportunity and has agreed to such disclosure to the extent necessary to comply with any such requirements.

None of our Controlling Shareholders or any of our Directors has any interest in a business, apart from our business, which competes or is likely to compete, either directly or indirectly, with our Group's business. In addition, as TPG has elected not to exercise the Anti-Dilution Option, it will not be a controlling shareholder following the completion of the Global Offering. Pursuant to Rule 8.10 of the Listing Rules, TPG Star and TPG Biotech do not have any interest in a business, which competed or is likely to compete, either directly or indirectly, with our Group's business.

CORPORATE GOVERNANCE MEASURES

The Directors believe that there are adequate corporate governance measures in place to manage the conflict of interests arising from the competing business and to safeguard the interests of the Shareholders, including:

(i) the independent non-executive Directors will review, on an annual basis, the compliance with the undertaking by the Controlling Shareholders under the Non-competition Undertaking;

(ii) the Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Non-competition Undertaking;

(iii) our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the undertaking of the Controlling Shareholders under the Non-competition Undertaking in the annual reports of our Company;

(iv) the Controlling Shareholders will make an annual confirmation on compliance with their undertaking under the Non-competition Undertaking in the annual report of our Company;

(v) we believe that our Board has a balanced composition of executive Directors, non-executive Director and independent non-executive Directors so that there is a strong element on the Board that can effectively exercise independent judgment. Mr. Patrick Sun has experience in serving as an independent non-executive director of four listed companies in Hong Kong and extensive experience in the accounting field. With expertise in different professional fields, the Directors believe that the independent non-executive Directors have the necessary experience and expertise to form and exercise independent judgment in the event that conflicts of interest between our Group and the Controlling Shareholders arise;

(vi) in the event that potential conflicts of interest may materialize, i.e. where a Director has an interest in a company that will enter into an agreement with our Group, the Director(s) with an interest in the relevant transaction(s) will not be present at the relevant board meeting, and will be excluded from the board deliberation, will abstain from voting and will not be counted towards quorum in respect of the relevant resolution(s) at such board meeting; and

(vii) in the event that potential conflicts of interest may materialize, Golden Base will abstain from voting in the shareholders' meeting of the Company with respect to the relevant resolution(s).

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the matters described above and the following factors, we believe that our Group is capable of carrying on its business independently from our Controlling Shareholders and their respective associates after the Global Offering:

Management Independence

Our Board consists of eight members, comprising of two executive Directors, three non-executive Directors and three independent non-executive Directors. Two directorships of our executive Director and non-executive Director are held by Mr. Ng and Ms. Chin, who are our Controlling Shareholders.

Each of our Directors is aware of his or her fiduciary duties as a Director of our Company which requires, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. In addition, we have an independent senior management team to carry out the business decisions of our Group independently.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from the Controlling Shareholders after the Global Offering.

Operational Independence

Our organizational structure is made up of individual departments, each with specific areas of responsibility. Our Group has independent access to sources of supplies of raw materials and packaging materials for production and customers. We have also established a set of internal controls to facilitate the effective operation of our business.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. Our Directors confirm that as of the Latest Practicable Date, save as disclosed in the section headed "Financial Information — Trade and other payables" in this prospectus, the Controlling Shareholders have not provided any guarantee or loan to our Group. Our Group confirmed that the amount due to NT Holdings as stated in Note 28 of the Accountants' Report set out in Appendix I to this prospectus will be capitalized into the Shares of the Company prior to the listing of the completion of the Global Offering. We believe we are capable of obtaining financing from independent third parties, if necessary, without reliance on our Controlling Shareholders. Therefore, our Group is financially independent from our Controlling Shareholders.

CONNECTED TRANSACTIONS

We have entered into certain transactions with parties who are our connected persons (as defined in the Listing Rules) and these transactions will continue following the Listing Date, thereby constituting continuing connected transactions under the Listing Rules. These entities and individuals include:

(i) Mr. Ng, our Chairman and Chief Executive Officer;

(ii) Ms. Chin, our non-executive Director;

(iii) Suzhou No.4 Pharmaceutical Factory (蘇州第四製藥廠有限公司), a company wholly owned by Suzhou Pharmaceutical Group Co., Ltd. (蘇州醫藥集團有限公司) ("**Suzhou Group**"). Suzhou Group is a substantial shareholder, holding a 20% interest, in our subsidiary, Suzhou First Pharmaceutical Co., Ltd. (蘇州第壹製藥有限公司), and therefore it and its associates are our connected persons. Suzhou Group was not connected to our Group before it became a minority shareholder of Suzhou First.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

Non-competition Undertaking

We have entered into a non-competition undertaking agreement with our Controlling Shareholders on their own behalf and on behalf of their associates (other than members of the Group). For details of the non-competition undertaking, please refer to the sub-section headed "Non-competition Undertaking" above.

As the non-competition undertaking agreement was entered into in favor of the Company without any consideration payable by the Company to its Controlling Shareholders, the transaction contemplated under the non-competition undertaking constitutes a de minimis continuing connected transaction which is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Raw Material Supply Agreement

According to the SFDA application jointly submitted by Suzhou First and Suzhou Fourth and the SFDA approval issued in 2003 in relation to the manufacturing of Shusi, Suzhou First is responsible for manufacturing of Shusi and Suzhou Fourth is responsible for supplying the raw materials. As advised by our PRC counsel, any change to the raw material supplier as stated in the SFDA application requires SFDA approval with a six-month trial period monitored by the relevant government authority. Suzhou First has since purchased the key raw material from Suzhou Fourth.

We have, in the ordinary course of business, entered into a raw material supply agreement with Suzhou Fourth on March 15, 2011, pursuant to which Suzhou Fourth agreed to supply Quetiapine Fumarate (富馬酸奎硫平), the key raw material for manufacturing Shusi, to us from time to time for a term of three years commencing on the Listing Date. The prices charged by Suzhou Fourth shall be agreed following arm's length negotiations between the relevant parties and will be reviewed by the non-interested Directors of our Company. At the time of our Company entering into the agreement with Suzhou Fourth, there were only two manufacturers capable of supplying this raw material. However, the other supplier was a competitor of our Group hence our only viable option was to purchase the raw material from Suzhou Fourth. Suzhou Fourth has not supplied the raw material to any other manufacturers. The transaction amount for the supply of raw material by Suzhou Fourth to our Group for the year ended December 31, 2008, 2009 and 2010, was approximately RMB9.9 million, RMB15.2 million and RMB13.1 million, respectively. The increase of the transaction amount from approximately RMB9.9 million in 2008 to approximately RMB15.2 million in 2009 is mainly due to the increase of sales of Shusi and the change to our production plans as a result of such increase. On the basis of approximately 10% price increase in raw materials and approximately 20% usage increase, our Directors estimate that the annual transaction amount for the supply of raw material by Suzhou Fourth to our Group for the three years commencing January 1, 2011 will not exceed the annual caps of RMB20.1 million, RMB26.6 million and RMB35.1 million, respectively.

In arriving at the above annual caps, our Directors have considered (i) the historical transaction amount for the supply of raw material by Suzhou Fourth to our Group for the years ended December 31, 2008, 2009 and 2010, (ii) the expected future growth in our business; and (iii) the price increase of such raw material. We expect the supply of raw material by Suzhou Fourth to our Group to increase in the coming years and the increase in the above annual caps has reflected this expectation.

Waiver application for non-exempt continuing connected transactions

Our non-exempt continuing connected transactions are summarized in the table below:

Nature of transactions and parties involved	Historical transaction amounts			Proposed annual caps			Applicable Listing Rule and waiver sought
	Year ended December 31,			Year ending December 31,			
	2008	2009	2010	2011	2012	2013	
	(RMB million)			(RMB million)			
Raw material supply from Suzhou Fourth to our Group	9.9	15.2	13.1	20.1	26.6	35.1	Rule 14A.34(1); waiver from announcement requirements

In respect of the non-exempt continuing connected transactions described above, as the highest applicable ratio as set out in Rule 14A.07 of the Listing Rules, where applicable, is on an annual basis, in each case expected to be more than 0.1% but less than 5%, such transactions are exempt from the independent shareholders' approval requirement but are subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules.

Accordingly, we have requested the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has agreed, to grant a waiver to our Company from strict compliance with the announcement requirement relating to the continuing connected transactions under the Listing Rules. In addition, we will comply with the relevant requirements as set out in Chapter 14A of the Listing Rules, including Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those as of the date of this prospectus on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements.

Confirmation from Directors

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions described above have been entered into in the ordinary and usual course of business of the Company, are on normal commercial terms, fair and reasonable and in the interests of the shareholders of the Company as a whole, and the proposed annual caps for the transactions referred to in the section headed "Non-exempt Continuing Connected Transactions" are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Confirmation from the Sole Sponsor

The Sole Sponsor is of the view that the non-exempt continuing connected transactions described above have been entered into in the ordinary and usual course of business of the Company, are on normal commercial terms, fair and reasonable and in the interests of the shareholders of the Company as a whole, and the proposed annual caps for the transactions referred to in the section headed "Non-exempt Continuing Connected Transactions" are fair and reasonable and in the interests of the shareholders of the Company as a whole.

GENERAL

Our Board currently consists of eight Directors, comprising two executive Directors, three non-executive Directors and three independent non-executive Directors.

Save as disclosed in this prospectus, none of our Directors has any directorships in other listed companies.

DIRECTORS

Name	Age	Position/Title
Mr. Ng Tit (吳鐵)	47	Chairman and Chief Executive Officer
Mr. Ng Yuk Keung (吳育强)	46	Chief Financial Officer and Executive Director and Company Secretary
Ms. Chin Yu (錢余)	47	Non-executive Director
Dr. Qian Wei (錢唯)	54	Non-executive Director
Mr. Stephen Cheuk Kin Law (羅卓堅)	48	Non-executive Director
Mr. Patrick Sun (辛定華)	52	Independent non-executive Director
Mr. Yue Nien Martin Tang (唐裕年)	61	Independent non-executive Director
Dr. Lap-Chee Tsui (徐立之)	60	Independent non-executive Director

Executive Directors

Mr. Ng Tit (吳鐵), aged 47, co-founder of our Group, is our Chairman and has been our Chief Executive Officer since 1995. Mr. Ng was appointed as the Company's Executive Director on March 1, 2010. Mr. Ng is a member of the Tenth Jiangsu Committee of the Chinese People's Political Consultative Conference of the PRC. Mr. Ng is responsible for the overall strategic planning and management of our Group. Mr. Ng has extensive experience in the pharmaceutical industry, having been engaged in the pharmaceutical business for over 15 years. Mr. Ng and Ms. Chin entered the pharmaceutical business in 1995 after considering the growth potential of the pharmaceutical business in China. Prior to establishing the Group in 1995, Mr. Ng was the deputy general manager of Guiyang Miracle Plaza Hotel (貴陽神奇金築大酒店) from 1988 to 1991. Mr. Ng obtained his Bachelor of Philosophy from Guizhou University in 1986. In 2007, Mr. Ng obtained an Executive Master of Business Administration from Fudan University (復旦大學), and was also given the Outstanding Dissertation Award by the Department of Management, Fudan University. Mr. Ng is the spouse of Ms. Chin and the brother-in-law of Dr. Qian, both our non-executive Directors.

Mr. Ng Yuk Keung (吳育强), aged 46, is our chief financial officer, Executive Director and company secretary. Mr. Ng joined our Group as our executive Director on March 1, 2010. He is responsible for the overall financial management and control, accounting, auditing, investor relations of our Group. Mr. Ng is a professional accountant and a fellow of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and a member of the Institute of Chartered Accountants in England and Wales. He worked with PricewaterhouseCoopers for over 12 years from 1988 to 2001. From 2001 to 2003, Mr. Ng was the Chief Financial Officer of International School of Beijing, an academic institution in Beijing, China. He subsequently joined Australian Business Lawyers, a law firm in Australia in 2003 and was later appointed as a Special Consultant in 2004 responsible for advising on accounting

matters. From October 2004 to August 2006, he was the deputy chief financial officer, a joint company secretary and the qualified accountant of Irico Group Electronics Company Limited (stock code: 438), a company incorporated in China with H shares listed on the Hong Kong Stock Exchange. From September 2006 to March 2010, Mr. Ng was the vice president and the chief financial officer of China Huiyuan Juice Group Ltd. (stock code: 1886), a company listed on the Hong Kong Stock Exchange. Mr. Ng is currently an independent non-executive director and chairman of audit committee of Beijing Capital Land Limited (stock code: 2868) and an independent non-executive director of Xinjiang Xinxin Mining Industry Co., Ltd. (stock code: 3833), Winsway Coking Coal Holdings Limited (stock code: 1733), Zhongsheng Group Holdings Limited (Stock Code 881) and Sany Heavy Equipment International Holdings Company Limited (stock code: 631) (all listed on the Hong Kong Stock Exchange). Mr. Ng graduated from The University of Hong Kong with a bachelor's degree in Social Sciences in 1988 and obtained a Master of Science degree in Global Business Management and E-commerce in 2002.

Non-executive Directors

Ms. Chin Yu (錢余), aged 47, co-founder of our Group and has been our Non-executive Director since 1995. Ms. Chin was appointed as the Company's Non-executive Director on March 1, 2010. Prior to the establishment of the Group, Ms. Chin worked in the Securities Department of Bank of Communications, Guiyang Branch from 1987 to 1993. Ms. Chin graduated from Guiyang Accounting Higher Certification College (貴陽會計專業學校) in 1989 and obtained Accountant Certificate (會計證) in 1992. Ms. Chin is the spouse of Mr. Ng, our Chairman and Chief Executive Officer, and the sister of Dr. Qian, our non-executive Director.

Dr. Qian Wei (錢唯), aged 54, was appointed as our Non-executive Director on March 1, 2010. Dr. Qian is currently a professor of Department of Electrical and Computer Engineering, University of Texas at EL Paso. Dr. Qian was appointed as Allen Henry Professor of Electrical Engineering in the Engineering College, Florida Institute of Technology in 2009. He had previously been an associate professor of Department of Interdisciplinary Oncology at Moffitt Cancer Center, College of Medicine, University of South Florida from 2001 to 2007. Dr. Qian obtained a bachelor's degree in Engineering in 1982 and a master degree in Engineering in 1985, both from Nanjing University of Post and Telecommunications (南京郵電學院). He also obtained a doctorate degree in Engineering from Southeast University (東南大學) in 1990. Dr. Qian is the brother of Ms. Chin, our non-executive Director and the brother-in-law of Mr. Ng, our chairman.

Stephen Cheuk Kin Law (羅卓堅), aged 48, was appointed as our Non-executive Director on March 25, 2011. Mr. Law is a managing director of TPG Growth Capital (Asia) Limited. Prior to joining TPG in July 2006, Mr. Law was in Morningside Technologies Inc Limited ("**Morningside**"), where he was responsible for a portfolio of private equity investments. Prior to Morningside, Mr. Law focused in corporate finance and development for Wheelock and Co. Ltd. and i-CABLE Communications Ltd. to develop various businesses in China and Hong Kong. He is a member of the Institute of Chartered Accountants in England and Wales, an associate of the Hong Kong Institute of Certified Public Accountants and a registered practicing Certified Public Accountant in Hong Kong. He is a council member of Hong Kong Institute of Certified Public Accountants, and the chairman of the Corporate Governance Award Organizing Committee and the chairman of the Corporate Finance Committee. Mr. Law received a Bachelor of Science degree from the University of Birmingham in 1984 and a master's degree in Business Administration from the University of Hull in 1996.

Independent non-executive Directors

Mr. Patrick Sun (辛定華), aged 52, was initially appointed as our Independent non-executive Director on March 1, 2010 for a term of one year and was subsequently re-appointed as our Independent non-executive Director on March 7, 2011 after expiry of the term of office. He has been an independent non-executive director of Solomon Systech (International) Limited (stock code: 2878) from February 2004 (and its chairman from January 2007), an independent non-executive director of China Railway Group Limited (stock code: 390) from August 2007, Trinity Limited from October 2008 (stock code: 891), and Sihuan Pharmaceutical Holdings Group Ltd. (stock code: 460) from October 2010 (all are companies listed on the Hong Kong Stock Exchange). Prior to that, Mr. Sun was group executive director and Head of Investment Banking for Greater China of Jardine Fleming Holdings Limited between 1996 and 2000, the Senior Country Officer and Head of Investment Banking for Hong Kong J.P. Morgan from 2000 to 2002, and an executive director of SW Kingsway Capital Holdings Limited (stock code: 188) between September 2004 and May 2006. Mr. Sun was an independent non-executive director of The Link Management Limited (the manager of The Link Real Estate Investment Trust), listed on the Hong Kong Stock Exchange (stock code: 823) between September 2004 and July 2007. He was an executive director and chief executive officer of Value Convergence Holdings Limited (stock code: 821), a company listed on the Hong Kong Stock Exchange, from August 2006 to October 2009. He was a member of the Takeovers & Mergers Panel and the Takeovers Appeal Committee of Securities and Futures Commission, Hong Kong, Deputy Convenor of the Listing Committee of the Hong Kong Stock Exchange and a council member of the Hong Kong Stock Exchange. He also served as Honorary Chief Executive Officer of The Chamber of Hong Kong Listed Companies Limited. Currently, he is a vice chairman of The Chamber of Hong Kong Listed Companies.

Mr. Sun graduated from the Wharton School of the University of Pennsylvania, the United States, with a Bachelor of Science in Economics degree in economics in 1981. Mr. Sun also completed the Stanford Executive Program of Stanford Business School, the Unites States, in 2000. Mr. Sun has been a fellow, since April 1992, of the Association of Chartered Certified Accountants (formerly the Chartered Association of Certified Accountants), the United Kingdom, and a fellow of the Hong Kong Institute of Certified Public Accountants (formerly the Hong Kong Society of Accountants) since November 2009.

Mr. Yue Nien Martin Tang (唐裕年), aged 61, was initially appointed as our Independent non-executive Director on March 1, 2010 for a term of one year and was subsequently re-appointed as our Independent non-executive Director on March 7, 2011 after expiry of the term of office. Mr. Tang is also an independent non-executive director of Li & Fung Limited (stock code: 494) and an independent non-executive director of CEI Contract Manufacturing Limited (stock code: CEI), a company listed on the Singapore Stock Exchange. Mr. Tang has extensive recruiting expertise in the public and private sectors, including banking and commerce. Prior to joining our Group's board, Mr. Tang worked at Spencer Stuart & Associates, a global executive search consulting firm, for 16 years and retired as chairman, Asia on November 2008. Mr. Tang was formerly Non-executive Chairman of Midas Printing Group Ltd (called Midas International Holdings Limited now) (stock code: 1172) and a director of Tristate Holdings Limited (stock code: 458), both listed on the Hong Kong Stock Exchange. In addition to company experiences, Mr. Tang also served as a Council Member of the Hong Kong University of Science and Technology from 1993 to 1999 and was subsequently a member of the University Court from 1999 to 2003. Mr. Tang was a member of the University Grants Committee of Hong Kong from 2002 to 2008 and the Professional Services Advisory Committee of the Hong Kong Trade Development Council from 2005 to 2009. He was the 112th president of the MIT Alumni Association from 2006 to 2007. He was a Committee Member and past

President of the German Chamber of Commerce Hong Kong and served on the Asia Society's Hong Kong Center's Advisory Council. Currently, Mr. Tang is a trustee emeritus and Presidential Councillor of Cornell University and a member of the MIT Corporation (2004 to 2009 and 2010 to 2015). He is also on the Board of Governors of Junior Achievement Hong Kong and a trustee member of the World Wide Fund for Nature - Hong Kong. Mr. Tang obtained Bachelor of Science degree from Cornell University in 1970 and a master's degree of Science in Management of the Massachusetts Institute of Technology in 1972.

Dr. Lap-Chee Tsui (徐立之), aged 60, was appointed as our Independent non-executive Director on April 1, 2010. He is the fourteenth Vice-Chancellor of the University of Hong Kong. Prior to his current appointment in 2002, Dr. Tsui was a member of the Research Institute at The Hospital for Sick Children in Toronto, Canada since 1981, rising to Geneticist-in-Chief of the Hospital in 1996 and Head of the Genetics and Genomic Biology Program in 1998; he also held academic appointments at the University of Toronto since 1983, was awarded the title of University Professor in 1994 and has held an Emeritus status since 2006. He was also the President of the Human Genome Organization from 2000 to 2002. Dr. Tsui has received numerous awards for his work, including receiving the Royal Society of Canada Centennial Award in 1989, Gairdner International Award in 1990, Cresson Medal of Franklin Institute in 1992, XII Sanremo International Award for Genetic Research in 1993, the Distinguished Scientist Award from the Medical Research Council, Canada in 2000, Killam Prize of Canada Council in 2002 and the European Cystic Fibrosis Society Award in 2009. He was elected as Fellow of the Royal Society of Canada in 1990, Fellow of the Royal Society of London in 1991, Member of Academia Sinica in 1992, Foreign Associate of the National Academy of Sciences of the US in 2004, and, Foreign Member of the Chinese Academy of Sciences in 2009. Dr. Tsui obtained a bachelor's and master's degree in biology from The Chinese University of Hong Kong in 1972 and 1974 respectively. He also obtained a doctorate degree in biological sciences from the University of Pittsburgh in 1979.

Senior Management

Mr. Peter Hwang Wing Cheung (黃詠祥), aged 35, was appointed as our Group VP, Corporate Development Director and Chief of Staff in December 2008. Mr. Hwang is responsible for the Group's corporate development. Prior to joining our Group, Mr. Hwang was President of Green Matters Group Ltd from 2007 to 2008. From 2002 to 2007, Mr. Hwang was engagement manager at McKinsey & Company and from 1997 to 2000, he was an engineer of The Thermal Controls Group, International Space Station division of The Boeing Company. Mr. Hwang obtained a bachelor's and a master's degree in mechanical engineering from University of California, Los Angeles in 1996 and 1998 respectively. Mr. Hwang also obtained a Master of Business Administration from Stanford University's Graduate School of Business in 2002.

Mr. Zhenyu Xu (徐震宇), aged 40, is our Group VP, Director of Pharmaceutical Department. Mr. Xu joined our Group in December 2007 as sales promotion director for pharmaceutical promotion department and was appointed as general manager of pharmaceutical promotion department on January 1, 2008. He is responsible for pharmaceutical promotion network building, marketing strategy and customer management. Prior to joining our Group, Mr. Xu worked in various positions, including senior sales representative, district manager, regional sales manager and senior regional sales director in Eli Lilly and Company (美國禮來公司) from 1996 to 2007. From 1993 to 1995, he worked in Shanghai Institute of Pharmaceutical Industry (上海醫藥工業研究院). Mr. Xu obtained a bachelor's degree in chemical pharmacy from East China University of Science and Technology (華東理工大學) in 1993.

Mr. Liyu Yang (楊立宇), aged 37, is our Director of Vaccine Department — Operations and Business Development. Mr. Yang joined our Group as vaccine national sales manager in June 2004 and was appointed to general manager of vaccine department in 2006. He is responsible for vaccine business development, customer management, sales and marketing. Mr. Yang has extensive experience in vaccine marketing, sales and customer management. Prior to joining our Group, Mr. Yang was a customer manager at Shanghai Roche Pharmaceuticals Limited (上海羅氏製藥有限公司) from 1998 to 2002 and worked as a pediatrician in Shanghai East Hospital (上海市東方醫院) from July 1995 to May 1998. Mr. Yang obtained a bachelor's degree in medicine (majoring in pediatrics) from Shanghai Second Medical University (上海第二醫科大學) in 1996. Mr. Yang also obtained an Executive Master of Business Administration from Fudan University (復旦大學) in 2009.

Mr. Weizhong Wu (吳為忠), aged 41, is Director of Suzhou First. Mr. Wu was appointed as the general manager of Suzhou First Pharmaceutical Co., Ltd (蘇州第壹製藥有限公司), a non-wholly owned subsidiary of the Company, in 2006. He is responsible for the overall operation of our manufacturing facilities. Mr. Wu has over 18 years of experience in pharmaceutical manufacturing. Prior to joining our Group, Mr. Wu worked at various positions including engineer, assistant manager and deputy factory manager of Suzhou No.4 Pharmaceutical Factory (蘇州第四製藥廠有限公司) from 1992 to 2000. From 2000 to 2005, Mr. Wu was factory manager of Suzhou First Pharmaceutical Co., Ltd prior to the Group's investment in Suzhou First Pharmaceutical Co., Ltd in 2005. Mr. Wu obtained a bachelor's degree in chemical engineering from Dalian University of Technology (大連理工大學) in 1992. He also obtained an Executive Master of Business Administration from Fudan University (復旦大學) in 2004.

Mr. Jinbang Hong (洪金榜), aged 42, joined our Group as Director of Vaccine Department — Promotion in January 2008. Mr. Hong is responsible for development of vaccine promotion teams, sales management. Mr. Hong has over 13 years of experience in vaccine sales. Prior to joining our Group, Mr. Hong worked as general manager in Shanghai Tianqing Biological Technology Company Limited (上海天擎生物科技有限公司) in 2007, and as sales manager in Shanghai Zhiji Biological Technology Company Limited (上海智際生物科技有限公司) from February 2005 to December 2006. Mr. Hong was key customer manager in GSK from November 2003 to January 2005. He was vaccine sales representative, region manager and greater regional manager in Smithkline Beecham from 1996 to 2003 (Smithkline Beecham merged with Glaxo Wellcome to form GSK in 2000). Mr. Hong obtained a bachelor's degree in Science (majoring in pharmacy) from Department of Medicine, Shanghai Medical University (上海醫科大學藥學系) (now known as College of Medicine of Fudan University) in 1991.

Mr. Dominic Leung Oi Kin (梁愷健), aged 36, was appointed as our Group Financial Controller, in November 2010. Mr. Leung is responsible for the Group's financial operation and development. Mr. Leung is a professional accountant and a member of the CPA Australia. He worked with PricewaterhouseCoopers from 1997 to 2000. Prior to joining our Group, Mr. Leung was the Financial Controller of Jabil Circuit (Shanghai) Company Ltd. (a wholly owned subsidiary of Jabil Circuit, Inc. (NYSE listed stock code: JBL)). Mr. Leung obtained a bachelor's degree in commerce from University of Adelaide, South Australia in 1997.

COMPANY SECRETARY

Mr. Ng Yuk Keung (吳育强)

AUDIT COMMITTEE

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Code on Corporate Governance Practices, as set out in Appendix 14 to the Listing Rules. The audit committee consists of Mr. Patrick Sun, Mr. Yue Nien Martin Tang and Dr. Lap-Chee Tsui, our independent non-executive Directors. Mr. Sun will serve as chairman of the committee, and is our independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the audit committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management system, oversee the audit process and perform other duties and responsibilities as assigned by our Board.

REMUNERATION COMMITTEE

We have established a remuneration committee with written terms of reference in compliance with paragraph B1 of the Code on Corporate Governance Practices, as set out in Appendix 14 to the Listing Rules. The remuneration committee consists of two independent non-executive Directors, being Yue Nien Martin Tang, who is the chairman of the remuneration committee and Patrick Sun, and one executive Director, being Mr. Ng Tit. The primary duties of the remuneration committee are to evaluate the performance and make recommendations on the remuneration package of our Directors and senior management and evaluate and make recommendations on employee benefit arrangements.

NOMINATION COMMITTEE

We have established a nomination committee with written terms of reference as recommended under the Code on Corporate Governance Practices, set out in Appendix 14 to the Listing Rules. The nomination committee consists of two independent non-executive Directors, being Patrick Sun and Yue Nien Martin Tang and one executive Director, being Mr. Ng Tit, who is the chairman of the nomination committee. The primary function of the nomination committee is to make recommendations to our Board on the appointment and removal of Directors of our Company.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration our Directors have received (including fees, salaries, discretionary bonus, contributions to defined contribution benefit plans (including pension), housing and other allowances, and other benefits in kind) for the three years ended December 31, 2008, 2009 and 2010 was approximately RMB5.7 million, RMB3.0 million and RMB5.2 million, respectively.

The aggregate amount of fees, salaries, discretionary bonus, defined contribution benefit plans (including pension), housing and other allowances, and other benefits in kind paid to our five highest paid individuals of our Company, including Directors, during each of the three years ended December 31, 2008, 2009 and 2010, was approximately RMB8.0 million, RMB6.0 million and RMB7.4 million, respectively.

We have not paid any remuneration to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the three years ended December 31, 2010. Further, none of our Directors had waived any remuneration during the same period.

Save as disclosed above, no other payments have been paid or are payable, during the Track Record Period, by us or any of our subsidiaries to our Directors. We have paid an aggregate amount of approximately RMB13.9 million, including benefits and contributions to our Directors as remuneration by us, excluding any discretionary bonus payable to our Directors, during the Track Record Period, according to the present arrangements.

See also footnote 7, "Directors' remuneration", to the Accountants' Report set out in Appendix I to this prospectus.

PRE-IPO SHARE OPTION SCHEME

We have conditionally adopted the Pre-IPO Share Option Scheme. For details of the Pre-IPO Share Option Scheme, please refer to the section headed "Pre-IPO Share Option Scheme" in Appendix VIII.

COMPLIANCE ADVISOR

We have appointed Access Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise us in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviated from any estimate or other information in this prospectus; and

(d) where the Hong Kong Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

So far as our Directors are aware, immediately following completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), the following persons will be entitled to exercise, or control the exercise of, 10% or more of the voting power at the general meeting of our Company:

Name of Shareholder	Number of shares held immediately before the Global Offering	Percentage interest in our company immediately before the Global Offering	Number of shares held immediately after the Global Offering	Percentage interest in our company immediately after the Global Offering[1]
Golden Base[2]	505,062,500	62.24%	505,062,500	46.68%
TPG Star[3]	204,250,170	25.17%	146,549,000	13.55%
TPG Biotech[4]	102,124,830	12.59%	73,273,000	6.77%

Notes:

(1) Assuming the Over-allotment Option is not exercised.

(2) Mr. Ng is the beneficial owner of 50% of the issued share capital of Golden Base and is deemed to be interested in the Shares held by Golden Base. Mr. Ng, the spouse of Ms. Chin, is deemed to be interested in Ms. Chin's interests in Golden Base. Ms. Chin is the beneficial owner of 50% of the issued share capital of Golden Base and is deemed to be interested in the Shares held by Golden Base. Ms. Chin, the spouse of Mr. Ng, is deemed to be interested in Mr. Ng's interests in Golden Base.

(3) The interests deemed to be held by each of David Bonderman and James Coulter immediately after the Global Offering consist of 146,549,000 Shares held by TPG Star, assuming 204,250,170 Shares are distributed to TPG in the Reorganization based on a conversion ratio of one Series A Preference Share for one ordinary share of NT Holdings. The Reorganization will occur immediately prior to the closing of the Global Offering.

The sole shareholder of TPG Star is TPG Star, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Star GenPar, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Star GenPar Advisors, LLC, a Delaware limited liability company, whose sole member is TPG Holdings I, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Holdings I-A, LLC, a Delaware limited liability company, whose sole member is TPG Group Holdings (SBS), L.P., a Delaware limited partnership, which is managed by its general partner, TPG Group Holdings (SBS) Advisors, Inc., a Delaware company, whose shareholders are David Bonderman and James Coulter.

(4) The interests deemed to be held by each of David Bonderman and James Coulter immediately after the Global Offering consist of 73,273,000 Shares held by TPG Biotech, assuming 102,124,830 Shares are distributed to TPG in the Reorganization based on a conversion ratio of one Series A Preference Share for one ordinary share of NT Holdings. The Reorganization will occur immediately prior to the closing of the Global Offering.

The sole shareholder of TPG Biotech is TPG Biotechnology Partners III, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Biotechnology GenPar III, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Biotechnology GenPar III Advisors, LLC, a Delaware limited liability company, whose sole member is TPG Holdings I, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Holdings I-A, LLC, a Delaware limited liability company, whose sole member is TPG Group Holdings (SBS), L.P., a Delaware limited partnership, which is managed by its general partner, TPG Group Holdings (SBS) Advisors, Inc., a Delaware company, whose shareholders are David Bonderman and James Coulter.

Save as disclosed above, our Directors are not aware of any person who will, immediately following completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) be entitled to exercise, or control the exercise of, 10% or more of the voting power at the general meeting of our Company.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of the Company as at the date of this prospectus and immediately after completion of the Global Offering:

As at the date of this prospectus

	Number of Shares	US$
Authorized share capital	626,250,000,000 Shares of US$0.00000008 each	US$50,100
Issued share capital	811,437,500 Share of US$0.00000008 each	US$64.915

Immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised)

	Number of Shares	US$
Existing issued share capital	811,437,500 Shares of US$0.00000008 each	64.915
Total number of New Shares issued as part of the Global Offering	270,479,000 New Shares of US$0.00000008 each	21.638
Total issued Shares on completion of the Global Offering	1,081,916,500 Shares of US$0.00000008 each	86.553

ASSUMPTIONS

The tables above assume the Global Offering becomes unconditional and is completed in accordance with the relevant terms and conditions. It takes no account of (a) any Shares issued upon exercise of options which may be granted under our Pre-IPO Share Option Scheme; (b) any Shares which may be issued under the general mandate given to our Directors for the issue and allotment of Shares; or (c) any Shares which may be repurchased by us pursuant to the general mandate given to our Directors for the repurchase of Shares.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions stated in the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offer", our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares (otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue or the exercise of any subscription rights under the Pre-IPO Share Option Scheme or any scrip dividend scheme or similar arrangements, or any adjustment of rights to subscribe for Shares under options and warrants or a special authority granted by our shareholders) with an aggregate nominal value of not more than the sum of:

(a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering; and

(b) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to below.

This general mandate to issue Shares will remain in effect until:

(a) the conclusion of our Company's next annual general meeting;

(b) the expiration of the period within which our Company's next annual general meeting is required to be held by any applicable law or our Articles of Association to be held; or

(c) it is varied or revoked by an ordinary resolution of our shareholders in general meeting,

whichever is the earliest.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions stated in the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offer", our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase Shares (Shares which may be listed on the Hong Kong Stock Exchange or on any other stock exchange and Shares which are recognized by the Securities and Futures Commission and the Hong Kong Stock Exchange for this purpose) with a total nominal value of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following completion of the Global Offering.

This mandate only relates to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the Securities and Futures Commission and the Hong Kong Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Repurchase of Our Shares" in Appendix VIII.

The general mandate to repurchase Shares will remain in effect until the earliest of:

(a) the conclusion of our Company's next annual general meeting;

(b) the expiration of the period within which our Company's next annual general meeting is required by any applicable law or our Articles of Association to be held; or

(c) it is varied or revoked by an ordinary resolution of our Company's shareholders in general meeting.

You should read the following discussion and analysis in conjunction with our combined financial information and the notes there to set forth in the Accountants' Report included as Appendix I to this prospectus, and our selected historical combined financial information and operating data included elsewhere in this prospectus. Our combined financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The following discussion and analysis contains certain forward-looking statements that reflect our current views with respect to future events and our financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depend on a number of risks and uncertainties over which we do not have control. See "Risk Factors" and "Forward-looking Statements" for discussions of those risks and uncertainties.

Unless otherwise indicated, all financial data, whether presented on a combined basis or by segment, is presented net of inter-segment transactions (i.e., inter-segment and other inter-company transactions have been eliminated).

Selected Historical Combined Financial Information

The following tables present our selected historical combined financial information for the periods indicated.

Combined Income Statement Data

	Year ended December 31,		
	2008	2009	2010
		(RMB'000)	
Turnover	1,413,985	2,395,038	2,667,978
Cost of sales	(1,178,904)	(1,915,167)	(2,004,775)
Gross profit[1]	235,081	479,871	663,203
Other revenue	48,196	7,670	28,698
Other net (loss)/income	(44,311)	(1,739)	8,148
Distribution costs	(108,129)	(237,418)	(354,456)
Administrative expenses	(43,147)	(55,999)	(90,056)
Profit from operations[1]	87,690	192,385	255,537
Finance costs	(14,277)	(17,128)	(45,379)
Profit before taxation	73,413	175,257	210,158
Income tax	(20,150)	(58,087)	(80,748)
Profit for the year	53,263	117,170	129,410
Attributable to:			
Equity shareholders of the Company	53,263	117,170	128,610
Non-controlling interests	—	—	800
Profit for the year[2][3]	53,263	117,170	129,410

(1) Gross profit and profit from operations included a one-off charge of RMB7.9 million in 2008, due to adjustments related to the termination of our consignment sales business.

(2) Profit for the year in 2010 included, on an after-tax basis, IPO-related expenses of RMB12.3 million.

(3) Profit for the year in 2009 and 2010 included, on an after-tax basis, expenses associated with the Pre-IPO Share Option Scheme of RMB4.1 million and RMB24.8 million, respectively.

The table below sets forth a breakdown of our turnover by segment, and each item as a percentage of our total turnover, for the periods indicated:

	Year ended December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
Segment turnover						
Vaccine	930,427	65.8	1,479,787	61.8	1,524,555	57.2
Supply chain	841,334	59.5	1,230,340	51.4	1,167,767	43.8
Promotion and sales	89,093	6.3	249,447	10.4	356,788	13.4
Pharmaceutical	483,558	34.2	915,251	38.2	1,143,423	42.8
Promotion and sales	184,059	13.0	625,493	26.1	838,562	31.4
Other	299,499	21.2	289,758	12.1	304,861	11.4
Total	1,413,985	100.0	2,395,038	100.0	2,667,978	100.0

The table below sets forth our gross profit and gross margin by business segment for the periods indicated.

	Year ended December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
Segment gross profit and gross margin						
Vaccine	90,833	9.8	169,634	11.5	222,160	14.6
Supply chain	70,721	8.4	79,277	6.4	86,289	7.4
Promotion and sales	20,112	22.6	90,357	36.2	135,871	38.1
Pharmaceutical	144,248	29.8	310,237	33.9	441,043	38.6
Promotion and sales	107,144	58.2	270,036	43.2	398,643	47.5
Other	37,104	12.4	40,201	13.9	42,400	13.9
Total	235,081	16.6	479,871	20.0	663,203	24.9

The table below sets forth our segment operating profit and adjusted operating profit margin by business segment for the periods indicated. The segment operating profit discussed below does not take into account certain unallocated expenses, which are discussed in more detail, along with a reconciliation of the total segment operating profit to our profit from operations, in the section headed "— Description of Selected Components of Results of Operations — Segment operating profit".

	Year ended December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
Segment operating profit and margin						
Segment						
Vaccine	50,397	5.4	107,316	7.3	109,858	7.2
Supply chain	40,626	4.8	47,100	3.8	44,970	3.9
Promotion and sales	9,771	11.0	60,216	24.1	64,888	18.2
Pharmaceutical	59,082	12.2	116,518	12.7	204,996	17.9
Promotion and sales	46,220	25.1	103,399	16.5	194,741	23.2
Other	12,862	4.3	13,119	4.5	10,255	3.4
Segment operating profit	109,479	7.7	223,834	9.3	314,854	11.8
Unallocated net operating expenses and others	(21,789)	—	(31,449)	—	(59,317)	—
Total profit from operations	87,690	6.2	192,385	8.0	255,537	9.6

Combined Balance Sheet Data

	As of December 31,		
	2008	2009	2010
		(RMB'000)	
Non-current assets	158,797	234,188	288,076
Current assets			
Inventories	125,690	231,016	527,054
Trade and other receivables	575,514	1,213,754	1,738,213
Pledged bank deposits	51,262	55,990	47,080
Cash at bank and in hand	67,803	212,240	154,913
Current assets	820,269	1,713,000	2,467,260
Total assets	979,066	1,947,188	2,755,336
Non-current liabilities			
Deferred tax liabilities	882	2,005	2,661
Non-current liabilities	882	2,005	2,661
Current liabilities			
Trade and other payables	563,188	1,042,657	1,358,270
Bank loans and overdrafts	186,497	440,719	833,687
Other loan	—	70,000	6,500
Current taxation	12,823	54,931	51,941
Current liabilities	762,508	1,608,307	2,250,398
Total liabilities	763,390	1,610,312	2,253,059
Net current assets	57,761	104,693	216,862
Equity			
Total equity attributable to equity shareholders of the Company	200,546	321,746	487,147
Non-controlling interests	15,130	15,130	15,130
Total equity	215,676	336,876	502,277

Combined Cash Flow Statements Data

	Year ended December 31,		
	2008	2009	2010
		(RMB'000)	
Net cash used in operating activities	(37,699)	(251,274)	(383,235)
Net cash used in investing activities	(66,845)	(63,019)	(57,599)
Net cash generated from financing activities	108,201	459,611	378,104
Net increase/(decrease) in cash and cash equivalents	3,657	145,318	(62,730)

OVERVIEW

We are the largest fully integrated supply chain and promotion and sales and marketing services provider of vaccines[1] as well as the second largest third party promotion and sales services provider for pharmaceutical products in China.[2] Our supply chain services consist of customs clearance, warehousing, delivery, invoicing, receivables collection and other value added services. Our promotion and sales services include educating healthcare practitioners on the clinical uses, benefits, side effects and other characteristics of our product portfolio (i.e., medical detailing), organizing clinical seminars, sponsoring industry conferences and other promotional activities, and ancillary supply chain services. Our promotion services differentiate us from other supply chain service providers in China who do not provide such services.

Our nationwide vaccine supply chain is the largest in China in terms of market share by value.[1] From 2007 to 2009, we increased our market share from 18.0% to 23.4% as well as our market share lead over our nearest competitor from 6.9% to 10.7%.[1] We are also the largest third party provider of promotion services in China for leading global and domestic vaccine manufacturers with a market share of 8.7% in 2009.[1] Our vaccine business focuses on the Type II Vaccines segment (i.e. vaccines which are paid for by end users rather than the Chinese government), which by value represented over 64% of the vaccine market in China in 2009. We established partnerships with four of the five largest global vaccine manufacturers — GSK, Sanofi Pasteur, Pfizer and Novartis — and three major domestic vaccine manufacturers, including Hualan, which is one of the largest private vaccine manufacturers in China. We also promote and sell products manufactured by CNBG, which is the largest state-owned vaccine manufacturer in China. These manufacturers supplied more than 54% (in terms of ex-factory sales revenue) of the Type II Vaccines sold in China in 2009.

[1] For our vaccine supply chain business, from 2007 to 2009, and for our vaccine promotion and sales business, for 2009, each according to the Frost & Sullivan Report. Our market share in the vaccine supply chain market refers to the revenues generated by our vaccine supply chain business from sales of Type II Vaccines to provincial Centers for Disease Control as a percentage of the aggregate revenues generated by all supply chain service providers from sales of Type II Vaccines to provincial Centers for Disease Control. Our market share in the third party vaccine promotion market refers to the revenues generated by our vaccine promotion and sales business from sales of Type II Vaccines to provincial Centers for Disease Control as a percentage of the aggregate revenues generated by all third party promotion service providers from sales of Type II Vaccines to provincial Centers for Disease Control.

We are also the second largest third party promotion and sales services provider of pharmaceutical products in China.[2] We provide promotion and sales services primarily for products manufactured by leading global pharmaceutical manufacturers, focusing on anti-infective and CNS medicines. Our promotion team regularly makes sales calls to over 26,500 doctors and 3,500 hospitals, including over 900 class-three (i.e. the highest ranked regional hospitals by the Ministry of Health) (over 70% of the total class-three hospitals[3]) and over 1,250 class-two hospitals (approximately 20% of the total class-two hospitals[3]) as of December 31, 2010, giving us an extensive promotion network in China. We also offer pharmaceutical supply chain services, which primarily distribute the pharmaceutical products we promote throughout China. We believe that the fully integrated services we offer set us apart from our competitors. Our supply chain services are important in helping global pharmaceutical manufacturers manage their legal compliance, quality control, and costs in China. We expect that our growing partnerships with global and domestic pharmaceutical manufacturers, and our expanding network coverage, should help us continue to grow our pharmaceutical promotion and sales segment.

We categorize our business into vaccine and pharmaceutical. The vaccine business consists of the vaccine supply chain and vaccine promotion and sales segments. The pharmaceutical business consists of the pharmaceutical promotion and sales and other pharmaceutical operations segments. Our business segments are described below:

- Vaccine supply chain: in this segment we derive turnover from providing supply chain services for vaccine products manufactured by global and domestic vaccine manufacturers, which we purchase and then sell through our supply chain network.
- Vaccine promotion and sales: in this segment we derive turnover from selling and marketing vaccine products manufactured by global and domestic vaccine manufacturers to customers, providing both promotion and ancillary supply chain services.
- Pharmaceutical promotion and sales: in this segment we primarily derive turnover from selling globally and domestically-manufactured pharmaceutical products to our distributors located across China, who then sell these pharmaceutical products to local Chinese hospitals to whom we promote the relevant products. We provide both promotion and ancillary supply chain services in this business segment.
- Other pharmaceutical operations: in this segment we derive turnover from supply chain services for pharmaceutical products sold through our supply chain network and through the manufacture and sale of generic pharmaceutical products.

Our turnover grew from RMB1,414.0 million for the year ended December 31, 2008 to RMB2,668.0 million for the year ended December 31, 2010, representing a CAGR of 37.4%. Our gross profit grew from RMB235.1 million for the year ended December 31, 2008, to RMB663.2 million for the year ended December 31, 2010, representing a CAGR of 68.0%.

See "Business—Overview" in this prospectus for more information on our business operations.

[2] According to the Frost & Sullivan Report in terms of revenues for 2009.

[3] Total numbers of class-three and class-two hospitals are based on data as of 2009 according to the MOH.

RECENT DEVELOPMENTS

On March 7, 2011, the PRC government, through the National Development and Reform Committee, announced a reduction in the retail price ceilings for 162 pharmaceutical products. The new price ceilings became effective on March 28, 2011. Two of the pharmaceutical products which we promote and sell were included in this price ceiling reduction. The retail price ceilings for these two products were reduced by approximately 29% and 28%, respectively. In 2010, sales of one of the products accounted for 15.8% of our total turnover and 50.3% of our turnover from our pharmaceutical promotion and sales segment and sales of the other product accounted for 1.6% of our total turnover and 5.2% of our turnover from our pharmaceutical promotion and sales segment. Had the retail price of these two products been reduced by 29% and 28%, respectively, for 2010, our total gross profit in 2010 would have been reduced by approximately RMB57.2 million, assuming our sales volume and other factors had remained constant.

The price ceilings are being reduced from RMB78.0 to RMB55.3 per unit and from RMB36.9 to RMB26.6 per unit for these two products, respectively. The tender prices for pharmaceutical products vary from province to province in the PRC. Due to prevailing market conditions in many provinces, the existing tender prices of these two products are already lower than the previous retail price ceilings. Our current average tender prices for the two products are approximately RMB65.5 per unit and RMB29.0 per unit, respectively. As a result, our average selling prices may not necessarily be negatively impacted at the same rates at which the price ceilings were reduced. We expect the revised tender prices for these two products to be established in the next few months as we engage in the tender process. However, we cannot assure you that our effective selling prices will not be reduced at the same rate as the retail price ceilings.

Our promotion and sales agreements with the suppliers of these two products include clauses that enable us to negotiate with them on the commercial terms to eliminate or lessen the impact a retail price ceiling reduction has on us by decreasing the supply prices of these two products. We are currently engaged in discussions with the suppliers of these two products with an aim toward minimizing the impact of the lower retail price ceilings. Although these discussions are ongoing and the terms have not yet been finalized, we have obtained a legal and valid written confirmation from the supplier of one of the products that we will be able to maintain our current percentage gross margin for this product and have also received legal and valid written confirmations from the suppliers of both products that they will compensate us and our customers for any losses incurred from the sale of our or our customers' inventories as of March 27, 2011 as a result of the reduced price ceilings for these two products. The abovementioned confirmations will be used by us and the suppliers of these two products as the bases to negotiate lower supply prices for these two products. We will then enter into new or supplemental agreements with these suppliers which will set out the new supply prices for these products after the conclusion of our negotiations. As a service provider and in line with market practice, we focus on gross margin when negotiating with our suppliers and aim to achieve stable and commercially sensible gross margin levels for each of our products. Our discussions with the suppliers of these two products are related to gross margin. We may not be able to maintain the same level of gross profit subsequent to the reduction in retail price ceilings. Such negotiations take into account various factors, including our service capability and track record, coverage of doctors that prescribe the relevant pharmaceutical products, competition and the perceived cost of switching service providers for the supplier, government policies and regulations, market conditions and other considerations. Historically we have been successful in obtaining

commercially acceptable gross margins for the products we promote and sell. Our gross margins for our pharmaceutical promotion and sales segment were 58.2%, 43.2% and 47.5% in 2008, 2009 and 2010, respectively. However, we cannot assure you that our discussions with the suppliers of these two products will ultimately result in an increase in our service income derived from the promotion and sale of these two products to fully offset the impact from the retail price ceiling reduction.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on March 1, 2010 as part of the Reorganization of NT Pharma (Group) Co., Ltd. in preparation for the Global Offering. NT Pharma (Group) Co., Ltd. is currently the holding company of our Group. Upon completion of the Reorganization, our Company will become our Group's new holding company and NT Pharma (Group) Co., Ltd. will become an intermediate holding company. The ultimate controlling shareholders of our Group are Mr. Ng and Ms. Chin.

As there will be no change in Controlling Shareholders before and after the Reorganization, our financial information has been prepared as a reorganization of business under common control.

Our combined results for the years ended December 31, 2008, 2009 and 2010 include results of NT Pharma (Group) Co., Ltd and its subsidiaries as if the current group structure had been in existence throughout the period presented.

All material intra-group transactions and balances have been eliminated on combination.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following are the key factors that affect our results of operations.

Demand for vaccine and pharmaceutical products in China and policies of the PRC government

Our results of operations are significantly affected by the demand for vaccine and pharmaceutical products in China, which in turn is influenced by a variety of factors, such as PRC government policy and changes in the PRC healthcare industry. The PRC represents one of the world's largest and fastest growing markets for vaccines, pharmaceuticals and other healthcare products. This market is driven by the growth of the PRC economy, increased health consciousness and rising disposable incomes. For the period from 2007 to 2009, total healthcare expenditures in China achieved a CAGR of 12.7%. From 2007 to 2009, vaccine market value in China achieved a CAGR of 18.9%. From 2008 to 2010, our turnover has grown at a CAGR of 37.4%. We believe that along with the general growth in the healthcare industry, there has been an increased focus on preventative care in China. We believe that the growth of the healthcare industry in China growth has significantly contributed to our growth during the Track Record Period.

The demand for vaccine and pharmaceutical products and services will continue to be influenced by PRC government policy. For example, China has recently announced an RMB850 billion healthcare reform plan. One of the goals of this healthcare reform plan is to improve preventative care, including improving the public vaccines system. The PRC government has also announced various measures in recent years to support the vaccine industry, such as increasing the number of vaccines covered under the Expanded Program for Immunization (i.e., Type I Vaccines) from 6 to 14 vaccines,

the establishment of more vaccination facilities. Government support has helped to increase awareness and willingness to receive vaccinations and to establish a larger and better vaccination infrastructure, which has largely contributed to the growth of both the Type I Vaccine market and the Type II Vaccine market.

The growth in demand for some of our vaccine products, and our growth rate from 2009 to 2010 were lower than our growth rate from 2008 to 2009 due to recent public perception of the vaccine industry and the related governmental policies. There can be no assurance that such slower growth will not continue in the future. In 2010, there were been allegations that poor handling of vaccines by CDCs and sub-standard vaccines produced by certain suppliers caused health problems among end-users. For example, in March of 2010 there were allegations that vaccines were improperly stored and handled, and caused the deaths of four children and illness in 74 others in Shanxi province; in March 2010 there were allegations that a large amount of sub-standard rabies vaccines manufactured by a supplier in Jiangsu province were sold in the PRC market; and in September of 2010 there were allegations that a high school student in Guangxi died after receiving a measles vaccination. Such incidents have caused reputational damage to the vaccine industry in China and could reduce the demand for vaccine products by creating negative public perception of vaccines.

None of the reports involved vaccines supplied by us or our suppliers. However, partly as a result of such reports, the CDCs shifted significant resources toward implementing extensive internal reviews of their operations in 2010, which resulted in the slowdown of inspection, clearance, and purchasing of vaccines by the CDCs. In addition, the publication of updated vaccine product composition standards in the 2010 Edition of the Chinese Pharmacopeia could also cause certain delays in the supply of the certain vaccines in China. It is estimated that the year-over-year growth rate of the PRC Type II Vaccine market in 2010 has slowed to 7.6%.

Suppliers' demand for our services

Our ability to maintain or grow turnover in each business segment is dependent on our suppliers' demand for our supply chain or promotion and sales services. The level of demand for our services is influenced by a combination of factors, which include:

- the growth in demand for vaccine and pharmaceutical products in China;
- our suppliers' plans to expand their operations in China;
- decisions by our suppliers to increase their product offerings or to discontinue products in the Chinese market;
- our continuing relationship with GSK; and
- our suppliers' marketing strategies for vaccines and pharmaceutical products.

The above factors have all significantly affected our turnover or gross margins during the Track Record Period. Our turnover from our vaccine supply chain segment increased from RMB841.3 million in 2008, to RMB1,230.3 million in 2009 and to RMB1,167.8 million in 2010, achieving a CAGR of 17.8% from 2008 to 2010, with turnover from products supplied by GSK accounting for approximately 53.8% of our growth in that segment from 2008 to 2010. Our turnover in the vaccine promotion and sales segment increased from RMB89.1 million in 2008, to RMB249.4 million in 2009 to RMB356.8 million in 2010, achieving a CAGR of 100.1% from 2008 to 2010. This increase was primarily a result of several global and domestic vaccine manufacturers' decision to increase their use of our vaccine promotion network coverage and the execution capability of our promotion team. Our turnover in the pharmaceutical promotion and sales segment increased from RMB184.1 million in 2008, to RMB625.5 million in 2009 and to RMB838.6 million in 2010, achieving a CAGR

of 113.4% from 2008 to 2010 primarily due to decisions by Pfizer and GSK to increase the use of our promotion services for a wider range of pharmaceutical products. Pfizer and GSK collectively accounted for 80.6% of our growth in the pharmaceutical promotion and sales segment from 2008 to 2010.

Increasing focus on vaccine supply chain and vaccine and pharmaceutical promotion services

During the Track Record Period, we have increasingly focused on our core strengths of vaccine supply chain services and providing promotion and sales services for vaccines and pharmaceuticals. Throughout the Track Record Period, the majority of our turnover was derived from our vaccine supply chain segment. In 2007, we enhanced our relationships with our suppliers by providing them with promotion services. Since then, our promotion and sales segments have increased significantly as a percentage of turnover. The percentage of turnover derived from our promotion and sales segments increased from 19.3% in 2008, to 36.5% in 2009 and to 44.8% in 2010. We increased our focus on our promotion and sales segments because we derive significantly higher profit margins from them, and also because it has enabled us to enhance our relationships with our suppliers by providing them with additional value-added services. The percentage of our gross profit derived from our promotion and sales segments increased from 54.1% in 2008, to 75.1% in 2009 and to 80.6% in 2010. Our gross margins for our vaccine promotion and sales segment and pharmaceutical promotion and sales segment were 22.6% and 58.2% in 2008, 36.2% and 43.2% in 2009 and 38.1% and 47.5% in 2010, respectively.

We believe that our vaccine and pharmaceutical promotion and sales segments should grow as we continue to enhance our relationships with suppliers. Additionally, we anticipate that the growth in these promotion and sales segments will be supported by the strength and growth of our vaccine supply chain segment. Furthermore, the relationships which we develop through our other pharmaceutical operations have been important in driving the growth of our pharmaceutical promotion and sales segment. Since the promotion and sales segments carry higher margins than our supply chain business, our ability to continue to grow the promotion and sales segments, and the rate at which they grow, may have a significant effect on our profit margins in the future.

Product offering

Our ability to increase turnover is partly dependent on our success in increasing the number of products that are sold through our supply chain network and increasing the number of products that we promote for vaccine and pharmaceutical manufacturers. During the Track Record Period, we introduced a number of new products in our vaccine supply chain segment and vaccine and pharmaceutical promotion and sales segments that have had a significant positive impact on our overall turnover and gross margin. These new products included Engerix-B (Junior) for children, which is the largest Type II hepatitis B vaccine for children by sales value in China, Fortum, a well-known third generation cephalosporin injectable medicine in China, as well as meningococcal A+C Vaccine products by Sanofi Pasteur, which are widely used globally. Additionally, since our extensive vaccine and pharmaceutical supply chain network is in place, by adding additional products we are able to take advantage of economies of scale, particularly with regard to vaccine supply chain services.

Size of supply chain and promotion networks and scale of operations

Our ability to maintain and increase turnover in our vaccine business is significantly affected by our supply chain network. In recent years, we have expanded our supply chain network rapidly. As of December 31, 2010, our network spanned every province, municipality and autonomous region in China, except Tibet. Because of our geographically diverse network, we are able to effectively

provide our products and services to our customers and suppliers throughout China. In addition, we have a stable and diverse customer base, which includes CDCs, local distributors, and other healthcare institutions located throughout China as well as a stable and diverse supplier base which includes global and domestic manufacturers.

In addition, the size and scale of our promotion network has allowed us to grow our turnover from promotion and sales operations significantly over the Track Record Period. The coverage of our nationwide network has given us the ability to market our services to suppliers who have in-house promotion teams, because we can supplement their own promotion efforts by providing services in areas that our suppliers' teams do not cover.

Our large-scale operations offer us enhanced operational and cost efficiencies and position us favorably against other supply chain service providers in China's fragmented vaccine and pharmaceutical supply chain services market. The collective market share for the top three vaccine distributors increased from 31.3% in 2007 to 39.2% to 2009.[4] Because of our industry expertise, distribution infrastructure and large-scale operations, we have experienced significant growth in our business during the Track Record Period. We believe that our extensive vaccine supply chain and promotion networks and our large scale of operations are important factors in driving our turnover growth. As the overall Type II Vaccine market grows, we expect our suppliers and customers to demand more sophisticated and integrated services. Our strong relationships with customers and suppliers and the scale of our operations provide us with competitive advantages over our competitors to provide these services.

Seasonality

We have historically experienced significantly higher sales in the second half of each year as compared to the first half, particularly during the fourth quarter of the year. This seasonality is the result of a combination of many factors. Our sales have increased sequentially within each year as a result of our growth during the Track Record Period. In addition, we typically experience lower sales in the first quarter due to reduced business activity around the Chinese New Year holiday as our customers, particularly the local distributors, generally place some of their orders for first quarter consumption in the fourth quarter of the previous year. As a result, turnover from our promotion and sales of vaccine and pharmaceutical segments, which have higher gross margin than the other two segments, have been more skewed towards the fourth quarter. Moreover, CDCs are typically more active during this period due to peak periods of demand. Our vaccine sales are especially affected by the seasonally higher sales of certain flu, chicken pox and meningococcal vaccines during the second half of each year, particularly from the end of the third quarter to the end of the fourth quarter. This period coincides with the start of school semester when students usually receive their flu vaccines and the peak period for flu, chicken pox and meningitis. For example, we have distributed most of GSK's Fluarix, Varilrix and Sanofi Pasteur's Meningo A+C and Hualan's Meningococcal ACYW during August to December of each year. These products together accounted for approximately 19.7%, 13.9% and 18.5% of our total turnover in 2008, 2009 and 2010, respectively. As a result, we expect to realize a significant portion of our vaccine supply chain

[4] According to the Frost & Sullivan Report. The market share refers to the revenues generated by the top three vaccine distributors from sales of vaccines to provincial CDCs as a percentage of the aggregate revenues generated by all supply chain service providers from sales of vaccines to provincial CDCs.

revenues from Fluarix and Varilrix and supply chain and promotion and sales revenues for meningococcal vaccines from the end of the third quarter to end of fourth quarter each year. As a result, our inventory levels and trade creditors and bills payable are typically at higher levels before our peak sales period.

In addition to the effects on turnover, the pattern of our operating expenses also contributes to the seasonal breakdown of our operating profit. During the Track Record Period, our operating expenses have been less affected by seasonal factors and have typically been evenly spread out during the year except when new products are introduced during a particular period.

Cost of purchasing merchandise and pricing

The gross margins for our supply chain operations are determined by the prices of our products sold and our cost of purchasing merchandise and generally depend on our bargaining power with our suppliers. During the Track Record Period, we experienced increasing gross margin pressure as our suppliers have negotiated lower gross margins with us. In addition, we have continued to diversify our business by providing supply chain services for domestic manufacturers, which typically carry lower gross margins than services provided to global vaccine manufacturers. For our vaccine supply chain segment, our gross margins are usually agreed upon in advance with our suppliers in contracts that are usually three years in duration. Our gross margins for our vaccine supply chain segment were 8.4%, 6.4% and 7.4% for 2008, 2009 and 2010, respectively. We seek to mitigate the effect of the lower gross margins in our vaccine supply chain segment by:

- providing our suppliers with a broader range of value-added services by focusing on our promotion and sales segments which have higher gross margins as a driver of turnover and gross margin growth;
- implementing cost control measures to reduce distribution costs and administrative expenses; and
- growing sales volume to increase our overall profitability.

We expect that the cost of purchasing merchandise and the subsequent price at which we sell our suppliers' products will continue to affect our profit margins and our results of operations. Additionally, we expect that our ability to successfully mitigate pressure on our profit margins by the methods set out above will also significantly impact our profitability.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The discussion and analysis of our operating results and financial position are based on our combined financial information, including the notes thereto, included in the Accountants' Report set out in Appendix I to this prospectus. Preparation of our financial statements requires us to make estimates and judgments in applying our critical accounting policies which have a significant impact on the results that we report in our financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Our operating results and financial position are sensitive to the accounting methods, assumptions and estimates that underlie the preparation of the financial information. Actual results

may differ from these estimates under different assumptions and conditions. We believe the following accounting policies involve the most significant judgment and estimates used in the preparation of our financial statements. For more details about our significant accounting policies, please see Note 1 of the Accountants' Report as disclosed in Appendix I to this prospectus.

Impairment for non-current assets

If circumstances indicate that the net book value of a non-current asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognized in profit or loss. The carrying amounts of non-current assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is the greater of the fair value less costs to sell and the value in use. It is difficult to precisely estimate fair value because quoted market prices for our assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to the level of sales volume and amount of operating costs. We use all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume and the amount of operating costs.

Depreciation

Fixed assets are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. We review the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during the relevant period. The useful lives are based on our historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Impairment of trade receivables

We evaluate whether there is any objective evidence that trade receivables are impaired, and estimate allowances for doubtful debts as a result of the inability of the debtors to make required payments. We base the estimates on the aging of the trade receivables balance, credit-worthiness, and historical write-off experience. If the financial condition of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of a similar nature. These estimates could change significantly as a result of changes in customer preferences and competitor actions. Management reassesses these estimates at each balance sheet date. We had write-downs of inventories of RMB2.4 million, RMB3.7 million and RMB5.1 million in 2008, 2009 and 2010, respectively. As of December 31, 2010 we recorded inventory provisions of RMB6.4 million, which were primarily related to the slowdown in demand for vaccines in China in 2010, as certain products expired.

Share-based payments

The fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions under which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On the vesting date, the amount recognized as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve). The equity amount is recognized in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Effective internal controls are necessary for us to provide reliable financial reports. If we fail to develop and maintain effective internal controls over financial reporting or if we fail to maintain adequate monitoring control on outsourced functions, we may be unable to report our results in an accurate or timely manner and our business, results of operations and reputation may be materially and adversely affected.

In preparation for the Global Offering, we conducted reviews of our internal controls in order to strengthen our internal controls over financial reporting and have identified certain internal control weaknesses relating to the submission of officially recognized tax receipts and the supporting documentation underlying some of our selling and marketing expenses.

During the Track Record Period, certain tax receipts from vendors submitted by some of our employees at the operating level were not officially recognized tax receipts. We engaged local auditors in China to review these receipts during the Track Record Period. We have also paid outstanding tax amounts to ensure that these receipts are in compliance with the relevant local tax regulations and have received relevant tax compliance certificates.

Prior to July 2010, approximately half of the promotion and sales activities, by volume, for Shusi, our self-manufactured pharmaceutical product, were performed by our in-house promotion team while the other half were carried out by third party service providers in geographic areas where our own team did not have expertise in promoting psycho-tropic drugs. These third party service providers are independent third parties of our Company and were engaged in the provision of marketing and promotion services for pharmaceutical companies in the PRC. We sold all of the Shusi we manufactured to a single distributor, who either directly, or through on-sale to other downstream local distributors, provides delivery or logistics services to hospitals. All of these distributors are independent third parties of our Company. We recognized turnover from the sale of Shusi upon the sale of the product to our single independent local distributor for Shusi. At the same time, we separately engaged independent third party service providers to provide only promotion and sales

services for Shusi in the geographic areas where our in-house team did not have the expertise to market and promote Shusi. Our arrangement with these third-party service providers called for payment based on the sales volume of Shusi sold to hospitals which they covered. Based on our arrangement with the third party service providers, the third party service providers would provide us with sales flow reports which indicated the sales volume of Shusi within the relevant service provider's area of coverage, and the service provider would provide us with invoices indicating the amount of service fees we owed to them. The amount in the invoice would be a fixed commission at a pre-agreed per unit rate based on the volume of Shusi sold by the local distributors to the hospitals covered by the relevant service provider. The service providers attached supporting documentation to these invoices indicating the expenses they incurred while promoting Shusi.

In conjunction with our preparation for the Global Offering, it was found that certain of the invoices provided to us by the third party service providers may not have been supported by proper invoices or other supporting documents which reflect the promotion of Shusi. In view of this, we engaged an internationally known independent accountancy firm to act as an independent consultant to examine our policies and procedures with respect to third party service providers and sales and marketing practices. The independent consultant was engaged by us from May until September 2010. The independent consultant identified, among other things, that our senior management team did not have thorough knowledge of the day to day practices of the marketing and promotion of Shusi by the third party service providers. We have identified potential weaknesses during the Track Record Period with respect to the service fees paid to the third party service providers. Previously, our business practices with respect to Shusi differed significantly from those with respect to the other pharmaceutical products we market and promote, since we utilize only our in-house promotion teams to market our other pharmaceutical products in our pharmaceutical promotion and sales segment.

Starting in July 2010, we ceased using third party service providers to provide marketing and promotion services for Shusi. In addition, we now sell Shusi to a number of independent qualified local distributors, rather than to a single distributor. In the areas previously covered by the third party service providers, we sell Shusi to a number of distributors in those areas, now at a lower price which reflects the new arrangement where we currently neither provide any marketing or promotion services through our in-house team, nor do we hire any third party to do so. Our in-house promotion team continues to directly provide approximately half of the promotion and sales activities for Shusi in geographic areas where our promotion team has the relevant expertise, and in these regions our sales of Shusi are also made to distributors.

We no longer hire any third parties to provide these services for Shusi. Turnover from the sale of Shusi, which is included in our pharmaceutical promotion and sales segment, going forward may be affected by our shift in business practices, as we no longer hire third party service providers to promote Shusi in the regions that they previously covered.

We previously hired third party service providers to promote Shusi because at the time we acquired Shusi through our acquisition of Suzhou First, we were still in the process of building our promotion teams, and at that time, Shusi was already being promoted by third party service providers. In addition, we previously chose to hire third party service providers to market Shusi because in certain geographic regions our promotion teams were more familiar with the promotion of the other

products and lacked the specific knowledge and experience to appropriately tailor Shusi's promotion activities since it is a psychotropic drug (i.e. a drug to treat mental illness) and is promoted and marketed to psychiatric physicians, departments and/or specialty mental illness hospitals. Shusi is the only psychotropic drug in our product portfolio.

The service fees paid to the third party service providers for the promotion services provided for Shusi amounted to RMB4.9 million, RMB15.6 million and RMB5.5 million in 2008, 2009 and 2010 respectively, representing 4.5%, 6.6% and 1.6% of our distribution costs during those periods, and have been charged as distribution costs in our combined income statement. Since we have shifted our business practices with respect to Shusi by ceasing to engage third parties to provide marketing and promotion services, we do not expect to incur such service fees going forward. Turnover from Shusi was RMB48.5 million, RMB52.9 million and RMB72.1 million in 2008, 2009 and 2010, respectively, representing 3.4%, 2.2% and 2.7% of our total turnover and 26.4%, 8.5% and 8.6% of our pharmaceutical promotion and sales turnover in 2008, 2009 and 2010, respectively, and is accounted for in our pharmaceutical promotion and sales segment.

As a result of its examination of our policies and procedures with respect to the third party service providers, the independent consultant recommended that we:

- implement policies and procedures for selecting third party service providers and conduct a compliance review of third party service providers;
- improve internal controls, particularly with respect to implementing guidelines and internal oversight for sales and marketing practices;
- implement routine Foreign Corrupt Practices Act training conducted for all in-house sales teams and all employees that have interaction with state-owned-entities or government agencies; and
- give clear guidance to employees to follow company policies and procedures on record keeping and cash advances.

To address these weaknesses, we have implemented measures to improve our internal controls, and we intend to continue to monitor, test and enhance our internal controls. We plan to continue to invest resources to improve the effectiveness of our internal controls and procedures going forward and to closely monitor areas, such as the prior deficiencies described above, where we encountered problems in the past. In particular, we have engaged independent consultants to review and design new internal control systems of promotion expenses, conducted training for employees and management regarding promotion services and recordkeeping relating to selling and marketing expenses, implemented ongoing training relating to regulatory requirements and adopted a related code of conduct, hired additional internal auditors with relevant qualifications and implemented procedures for the production and verification of officially recognized tax receipts.

Notwithstanding these measures taken to improve our internal controls, the failure to develop and maintain effective internal controls over financial reporting or the failure to maintain adequate monitoring control on certain outsourced functions could adversely affect our ability to timely fulfill our financial reporting obligations and our business, results of operations and reputation may be materially and adversely affected. Any misstatements or adjustments due to errors or the failure to satisfy our reporting obligations on a timely basis could have a material adverse effect on our business, financial condition and results of operations. For further details, see the section headed

"Risk Factors — Risks Relating to Our Business — We have experienced problems with our internal controls over financial reporting. If we fail to develop and maintain effective internal controls over financial reporting, we may be unable to report our results in an accurate or timely manner and our business, results of operations and reputation may be materially and adversely affected" in this prospectus.

DESCRIPTION OF SELECTED COMPONENTS OF RESULTS OF OPERATIONS

Turnover

Turnover represents the sales value of goods supplied to customers and service income, net of sales tax, value-added tax and discounts.

The majority of our turnover is accounted for as turnover from the sale of vaccine and pharmaceutical products, with a smaller portion accounted for as service income. This service income is mainly derived from services provided to our suppliers in the pharmaceutical promotion and sales segment where the supplier directly compensates us for promotion services. During the Track Record Period the service income primarily consisted of direct compensation for the promotion of Fortum and certain Pfizer pharmaceutical products and was primarily recorded as turnover in our pharmaceutical promotion and sales segment. In 2008, 2009 and 2010, service income accounted for 2.4%, 4.7% and 7.2% of our turnover, respectively.

Our turnover is affected by seasonality which results in uneven breakdowns of turnover during the year. We expect this trend to continue going forward. For further information, see the section headed "—Significant Factors Affecting our Results of Operations—Seasonality" in this prospectus.

We generate our turnover from our vaccine and pharmaceutical business operations. The table below sets forth a breakdown of our turnover by segment, and each item as a percentage of our total turnover, for the periods indicated:

	Years ended December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
Segment turnover						
Vaccine	930,427	65.8	1,479,787	61.8	1,524,555	57.2
Supply chain	841,334	59.5	1,230,340	51.4	1,167,767	43.8
Promotion and sales	89,093	6.3	249,447	10.4	356,788	13.4
Pharmaceutical	483,558	34.2	915,251	38.2	1,143,423	42.8
Promotion and sales	184,059	13.0	625,493	26.1	838,562	31.4
Other	299,499	21.2	289,758	12.1	304,861	11.4
Total	1,413,985	100.0	2,395,038	100.0	2,667,978	100.0

In our vaccine supply chain segment, we derive turnover from providing supply chain services for vaccine products manufactured by global and domestic vaccine manufacturers, which we purchase and then sell through our supply chain network.

In our vaccine promotion and sales segment, we provide both promotion services as well as the related supply chain services in respect of the relevant vaccine products. In this segment, we derive turnover from selling and marketing vaccine products manufactured by global and domestic vaccine manufacturers to customers, and providing both promotion and ancillary supply chain services. Our gross profit in this segment is in the form of a higher margin (i.e. we pay a lower amount to the supplier) for products in respect of which we provide these promotion and supply chain services. The entire amount of turnover from sales of these products is only recognized as turnover in our vaccine promotion and sales segment, and not in our vaccine supply chain segment, where we recognize turnover for the vaccine products for which we only provide supply chain services. Under the majority of our service contracts, the terms with respect to the description of services and gross profit margin differ significantly when we agree to provide marketing and promotion services in addition to supply chain services.

In our pharmaceutical promotion and sales segment, we derive turnover by selling globally and domestically-manufactured pharmaceutical products to our distributors located across China, who then sell these pharmaceutical products to local Chinese hospitals to whom we promote the relevant products. We provide both promotion and ancillary supply chain services in this business segment. In this segment, we focus on the promotion and sale of anti-infective and CNS medicines. The turnover is ultimately derived through the sale of the products with a smaller portion being derived as service income from suppliers based on the suppliers' preference. We derive service income from our suppliers for our promotion and sale of a number of products which primarily include Fortum, Unasyn, Sermion, Cefobid, DanShenTong, Libod and Glipizide. We also provide ancillary supply chain services for these products. Turnover from this segment also includes turnover from the sale of our self-manufactured pharmaceutical product, Shusi, which in 2008, 2009 and 2010 accounted for 26.4%, 8.5% and 8.6% of our turnover in this segment, respectively. Under the majority of our service contracts, the terms with respect to the description of services and gross profit margin differ significantly when we agree to provide marketing and promotion services in addition to supply chain services.

In our other pharmaceutical segment, we mainly derive turnover from providing supply chain services for pharmaceutical products sold through our supply chain network. We purchase pharmaceutical products from suppliers which are then sold through our supply chain. This segment also includes turnover from the sale of certain generic pharmaceuticals which we manufacture ourselves. Turnover from these generic pharmaceuticals in 2008, 2009 and 2010 accounted for 29.8%, 22.4% and 30.7% of the turnover from our other pharmaceutical segment, respectively.

In total, our turnover from self-manufactured pharmaceutical products, including from Shusi and the other generic pharmaceuticals was RMB137.8 million, RMB118.0 million and RMB165.6 million in 2008, 2009 and 2010, respectively, and gross profit was RMB53.4 million, RMB50.0 million and RMB71.2 million for the corresponding periods.

Cost of sales

Our cost of sales consists of the cost of purchasing merchandise and raw materials and other costs. Other costs include direct salaries and bonuses, depreciation and amortization, utilities and other miscellaneous costs. The table below sets forth our cost of sales by business segment for the periods indicated.

	Year ended December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
Segment cost of sales						
Vaccine	839,594	71.2	1,310,153	68.4	1,302,395	65.0
Supply chain	770,613	65.4	1,151,063	60.1	1,081,478	53.9
Promotion and sales	68,981	5.8	159,090	8.3	220,917	11.1
Pharmaceutical	339,310	28.8	605,014	31.6	702,380	35.0
Promotion and sales	76,915	6.5	355,457	18.6	439,919	21.9
Other	262,395	22.3	249,557	13.0	262,461	13.1
Total	1,178,904	100.0	1,915,167	100.0	2,004,775	100.0

Our cost of sales primarily consists of the cost of the merchandise we purchase and raw materials, which increased steadily during the Track Record Period in line with the increase of turnover over the same period. Our cost of sales do not include our marketing and promotion costs, which are included in our distribution expenses.

The following table sets forth the breakdown of our cost of sales for the periods indicated, with each item presented as a percentage of turnover:

	Year ended December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
Cost of sales:						
Cost of merchandise and raw materials	1,163,757	82.3	1,912,316	79.8	1,982,422	74.3
Other costs[(1)]	15,147	1.1	2,851	0.1	22,353	0.8
Total	1,178,904	83.4	1,915,167	79.9	2,004,775	75.1

(1) Other costs primarily consist of salaries and bonuses, utilities, depreciation and amortization, and other miscellaneous costs.

Gross Profit

Gross profit represents the difference of turnover and cost of sales. The tables below sets forth our gross profit and gross margin by business segment for the periods indicated.

	Year ended December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
Segment gross profit and gross margin						
Vaccine	90,833	9.8	169,634	11.5	222,160	14.6
Supply chain	70,721	8.4	79,277	6.4	86,289	7.4
Promotion and sales	20,112	22.6	90,357	36.2	135,871	38.1
Pharmaceutical	144,248	29.8	310,237	33.9	441,043	38.6
Promotion and sales	107,144	58.2	270,036	43.2	398,643	47.5
Other	37,104	12.4	40,201	13.9	42,400	13.9
Total	235,081	16.6	479,871	20.0	663,203	24.9

Our gross profit is affected by seasonality which results in uneven breakdowns of gross profit during the year. We expect this trend to continue going forward. For further information, see the section headed " —Significant Factors Affecting our Results of Operations—Seasonality" in this prospectus.

Other revenue

Other revenue primarily consists of government grants, and to a lesser extent, bank interest income, subsidy income and sundry income. Our other revenue was RMB 48.2 million, RMB7.7 million and RMB28.7 million in 2008, 2009 and 2010, respectively. In 2008, we recognized government grants of approximately RMB46.0 million as compensation for losses on the disposal of fixed assets and land use rights related to the relocation of our pharmaceutical manufacturing facility in Suzhou. These grants largely offset our other net loss for the same year as described below. We ceased operations at our former manufacturing facilities on October 28, 2008. Additionally, in 2009 and in 2010, we received subsidy income of RMB6.1 million and RMB25.3 million, respectively, consisting of subsidies from local governments to encourage the expansion of pharmaceutical and vaccine distribution operations. While we anticipate that the government grant relating to the relocation of our manufacturing facility was a one-time event, we expect to continue to receive government subsidies from various government organizations in the future.

Other net (loss)/income

Other net loss mainly comprise losses from the disposal of fixed assets, losses on the disposal of our interest in leasehold land which was held for our own use under operating leases and net exchange losses. Other net income consists of net exchange gains and net gains on the disposal of property, plant and equipment. Our other net loss was approximately RMB44.3 million and RMB1.7 million in 2008 and 2009, respectively. In 2010 we recorded other net income of RMB8.1 million. In 2008, other net loss amounted to RMB44.3 million primarily due to losses on the disposal of fixed assets

and land use rights related to the relocation of our pharmaceutical manufacturing facility in Suzhou. The marked increase in losses in 2008 from the disposal of fixed assets and the losses relating to the disposal of our interest in leasehold land primarily related to the relocation of our pharmaceutical manufacturing facility in Suzhou in 2008.

Distribution costs

Distribution costs primarily consist of consulting expenses, conference expenses, rental expenses, traveling and entertainment expenses, promotion expenses, transportation, salary and bonuses and other expenses.

In 2008, 2009 and 2010, our distribution costs were RMB108.1 million, RMB237.4 million and RMB354.5 million, respectively. During these periods, our distribution costs increased primarily as a result of additional sales, marketing and distribution activities carried out by an increased number of personnel in support of our growth and increased product offerings.

The table below sets forth a breakdown of the major components of our distribution costs for the periods indicated, and each item presented as a percentage of turnover:

	Years ended December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
Traveling and entertainment	32,027	2.3	52,795	2.2	74,301	2.8
Salary, bonus and social insurance	33,253	2.3	63,399	2.6	98,277	3.7
Promotion expenses	8,350	0.6	50,421	2.1	68,004	2.5
Conference expenses	9,021	0.6	23,442	1.0	54,916	2.1
Transportation	8,470	0.6	12,997	0.5	24,670	0.9
Employee share-option scheme	—	—	1,486	0.1	9,701	0.4
Others[(1)]	17,008	1.2	32,878	1.4	24,587	0.9
Total	108,129	7.6	237,418	9.9	354,456	13.3

(1) Others include telephone and communications, rental expenses, office expenses, amortization of exclusive agency rights and other miscellaneous expenses.

Administrative expenses

Administrative expenses include salary, bonus and social insurance costs, rental expenses, depreciation and amortization expenses, directors' remuneration, equity-settled share-based payment expenses, travel and entertainment expenses, office supplies and other expenses.

In 2008, 2009 and 2010, our administrative expenses were RMB43.1 million, RMB56.0 million and RMB90.1 million, respectively.

The table below sets forth a breakdown of the major components of our administrative expenses for the periods indicated, and each item presented as a percentage of turnover:

	Years ended December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
Salary, bonus and social insurance	10,691	0.8	12,993	0.5	14,268	0.5
Depreciation and amortization	7,124	0.5	6,319	0.3	8,481	0.3
Rental	5,262	0.3	5,528	0.2	6,227	0.2
Directors' remuneration	5,651	0.4	2,998	0.1	3,679	0.1
Equity-settled share-based payment expenses	—	—	2,631	0.1	14,299	0.6
Travel and entertainment	1,600	0.1	2,467	0.1	4,719	0.2
Office supplies	748	0.1	2,606	0.1	1,732	0.1
Others[(1)]	12,071	0.9	20,457	0.9	36,651	1.4
Total	43,147	3.1	55,999	2.3	90,056	3.4

(1) Other includes professional fees in relation to fund raising activities, consumables, conference expenses, legal and professional fees and other miscellaneous expenses.

Segment operating profit

The measure used for reporting segment profit is earnings before interest and taxes and is adjusted for items not specially attributed to individual segments, such as other revenue, other net loss/income, finance costs, directors' and auditors' remuneration and other head office or corporate administration costs.

	Years ended December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
Segment operating profit and margin						
Segment						
Vaccine	50,397	5.4	107,316	7.3	109,858	7.2
Supply chain	40,626	4.8	47,100	3.8	44,970	3.9
Promotion and sales	9,771	11.0	60,216	24.1	64,888	18.2
Pharmaceutical	59,082	12.2	116,518	12.7	204,996	17.9
Promotion and sales	46,220	25.1	103,399	16.5	194,741	23.2
Other	12,862	4.3	13,119	4.5	10,255	3.4
Segment operating profit (total)	109,479	7.7	223,834	9.3	314,854	11.8
Unallocated net operating expenses and others	(21,789)	—	(31,449)	—	(59,317)	—
Total profit from operations	87,690	6.2	192,385	8.0	255,537	9.6

Our segment operating profit is affected by seasonality which results in uneven breakdowns of segment operating profit during the year. We expect this trend to continue going forward. For further information, see the section headed "—Significant Factors Affecting our Results of Operations—Seasonality" in this prospectus.

The following table provides a reconciliation of total segment operating profit to our profit before taxation.

	Years ended December 31,		
	2008	2009	2010
	(RMB'000)		
Segment operating profit	109,479	223,834	314,854
Unallocated head office and corporate expenses	(25,674)	(37,380)	(96,163)
Other revenue	48,196	7,670	28,698
Other net (loss)/income	(44,311)	(1,739)	8,148
Finance costs	(14,277)	(17,128)	(45,379)
Profit before taxation	73,413	175,257	210,158

Finance costs

Our finance costs consist of interest on bank borrowings and bank charges. In 2008, 2009 and 2010, our finance costs were RMB14.3 million, RMB17.1 million and RMB45.4 million, respectively.

Prior to the Reorganization, our then immediate parent holding company, NT Holdings, had outstanding Series A Preference Shares held by TPG. The Series A Preference Shares were issued at our immediate parent holding company level by NT Holdings, which will not be a part of our Group upon listing. The proceeds from the issue of the Series A Preference Shares have been advanced to us from NT Holdings. These amounts have been included in "amounts due to related companies" in our combined balance sheets. The amounts due to NT Holdings are unsecured, interest free and repayable on demand. No interest expense or other finance costs were incurred by us related to these amounts due to NT Holdings. In connection with the Reorganization, NT Holdings distributed all of the Shares it held in our Company to its shareholders, including the holders of the Series A Preference Shares. For additional information relating the Series A Preference Shares and the Reorganization, see the sections headed "History and Reorganization — TPG Investment" and "History and Reorganization — Our Reorganization."

Income tax

The following table provides a breakdown of our income tax expenses during the Track Record Period:

	Years ended December 31,		
	2008	2009	2010
		(RMB '000)	
Profit before taxation	73,413	175,257	210,158
Notional tax on profit before taxation, calculated at rates applicable to profits in the jurisdictions concerned	19,429	41,228	56,012
Tax effect of non-deductible expenses	6,427	21,895	28,925
Tax effect of non-taxable income	(17)	(1)	—
Tax effect of PRC tax concessions	(9,219)	(5,348)	(7,901)
Tax effect of unused tax losses not recognized	3,086	2,684	4,740
Tax losses not recognized in prior year utilized during the year	—	(3,294)	(1,115)
Under-provision in respect of prior years	176	923	87
Others	268	—	—
Actual income tax	20,150	58,087	80,748

Corporate income tax

Income tax represents corporate income tax at the statutory rates prevailing in China levied on our taxable income. We also consider "expenses not deductible for tax" in determining our income tax expenses. "Expenses not deductible for tax" refers primarily to expenses such as salaries and entertainment expenses that exceeded the statutory ceiling in 2007 prior to the effective date of the corporate income tax law discussed below, certain other expenses in excess of prescribed caps and donations that are not deductible under current tax regulations applicable to us.

We and our subsidiaries are subject to taxation in China. As of December 31, 2010, we had eleven subsidiaries established in China that were subject to taxation in China. On March 16, 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC (the "**New CIT Law**") which became effective on January 1, 2008. According to the New CIT Law, the standard PRC corporate income tax rate is 25%. Dividends declared by the PRC subsidiaries to parent companies incorporated in Hong Kong, the British Virgin Islands and the Cayman Islands are subject to withholding tax of 5%, 10% and 10%, respectively. Furthermore, the State Council of the PRC passed the implementation guidance ("**Implementation Guidance**") on December 26, 2007, which sets out the details of how the existing preferential income tax rate will be adjusted to the standard rate of 25%. According to the Implementation Guidance, income tax rate for the PRC subsidiaries of the Group, which are eligible to a relief from PRC Enterprise Income Tax, will be gradually changed to the standard rate of 25% over a five-year transition period.

In 2008, 2009 and 2010, we had income tax expenses of RMB20.2 million, RMB58.1 million and RMB80.7 million, respectively. Our effective tax rates were 27.4%, 33.1% and 38.4% in 2008, 2009 and 2010, respectively.

The tax effect of profits entitled to tax concessions represents a reconciliation between the generally applicable tax rate and the actual tax rate to profits applied to certain of our subsidiaries that are entitled to preferential tax rates under the effective tax laws and relevant regulations. For more information, see note 6 of the Accountants' Report in Appendix I to this prospectus.

No provision for Hong Kong profits tax was made for our Hong Kong subsidiaries in 2008 as the tax losses brought forward are sufficient to cover the estimated assessable profits or the Hong Kong subsidiaries sustained losses for taxation purposes. In 2009 and 2010, we made provisions for Hong Kong profits tax of RMB3.8 million and RMB11.9 million, respectively.

Our PRC subsidiaries were subject to income tax at 33% prior to January 1, 2008 and 25% effective from January 1, 2008 unless otherwise specified.

Our subsidiary Hainan NT Biologicals Co., Ltd. is a foreign investment enterprise established on Hainan Island. Pursuant to The State Council Regulations on the Encouragement of the Investment in, and Development of, Hainan Island, income from production and business operations and other income derived by enterprises that were established on Hainan Island were subject to the preferential Corporate Income Tax rate of 15% prior to the effective date of the New CIT law in 2008. The tax rate will transition to 25% over a five-year transition period.

Our subsidiary Suzhou First is entitled to PRC Enterprise Income Tax exemptions for its first two profitable years and a 50% reduction of PRC corporate income tax for the subsequent three years. The first profitable year of Suzhou First Pharmaceutical Co., Ltd. was 2006. With effect from January 1, 2011, the applicable tax rate will be 25%.

The preferential tax rates and exemptions described above have been granted by the appropriate tax authorities.

Our Directors believe that as of the Latest Practicable Date the Group has made all material required tax filings under the relevant tax laws and regulations, has paid or intends to pay all outstanding tax liabilities, and the Group is not subject to any current dispute and does not currently foresee any potential dispute with the relevant tax authorities.

COMBINED RESULTS OF OPERATIONS

The following table sets forth selected information from our combined income statements and each item presented as a percentage of turnover.

Combined Income Statement Data:

	Years ended December 31,					
	2008		2009		2010	
	RMB'000	% of turnover	RMB'000	% of turnover	RMB'000	% of turnover
Turnover	1,413,985	100.0	2,395,038	100.0	2,667,978	100.0
Cost of sales	(1,178,904)	(83.4)	(1,915,167)	(80.0)	(2,004,775)	(75.1)
Gross profit	235,081	16.6	479,871	20.0	663,203	24.9
Other revenue	48,196	3.4	7,670	0.3	28,698	1.1
Other net (loss)/ income	(44,311)	(3.1)	(1,739)	(0.1)	8,148	0.3
Distribution costs	(108,129)	(7.6)	(237,418)	(9.9)	(354,456)	(13.3)
Administrative expenses	(43,147)	(3.1)	(55,999)	(2.3)	(90,056)	(3.4)
Profit from operations	87,690	6.2	192,385	8.0	255,537	9.6
Finance costs	(14,277)	(1.0)	(17,128)	(0.7)	(45,379)	(1.7)
Profit before taxation	73,413	5.2	175,257	7.3	210,158	7.9
Income tax	(20,150)	(1.4)	(58,087)	(2.4)	(80,748)	(3.0)
Profit for the year	53,263	3.8	117,170	4.9	129,410	4.9

The following discussion includes only the results from external sales. All inter-segment transactions have been eliminated from the financial data discussed in this section. For additional data and information regarding our business segments and segmental presentation, see Note 10 of the Accountants' Report in Appendix I to this prospectus.

Year ended December 31, 2010 compared with year ended December 31, 2009

Turnover

Our turnover increased by RMB273.0 million, or 11.4%, from RMB2,395.0 million in 2009 to RMB2,668.0 million in 2010. The increase was primarily attributable to a significant increase in turnover from our pharmaceutical promotion and sales segment and from our vaccine promotion and sales segment.

Vaccine business

Our turnover from our vaccine business increased by RMB44.8 million, or 3.0%, from RMB1,479.8 million in 2009 to RMB1,524.6 million in 2010. This increase was primarily due to a significant growth in our vaccine promotion and sales segment, partially offset by a decrease in turnover from our vaccine supply chain segment.

Vaccine supply chain. Our turnover from our vaccine supply chain operations decreased by RMB62.5 million, or 5.1%, from RMB1,230.3 million in 2009 to RMB1,167.8 million in 2010.

This decrease was primarily due to decreases in turnover from certain GSK vaccines, such as Havrix and Hiberix, which was in turn primarily due to decreased demand for these products which in turn was attributable to public perceptions about the vaccine industry as a whole in China in 2010 following various incidents described under "Summary — The Chinese Vaccine Market", and to the discontinuation of our sales of certain products, such as CNBG's hepatitis A vaccine as a result of our decision to focus on other products. The effect of such decrease was partially offset by the addition of new vaccines to our portfolio, which are mainly manufactured by Novartis and GSK, and to a lesser extent by the sales growth of other vaccines, such as Prevenar, which was a new product on the market in 2009 and continued to grow in 2010, and by the growth of Varilrix and Fluarix, primarily due to an increase in available supplies of these products in 2010 and by the seasonal sales of these products toward the end of the year, which were less affected by the incidents in the PRC vaccine industry earlier in the year.

Vaccine promotion and sales. Our turnover from our vaccine promotion and sales operations increased by RMB107.4 million, or 43.0%, from RMB249.4 million in 2009 to RMB356.8 million in 2010, primarily due to the addition of new products to our portfolio, such as Meningococcal ACWY in late 2009, which is produced by Hualan, and to increases in turnover from the promotion of certain other vaccines, such as Meningo A+C manufactured by Sanofi Pasteur. These increases were primarily due to increased demand for these products. Our turnover from Meningo A+C increased as a result of it being a new product on the market in 2009, with sales continuing to grow in 2010. The effects of such increases were partially offset by decreased turnover from certain products manufactured by Walvax Biotech, which represented 2.0% and 0.9% of our total turnover, 18.8% and 6.7% of our vaccine promotion and sales turnover and 6.1% and 2.3% of our total gross profit in 2009 and 2010, respectively, primarily due to the discontinuation of our promotion and sales arrangement with Walvax Biotech in 2010 following our determination that our sales representatives could be better utilized in other areas of our promotion and sales business and to a lesser extent to the discontinuation of the provision of promotion services for certain other products and conditions in the vaccine industry in 2010, which contributed to the lower growth rate in 2010 as compared to 2009.

Pharmaceutical business

Our turnover from our pharmaceutical business increased by RMB228.1 million, or 24.9%, from RMB915.3 million in 2009 to RMB1,143.4 million in 2010. This growth in turnover was due primarily to growth in our pharmaceutical promotion and sales segment.

Pharmaceutical promotion and sales. Our turnover from our pharmaceutical promotion and sales segment increased by RMB213.1 million, or 34.1%, from RMB625.5 million in 2009 to RMB838.6 million in 2010, primarily due to increased turnover from sales of Fortum, Relenza, Unasyn and DanShenTong, as a result of our expanded coverage and increased number of promotion and sales personnel, and a significant increase in turnover from Shusi which returned to historical sales levels in 2010 after the relocation of our manufacturing plant in the first half of 2009.

Other pharmaceutical operations. Turnover from our other pharmaceutical operations segment increased by RMB15.1 million, or 5.2%, from RMB289.8 million in 2009 to RMB304.9 million in 2010, primarily due to increased turnover from our manufacturing operations as a result of increased production of the generic pharmaceuticals that we manufactured, partially offset by decreases in turnover from pharmaceutical supply chain operations.

Cost of sales

Our cost of sales increased by RMB89.6 million, or 4.7%, from RMB1,915.2 million in 2009 to RMB2,004.8 million in 2010. The increase was primarily due to higher costs of inventories sold, primarily related to our increased sales.

Gross profit

As a result of the foregoing, our gross profit increased by RMB183.3 million, or 38.2%, from RMB479.9 million in 2009 to RMB663.2 million in 2010. Our gross margin increased from 20.0% in 2009 to 24.9% in 2010. The increase was primarily due to increased gross profit margins from our promotion and sales segments which also represented a higher proportion of our gross profit in 2010.

Vaccine business

Our gross profit from our vaccine business increased by RMB52.6 million, or 31.0%, from RMB169.6 million in 2009 to RMB222.2 million in 2010. Our gross margin from our vaccine business increased from 11.5% in 2009 to 14.6% in 2010, primarily due to higher profit margins in both vaccine business segments and to an increased proportion of turnover from the vaccine business being derived from our vaccine promotion and sales segment.

Vaccine supply chain. Gross profit from our vaccine supply chain segment increased by RMB7.0 million, or 8.8%, from RMB79.3 million in 2009 to RMB86.3 million in 2010. Gross margin in our vaccine supply chain segment increased from 6.4% in 2009 to 7.4% in 2010, primarily as a result of the introduction of new products into our portfolio which carried higher margins, including products manufactured by Novartis.

Vaccine promotion and sales. Our gross profit from our vaccine promotion and sales segment increased by RMB45.5 million, or 50.4%, from RMB90.4 million in 2009 to RMB135.9 million in 2010. Our gross margin from our vaccine promotion and sales segment increased from 36.2% in 2009 to 38.1% in 2010, primarily due to increased sales of certain higher margin vaccine products for manufacturers such as Hualan and to a lesser extent to increased margins on certain products we promoted for GSK and Sanofi Pasteur primarily due to our increased sales in 2010 to lower level CDCs which began in 2009, which gave us the opportunity to bypass higher level CDCs in some cases, allowing us to achieve a higher margin.

Pharmaceutical business

Gross profit from our pharmaceutical business increased by RMB130.8 million, or 42.2%, from RMB310.2 million in 2009 to RMB441.0 million in 2010. Our gross margin from our pharmaceutical business increased from 33.9% in 2009 to 38.6% in 2010 primarily due to the higher gross profit margin from the pharmaceutical promotion and sales segment.

Pharmaceutical promotion and sales. Gross profit from our pharmaceutical promotion and sales segment increased by RMB128.6 million, or 47.6%, from RMB270.0 million in 2009 to RMB398.6 million in 2010. Gross margin from our pharmaceutical promotion and sales segment

increased from 43.2% in 2009 to 47.5% in 2010 primarily due to increased turnover from Shusi, DanShenTong, and Relenza, which came with relatively higher gross profit margins and increased margins on Fortum due to us having achieved a certain sales volume which under our arrangement with our supplier allowed us a higher margin.

Other pharmaceutical operations. Gross profit from our other pharmaceutical operations segment increased by RMB2.2 million, or 5.5%, from RMB40.2 million in 2009 to RMB42.4 million in 2010. Our gross margin from the other pharmaceutical operations segment remained relatively stable, being 13.9% in 2009 and 13.9% in 2010.

Other revenue

Our other revenue increased by RMB21.0 million, from RMB7.7 million in 2009 to RMB28.7 million in 2010. The increase was primarily attributable to an RMB19.2 million increase in subsidy income primarily consisting of financial subsidies from the China Medical City in Taizhou, Jiangsu province (a national medical high-tech zone developed by the PRC and Jiangsu province governments). We were granted these subsidies as an incentive for our Company to expand its operations in the China Medical City and to support our provision of supply chain services to potential manufacturers in the China Medical City. These subsidies were mainly used to support our working capital requirements.

Other net (loss)/income

In 2010 we recorded other net income of RMB8.1 million as compared to 2009 when we recorded other net loss of RMB1.7 million. This change was primarily due to an RMB7.6 million net exchange gain in 2010, related to changes in exchange rates between sterling pounds and the RMB as we had trade payables denominated in sterling pounds.

Distribution costs

Our distribution costs increased by RMB117.1 million, or 49.3%, from RMB237.4 million in 2009 to RMB354.5 million in 2010. The increase in distribution costs was primarily attributable to increased salary, bonus and social insurance expenses related to an increased average number of employees in 2010, increased promotion expenses and increased conference expenses. Our distribution costs as a percentage of our total turnover increased from 9.9% for in 2009 to 13.3% in 2010, primarily due to the expansion of our promotion and sales segments.

Administrative expenses

Our administrative expenses increased by RMB34.1 million, or 60.8%, from RMB56.0 million in 2009 to RMB90.1 million in 2010. This increase was primarily due to an increase in equity settled share-based payment expenses as the Pre-IPO Share Option Scheme was adopted in September 2009, IPO-related expenses incurred in 2010 and to an increase in other miscellaneous expenses. As a percentage of turnover, administrative expenses increased from 2.3% to 3.4%, primarily due to equity settled share-based payment expenses and IPO-related expenses incurred in 2010.

Profit from operations

As a result of the foregoing, our profit from operations was RMB255.5 million in 2010, as compared to RMB192.4 million in 2009. Our operating profit margin increased from 8.0% in 2009 to 9.6% in 2010.

Segment operating profit

The segment operating profit discussed below does not take into account certain net unallocated expenses, which are discussed in more detail, along with a reconciliation of the total segment operating profit to our profit from operations, in the section headed "— Description of Selected Components of Results of Operations — Segment Operating Profit".

Vaccine business

Segment operating profit from our vaccine business increased by RMB2.6 million, or 2.4%, from RMB107.3 million in 2009 to RMB109.9 million in 2010.

Vaccine supply chain. Segment operating profit from our vaccine supply chain segment decreased by RMB2.1 million, or 4.5%, from RMB47.1 million in 2009 to RMB45.0 million in 2010 primarily due to increased operations expenses as a result of our expansion of the network into new areas.

Vaccine promotion and sales. Segment operating profit from our vaccine promotion and sales segment increased by RMB4.7 million, or 7.8%, from RMB60.2 million in 2009 to RMB64.9 million in 2010 primarily due to increased gross profit from this segment. The increased gross profit from this segment was partly offset by expenses related to an increased number of promotion and sales personnel.

Pharmaceutical business

Segment operating profit from our pharmaceutical business increased by RMB88.5 million, or 75.9%, from RMB116.5 million in 2009 to RMB205.0 million in 2010.

Pharmaceutical promotion and sales. Segment operating profit from our pharmaceutical promotion and sales segment increased by RMB91.3 million, or 88.3%, from RMB103.4 million in 2009 to RMB194.7 million in 2010 primarily due to increased sales of Fortum and Shusi and to the introduction of Relenza in late 2009 to our promotion portfolio.

Other pharmaceutical operations. Segment operating profit from our other pharmaceutical operations decreased by RMB2.8 million, or 21.8%, from RMB13.1 million in 2009 to RMB10.3 million in 2010 primarily due to increased operating expenses as we expanded into new areas.

Finance costs

Our finance costs increased by RMB28.3 million, from RMB17.1 million in 2009 to RMB45.4 million in 2010, primarily due to increased interest expenses on bank borrowings and borrowing costs as a result of our increased level of borrowings.

Income tax

Our income taxes increased by RMB22.6 million, or 39.0%, from RMB58.1 million in 2009 to RMB80.7 million in 2010, primarily due to: (i) higher assessable profits in 2010, (ii) certain subsidiaries within our Group having recorded losses and our inability under PRC tax regulations to use those losses as deductions against the profits of our profit-making subsidiaries. As it is not probable that such loss-making subsidiaries will generate taxable profits to utilize the tax losses in the foreseeable future, no deferred tax assets have been recognized for such losses and; (iii) PRC tax regulations which do not allow for tax deduction of certain types of distribution costs which exceed the deduction limit being a certain percentage of revenue. As a result, our effective tax rate increased from 33.1% in 2009 to 38.4% in 2010.

Profit for the year

As a result of the foregoing, our profit for the year increased by RMB12.2 million, or 10.4%, from RMB117.2 million in 2009 to RMB129.4 million in 2010. Our profit for the year divided by turnover, or net profit margin, remained stable at 4.9% in 2009 and 2010.

Year ended December 31, 2009 compared with year ended December 31, 2008

Turnover

Our turnover increased by RMB981.0 million, or 69.4%, from RMB1,414.0 million in 2008 to RMB2,395.0 million in 2009. The increase was primarily attributable to significant growth in our vaccine supply chain, vaccine promotion and sales and pharmaceutical promotion and sales segments which mainly related to an increase in overall sales volume.

Vaccine business

Our turnover from our vaccine business increased by RMB549.4 million, or 59.0%, from RMB930.4 million in 2008 to RMB1,479.8 million in 2009. This significant growth was primarily due to strong growth in our vaccine supply chain and vaccine promotion and sales segments and reflects our continued focus on vaccine supply chain services while growing another driver of profit with our vaccine promotion and sales services.

Vaccine supply chain. Our turnover from our vaccine supply chain operations increased by RMB389.0 million, or 46.2%, from RMB841.3 million in 2008 to RMB1,230.3 million in 2009. This significant growth was primarily due to an increase in the sales volume of our existing products as well as an increase in the number of products sold through our vaccine supply chain network. We significantly increased sales of certain products, such as Hiberix, Varilrix and Havrix, which are manufactured by GSK, and Prevenar, which is manufactured by Pfizer. We also began providing supply chain services for a hepatitis A vaccine manufactured by the Chinese manufacturer CNBG.

Vaccine promotion and sales. Our turnover from our vaccine promotion and sales operations increased by RMB160.3 million, or 180.0%, from RMB89.1 million in 2008 to RMB249.4 million in 2009. In 2009, we significantly increased our sales and promotion of Engerix-B (Junior) with turnover from Engerix-B (Junior) increasing from RMB48.6 million in 2008 to RMB104.8 million

in 2009. As part of our strategy to diversify our vaccine promotion supplier base, we added new products to our portfolio. We added certain products to our portfolio that are manufactured by global and domestic vaccine manufacturers such as Hualan, Walvax Biotech and Sanofi Pasteur during 2009.

Pharmaceutical business.

Our turnover from our pharmaceutical business increased by RMB431.7 million, or 89.3%, from RMB483.6 million in 2008 to RMB915.3 million in 2009. This strong growth in turnover was due primarily to increased turnover in our pharmaceutical promotion and sales segment which increased by 239.8% over the same period and was partially offset by a slight decrease in turnover from our other pharmaceutical operations segment.

Pharmaceutical promotion and sales. Our turnover from our pharmaceutical promotion and sales segment increased by RMB441.4 million, or 239.8%, from RMB184.1 million in 2008 to RMB625.5 million in 2009, primarily due to significantly increased sales of Fortum, the additions of DanShenTong and Relenza to our product portfolio, a one-off recategorization of Fortum-related turnover from a commission-based product, continued growth in our promotion and sales services for Pfizer products and the manufacture and promotion of Shusi. Our service income increased from RMB33.6 million in 2008 to RMB113.2 million in 2009, mainly as a result of increasing sales of Fortum and Unasyn, which together comprise the large majority of our service income. In 2008 we promoted Fortum on a commission basis, without providing any supply chain services, thus recognizing commission revenue only which was paid to us by GSK. In 2009, turnover from Fortum consisted of both turnover from the sales of goods as well as service income, as a result of our provision of both promotion and supply chain services.

Other pharmaceutical operations. Turnover from our other pharmaceutical operations segment decreased by RMB9.7 million, or 3.3%, from RMB299.5 million in 2008 to RMB289.8 million in 2009, primarily due to decreased turnover from our generic manufacturing operations relating to the construction in progress at our manufacturing facilities which continued in 2009 and legacy pharmaceutical supply chain business which consisted of limited supply chain services that we provide to Shanghai hospitals as a result of an acquisition. This was partially offset by continued growth in turnover from the distribution of certain Pfizer pharmaceutical products.

Cost of sales

Our cost of sales increased by RMB736.3 million, or 62.5%, from RMB1,178.9 million in 2008 to RMB1,915.2 million in 2009. The increase was primarily due to an increase in the costs of purchasing merchandise for our vaccine and pharmaceutical supply chain services. The increase was consistent with the increase in our total turnover during 2009.

Gross profit

As a result of the foregoing, our gross profit increased by RMB244.8 million, or 104.1%, from RMB235.1 million in 2008 to RMB479.9 million in 2009. Our gross margin increased from 16.6% for 2008 to 20.0% for 2009. The increase was primarily due to the increase of our promotion and sales segments as a percentage of turnover as we continued to diversify our business model to increasingly focus on the promotion and sales segments.

Vaccine business

Our gross profit from our vaccine business increased by RMB78.8 million, or 86.8%, from RMB90.8 million in 2008 to RMB169.6 million in 2009. Our gross margin from our vaccine business increased from 9.8% in 2008 to 11.5% in 2009, primarily due to increased gross profit from our vaccine promotion and sales segment, partially offset by gross margin pressure in our vaccine supply chain segment resulting from changes in contract terms which lowered the gross margin of our vaccine supply chain segment due to renewal of our long-term supply agreements with GSK in the ordinary course of business.

Vaccine supply chain. Gross profit from our vaccine supply chain segment increased by RMB8.6 million, or 12.1%, from RMB70.7 million in 2008 to RMB79.3 million in 2009. Gross margin in our vaccine supply chain segment decreased from 8.4% in 2008 to 6.4% in 2009, primarily as a result of pricing pressure including from our renewed vaccine supply chain contract with GSK which provided for lower gross margins in our vaccine supply chain segment. In addition, our gross margin in 2009 was negatively affected due to one-time adjustments in the gross margin on Engerix-B (Junior) for adults and vaccine supply chain services provided for domestic manufacturers.

Vaccine promotion and sales. Our gross profit from our vaccine promotion and sales segment increased by RMB70.3 million, or 349.3%, from RMB20.1 million in 2008 to RMB90.4 million in 2009. Our gross margin from our vaccine promotion and sales segment increased from 22.6% in 2008 to 36.2% in 2009, primarily due to the addition of a number of higher margin products to our product portfolio, such as vaccines manufactured by Walvax Biotech and Hualan.

Pharmaceutical business

Our gross profit from the pharmaceutical business increased by RMB166.0 million, or 115.1%, from RMB144.2 million in 2008 to RMB310.2 million in 2009. Our gross margin from our pharmaceutical business increased from 29.8% in 2008 to 33.9% in 2009 primarily due to our increased gross profit from pharmaceutical promotion and sales segment.

Pharmaceutical promotion and sales. Gross profit from our pharmaceutical promotion and sales segment increased by RMB162.9 million, or 152.0%, from RMB107.1 million in 2008 to RMB270.0 million in 2009. Gross margin from our pharmaceutical promotion and sales segment decreased from 58.2% in 2008 to 43.2% in 2009 primarily due to the addition of new products to our product line, such as Fortum and Relenza which significantly increased turnover and gross profit but have relatively lower gross margins, partially offset by the addition of products such as DanShenTong which carry significantly higher gross margins. In addition, our gross profit margin was negatively affected by the change in our sales structure for Fortum, which was all commission-based in 2008. The gross margins of our other products in our pharmaceutical promotion portfolio were generally increasing or stable from 2008 to 2009.

Other pharmaceutical operations. Gross profit from our other pharmaceutical operations segment slightly increased by RMB3.1 million, or 8.3%, from RMB37.1 million in 2008 to RMB40.2 million in 2009. Our gross margin from the other pharmaceutical operations segment increased from 12.4% in 2008 to 13.9% in 2009 primarily due to the comparatively higher gross margin of the generic manufacturing operations.

Other revenue

Our other revenue decreased by RMB40.5 million, or 84.1%, from RMB48.2 million in 2008 to RMB7.7 million in 2009. The decrease was primarily attributable to one-off government grants which we had received in 2008 as compensation for the relocation of our generics pharmaceutical manufacturing facilities. The decrease was partially offset by increases in government subsidies received from local governments in 2009. The government grants received in 2008 were largely offset by corresponding other net losses as described below.

Other net loss

Our other net loss decreased by RMB42.6 million, from RMB44.3 million in 2008 to RMB1.7 million in 2009. This decrease was primarily due to the significant reduction in net loss from the disposal of property, plant and equipment (as that was mainly related to the relocation of our generics manufacturing facilities, which was completed in 2008).

Distribution costs

Our distribution costs increased by RMB129.3 million, or 119.6%, from RMB108.1 million in 2008 to RMB237.4 million in 2009. The increase in distribution costs was primarily attributable to increased head count and sales and marketing activities in our promotion and sales services business. Our distribution costs as a percentage of our total turnover increased from 7.6% in 2008 to 9.9% in 2009, primarily due to the significant increases in promotion and travelling expenses as we continue to expand our promotion and sales services.

Administrative expenses

Our administrative expenses increased by RMB12.9 million, or 29.8%, from RMB43.1 million in 2008 to RMB56.0 million in 2009. This increase was primarily due to an increase in the number of personnel and the salaries and wages of administrative staff as well as non-cash charges related to equity-settled share-based payment expenses, partially offset by a decrease in directors' remuneration and depreciation and amortization expenses. As a percentage of turnover, administrative expenses decreased from 3.1% to 2.3%, primarily due to our increased operating efficiency and enhanced economies of scale.

Profit from operations

As a result of the foregoing, our profit from operations was RMB192.4 million in 2009, representing an increase of 119.4%, or RMB104.7 million, from RMB87.7 million in the 2008. Our operating profit margin increased from 6.2% in 2008 to 8.0% in 2009.

Segment operating profit

The segment operating profit discussed below does not take into account certain net unallocated expenses, which are discussed in more detail, along with a reconciliation of the total segment operating profit to our profit from operations, in the section headed "— Description of Selected Components of Results of Operations — Segment Operating Profit".

Vaccine business

Segment operating profit from our vaccine business increased by RMB56.9 million, or 112.9%, from RMB50.4 million in 2008 to RMB107.3 million in 2009.

Vaccine supply chain. Segment operating profit from our vaccine supply chain segment increased by RMB6.5 million, or 15.9%, from RMB40.6 million in 2008 to RMB47.1 million in 2009 primarily due to revenue growth.

Vaccine promotion and sales. Segment operating profit from our vaccine promotion and sales segment increased by RMB50.4 million from RMB9.8 million in 2008 to RMB60.2 million in 2009 driven by increased gross profit from this segment and increased operating leverage.

Pharmaceutical business

Segment operating profit from the pharmaceutical business increased by RMB57.4 million, or 97.2%, from RMB59.1 million in 2008 to RMB116.5 million in 2009.

Pharmaceutical promotion and sales. Segment operating profit from our pharmaceutical promotion and sales segment increased by RMB57.2 million, or 123.7%, from RMB46.2 million in 2008 to RMB103.4 million in 2009 primarily driven by increased gross profit, partially offset by higher operating expenses as we continued to expand our pharmaceutical promotion and sales operations.

Other pharmaceutical operations. Segment operating profit from our other pharmaceutical operations increased by RMB0.2 million, or 2.0%, from RMB12.9 million in 2008 to RMB13.1 million in 2009 primarily due to a minor decrease in operating expenses.

Finance costs

Our finance costs increased by RMB2.8 million, or 20.0%, from RMB14.3 million in 2008 to RMB17.1 million in 2009, primarily due to increases in bank charges related to account receivable trade financing secured by accounts receivable and a significant increase in the amount of bank borrowings. These were partially offset by significantly lower interest rates during 2009 and decreases in other borrowings.

Income tax

Our income taxes increased by 188.3%, or RMB37.9 million, from RMB20.2 million in 2008 to RMB58.1 million in 2009, primarily due to the increased effective tax rate and higher assessable profit before tax from 2008 to 2009.

Profit for the year

As a result of the foregoing, our profit increased by RMB63.9 million, or 120.0%, from RMB53.3 million in 2008 to RMB117.2 million in 2009. Our profit for the year divided by turnover, or net profit margin, increased from 3.8% in 2008 to 4.9% in 2009, primarily due to the increase in gross profit margin.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of working capital are various short-term borrowings and lines of credit and capital injections from shareholders. Our primary liquidity requirements are to finance working capital, fund the payment of interest and principal due on our indebtedness, and fund capital expenditure and the growth of our operations.

We have historically met our working capital and other liquidity requirements principally through capital injections from shareholders and through short-term bank borrowings and credit facilities. We have historically relied primarily on short-term debt, rather than long-term debt, in order to take advantage of the significantly lower interest rates on short-term debt, which in turn lowers our financing costs. This is also consistent with our historical approach to finance working capital.

In 2010, our financial condition, including turnover days of inventory, trade debtors and bills receivables and trade creditors and bills payables, and working capital requirements have been affected by the slowdown in growth of demand for vaccines, the introduction of new products from Novartis and increased sales of Fortum and seasonality.

In the past, there have been allegations that poor handling of vaccines by CDCs and sub-standard vaccines produced by certain suppliers have caused health problems among end-users. For example, in March 2010 there were allegations that vaccines were improperly stored and handled, and caused the deaths of four children and illness in 74 others in Shanxi province; in March 2010 there were allegations that a large amount of sub-standard rabies vaccines manufactured by a supplier in Jiangsu province were sold in the PRC market and in September 2010 there were allegations that a high school student in Guangxi died after receiving a measles vaccination. None of the reported incidents involved vaccines supplied by us or our suppliers. However, partly as a result of such incidents, the CDCs shifted significant resources to implement extensive internal reviews of their operations in 2010, which resulted in the slow down of inspection, screening, and purchasing of vaccines by the CDCs. In 2010, primarily as a result of such incidents, the growth in demand for vaccines has decreased. This decrease in demand had led a number of our customers in our vaccine business to request longer credit terms or payment periods. According to the Frost & Sullivan Report, it is estimated that the year-over-year growth rate of the PRC Type II Vaccine market in 2010 has slowed down to 7.6%. Our directors are of the view that such incidents would not change the overall market condition going forward and would not have further material impact on our results of operations.

These incidents have affected our turnover days for trade debtors and bills receivable and for inventory in 2010 compared to historical averages. In addition, we have experienced net cash outflows from operating activities in 2008, 2009 and 2010 primarily as a result of our pace of growth during the Track Record Period. To address this, we plan to manage out working capital requirements going forward by:

- maintaining sufficient banking facilities. As of February 28, 2011, we had banking facilities available to us of RMB1,365.4 million, of which RMB416.9 million was unutilized. In addition, historically we have been able to obtain increasing amount of banking facilities based on our needs and have been able to use our trade receivables as security for banking facilities;
- communicating with our suppliers and with our customers to better align credit periods; and
- assessing our inventory controls and through management of our procurement needs. Our cash outflows and working capital requirements throughout the Track Record Period have primarily been driven by our high growth rate. To maintain a stable liquidity position, we plan our

growth only after giving careful consideration to available financing and the nature of products, suppliers and customers we choose to target. See the discussion under "Trade and Other Receivables" in this section for a discussion of further steps we have taken to improve our liquidity position.

Our directors confirm that we did not experience any difficulties with renewing our bank loans with our lenders and we have not experienced any material delays of repayment of or defaults of our bank loans during the Track Record Period.

Capital Management

The primary objective of our capital management is to maintain our ability to continue as a going concern so that we can continue to provide returns for shareholders and benefits for other stakeholders by pricing products commensurately with the level of risk and by securing access to financing at a reasonable cost. We actively and regularly review and manage our capital structure and make adjustments taking into consideration changes in economic conditions, our future capital requirements, prevailing and projected profitability and operating cashflows, projected capital expenditures and projected strategic investment opportunities. We monitor capital using a gearing ratio, which is our total borrowings divided by total assets. As of December 31, 2008, 2009 and 2010, our gearing ratios were 19.0%, 26.2% and 30.5%, respectively.

Cash flows

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,		
	2008	2009	2010
		(RMB'000)	
Cash and cash equivalents at the beginning of period	64,884	66,934	212,240
Net cash used in operating activities	(37,699)	(251,274)	(383,235)
Net cash used in investing activities	(66,845)	(63,019)	(57,599)
Net cash generated from financing activities	108,201	459,611	378,104
Net increase/(decrease) in cash and cash equivalents	3,657	145,318	(62,730)
Cash and cash equivalents at period end	66,934	212,240	149,810

Net cash used in operating activities

We derive our cash flow from operating activities principally from the receipt of payments for the sale of products or services. Our cash used in operating activities is primarily used to pay for costs and expenses relating to operating activities.

Net cash used in operating activities was RMB383.2 million in 2010, while our operating profit before changes in working capital was RMB297.1 million. The cash outflow of RMB680.3 million mainly reflected the following changes: (i) an increase of RMB298.1 million in inventories of a number of products including Fortum, Rabipur and Prevenar in line with the growth of our business, (ii) an increase of RMB525.4 million in trade and other receivables primarily due to conditions in the vaccine industry in the PRC in 2010 which led some of our CDC customers to notify us that they would temporarily need longer payment periods and to the growth of our promotion and sales segments and (iii) income tax paid of RMB84.9 million, which increased from 2009 primarily as a result of higher assessable profits in 2010, certain subsidiaries within our Group having recorded

losses for which deferred tax assets have not been recognized as it not being probable that they will be realized and an increase in certain non-deductible expenses, such as expenses related to our employee share option scheme and IPO-related expenses. These cash outflows were partially offset by an increase of RMB228.1 million in trade and other payables, which was primarily related to increased purchases of finished goods from our suppliers in line with our increased sales volume and to a lesser extent to the introduction of new products into our product line for which our suppliers granted longer credit terms, and negotiated delays in payment terms to our suppliers as a result of the slowdown in payment from our CDC customers and to lengthened credit period granted by suppliers as a result of the requests from our customers for longer periods and to the introduction of new products for which we were granted longer credit periods.

Net cash used in operating activities was RMB251.3 million in 2009 while our operating profit before changes in working capital was RMB205.1 million. The cash outflow of RMB456.4 million mainly reflected the following changes: (i) an increase of RMB105.3 million in inventories in line with the growth of our business, (ii) an increase of RMB646.3 million in trade and other receivables primarily due to our increased sales in 2009 and (iii) income tax paid of RMB17.8 million, partially offset by an increase of RMB313.0 million in trade and other payables primarily due to increased purchases of supplies from suppliers as we expanded our business.

Net cash used in operating activities was RMB37.7 million in 2008, while our operating profit before changes in working capital was RMB93.4 million. The cash outflow of RMB131.1 million mainly reflected the following changes: (i) an increase of RMB43.5 million in inventories primarily due to the increase in turnover during 2008, which required us to maintain greater inventories in line with the higher sales, (ii) an increase of RMB236.8 million in trade and other receivables and (iii) income tax paid of RMB6.6 million, primarily due to our increased sales. These were partially offset by an increase of RMB155.8 million in trade and other payables primarily due to greater purchases of finished goods from our suppliers in line with our increased sales.

Net cash used in investing activities

Our cash used in investing activities primarily consists of payments for the purchase of other property, plant and equipment, increases in pledged bank deposits, payment for the purchase of intangible assets, and payment for an interest in leasehold land held for our own use under an operating lease.

For the year ended December 31, 2010, our net cash used in investing activities was RMB57.6 million. Our cash used in investing activities primarily consisted of the payment for the purchase of property, plant and equipment of RMB51.2 million primarily related to the construction of warehouses.

For the year ended December 31, 2009, our net cash used in investing activities was RMB63.0 million. Our cash used in investing activities primarily consisted of the payment for the purchase of property, plant and equipment in the amount of RMB63.6 million related to the continued construction of our pharmaceutical manufacturing facilities.

For the year ended December 31, 2008, our net cash used in investing activities was RMB66.8 million. Our cash used in investing activities primarily consisted of: (i) payment for purchase of property, plant and equipment in the amount of RMB72.1 million related to the construction of our pharmaceutical manufacturing facilities; and (ii) payment of RMB27.1 million for the purchase of intangible assets related to the exclusive agency rights of DanShenTong government grants.

Net cash generated from financing activities

Our cash inflow from financing activities consists of proceeds from new bank and other loans and advances from related parties. Our cash outflow from financing activities consists of the repayment of bank loans, dividends paid, and interest paid.

For the year ended December 31, 2010, our net cash generated from financing activities was RMB378.1 million. Our cash inflow from financing activities primarily consisted of: (i) net proceeds from loans in the amount of RMB326.1 million used primarily for working capital purposes and (ii) advances from related companies of RMB98.2 million, which related to financing provided by shareholders.

For the year ended December 31, 2009, our net cash generated from financing activities was RMB459.6 million. Our cash inflow from financing activities primarily consisted of: (i) net proceeds from loans in the amount of RMB325.1 million used primarily for working capital purposes and (ii) an increase in the advances from related companies of RMB151.7 million, which related to capital injections by shareholders.

For the year ended December 31, 2008, our net cash generated from financing activities was RMB108.2 million. Our cash outflow from financing activities primarily consisted of: (i) net repayment of loans in the amount of RMB35.2 million; and (ii) interest paid in the amount of RMB14.3 million. Our cash inflow from financing activities primarily consisted an increase in advances from related companies of RMB157.7 million, which represented capital injections by shareholders.

NET CURRENT ASSETS

The table below sets forth our current assets, current liabilities and net current assets as of the date indicated:

	As of December 31,			As of February 28,
	2008	2009	2010	2011
		(RMB'000)		(unaudited)
Current assets				
Inventories	125,690	231,016	527,054	457,483
Trade and other receivables	575,514	1,213,754	1,738,213	1,746,565
Pledged deposits	51,262	55,990	47,080	45,983
Cash at bank and in hand	67,803	212,240	154,913	143,457
Total current assets	820,269	1,713,000	2,467,260	2,393,488
Current liabilities				
Trade and other payables	563,188	1,042,657	1,358,270	1,284,413
Bank loans and overdrafts	186,497	440,719	833,687	836,684
Other loan	—	70,000	6,500	—
Current taxation	12,823	54,931	51,941	54,710
Total current liabilities	762,508	1,608,307	2,250,398	2,175,807
Net current assets	57,761	104,693	216,862	217,681

We had net current assets of RMB57.8 million, RMB104.7 million, RMB216.9 million and RMB217.7 million as of December 31, 2008, 2009 and 2010 and as of February 28, 2011.

WORKING CAPITAL

Our working capital sufficiency is critical to our financial performance. We must maintain sufficient liquidity and financial flexibility to continue our daily operations. We generally meet our working capital requirements through short-term bank loans and advances from related companies. We manage our working capital by utilizing inventory control measures, periodically assessing our trade debtors and bills receivable, other receivables and trade payables and adhering to our internal accounting procedures, as well as maximizing the financial control features of our information management systems.

Taking into account our cash and cash equivalents on hand, our available credit facilities, cash that we anticipate will be generated from our future operations and the estimated net proceeds from the Global Offering, our Directors are of the opinion that we have sufficient working capital to meet our financial requirements for at least the next 12 months from the date of this prospectus.

Inventories

Our inventories primarily consist of finished goods that we purchase from our suppliers for resale through our supply chain network. We actively monitor and adjust our inventory based on the levels of products being dispatched and our operations team monitors the stock on a regular basis. Additionally, we use our management information system to track our inventories.

We seek to maintain a relatively low level of inventories, due to the nature of the products which are sold through our supply chain network. For our vaccine products, we typically maintain two to three weeks worth of inventories at any given time. For pharmaceutical products, we typically maintain one to two months worth of inventories.

	As of December 31,		
	2008	2009	2010
		(RMB'000)	
Raw materials	2,560	9,899	7,397
Work in progress	2,221	3,472	1,502
Finished goods	120,838	217,591	518,100
Low value consumables	71	54	55
Total	125,690	231,016	527,054

As of December 31, 2010, our inventories increased to RMB527.1 million from RMB231.0 million as of December 31, 2009. This increase primarily reflected (i) increased inventories of Fortum, primarily as a result of increased purchases in line with our agreement with our supplier and to ensure that we have adequate suppliers for sales in 2011; (ii) our Rabipur inventories, which we began selling in 2010 and which were increased prior to changes to the Pharmacopeia in 2010 which contained revised specifications for certain pharmaceutical and vaccine products. For further information, see "Risk Factors-Any of our key suppliers could fail to succeed in the government-mandated tendering processes for the sale of pharmaceuticals to hospitals, fail to obtain necessary permits and licenses or fail to comply with the requirements of the PRC Pharmacopeia,

with respect to products supplied to us."; and (iii) increased inventories of Prevenar in preparation for Pfizer's growth strategy in 2011. As of December 31, 2010, approximately RMB1.9 million, or 0.4%, of our inventories were returnable to suppliers.

As of December 31, 2009, our inventories increased by 83.8%, to RMB231.0 million from RMB125.7 million as of December 31, 2008. This increase reflected a significant increase in finished goods, reflecting our building of inventories in 2009 to prepare for demand from our continued growth of vaccine supply chain segment as well as our promotion and sales services segments in line with our turnover growth. The increase in finished goods as of December 31, 2008 was mainly related to our expectation of increased sales in 2009.

The table below sets forth an aging an analysis of our inventories, based on the date of receipt of inventory, as of the dates indicated:

	As of December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
Within 3 months	114,529	91.1	208,049	90.1	380,032	72.2
Four to six months	3,925	3.1	16,513	7.1	92,385	17.5
Seven to twelve months	6,096	4.9	2,544	1.1	53,933	10.2
More than one year but within two years	1,140	0.9	3,910	1.7	704	0.1
	125,690	100.0	231,016	100.0	527,054	100.0

As of February 28, 2011, approximately RMB153.2 million, or 29.1%, of our inventories as of December 31, 2010 (in the amount of approximately RMB527.1 million) were subsequently consumed or sold.

The following table sets forth the turnover days of our inventories for the periods indicated:

	Year ended December 31,		
	2008	2009	2010
Turnover days of inventory[(1)]	**32**	**34**	**69**

(1) Turnover days of inventory is derived by dividing the average of the opening and closing balances of inventory for the relevant period by cost of sales and multiplying this figure by 365. As of December 31, 2007, we had inventories of approximately RMB82,236,000.

Our inventory turnover days were generally stable from 2008 through 2009, changing from 32 days in 2008 to 34 days in 2009. Our inventory turnover days increased to 69 days in 2010 primarily due to: (i) increased inventories of Fortum, primarily as a result of increased purchases in line with our agreement with our supplier and to ensure that we have adequate supplies for sales in 2011; (ii) our Rabipur inventories, which we began selling in 2010 and which were increased prior to the changes to the Pharmacopeia in 2010 as discussed above; and (iii) increased inventories of Prevenar in preparation for our supplier's growth strategy in 2011. In order to improve our inventory turnover days, we reorganized our management structure to improve procurement functions,

including having independent dedicated personnel to review and approve procurement plans, so as to more closely match inventory procurement with sales which will allow the Group to reduce inventory turnover days while at the same time satisfying minimum inventory requirements set by its suppliers.

Trade and other receivables

Our trade debtors and bills receivable mainly represent amounts owed to us by our customers who purchased products or services from us with credit terms.

The followings table sets forth our trade and other receivables as of the dates indicated:

	As of December 31,		
	2008	2009	2010
		(RMB'000)	
Trade debtors	532,403	1,083,657	1,544,291
Bills receivable	1,870	27,162	22,419
Deposits, prepayments and other receivables	37,755	99,686	170,837
Amounts due from related companies	3,486	2,531	52
Amounts due from controlling shareholders	—	718	614
Total	575,514	1,213,754	1,738,213

The following table sets forth an aging analysis of trade debtors and bill receivable (net of allowance for doubtful debts) as of the dates indicated:

	As of December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
Within three months	413,392	77.4	928,286	83.6	886,616	56.6
Three months to six months	84,392	15.8	127,522	11.5	319,321	20.4
More than six months but less than one year	24,580	4.6	44,412	4.0	149,300	9.5
More than one year but within two years	7,214	1.3	10,517	0.9	207,109	13.2
More than two years	4,695	0.9	82	—	4,364	0.3
Total	534,273	100.0	1,110,819	100.0	1,566,710	100.0

As of December 31, 2010, our CDC customers and local distributors customers represented 42.4% and 57.6%, respectively, of our total trade debtors and bills receivable.

The tables below set forth an aging analysis of our trade debtors and bills receivable by customer type as of the dates indicated and each item as a percentage of the total amount of trade debtors and bills receivable within that age group:

	As of December 31, 2010				
	CDC		Local distributor		Total
	RMB'000	%	RMB'000	%	RMB'000
Within three months	384,225	43.3	502,391	56.7	886,616
Three months to six months	170,660	53.4	148,661	46.6	319,321
More than six months but less than one year	62,704	42.0	86,596	58.0	149,300
More than one year but within two years	46,117	22.3	160,992	77.7	207,109
More than two years	1,077	24.7	3,287	75.3	4,364
Total	664,783	42.4	901,927	57.6	1,566,710

	As of December 31, 2009				
	CDC		Local distributor		Total
	RMB'000	%	RMB'000	%	RMB'000
Within three months	340,827	36.7	587,459	63.3	928,286
Three months to six months	74,406	58.4	53,116	41.6	127,522
More than six months but less than one year	17,152	38.6	27,260	61.4	44,412
More than one year but within two years	5,374	51.1	5,143	48.9	10,517
More than two years	—	—	82	100.0	82
Total	437,759	39.4	673,060	60.6	1,110,819

	As of December 31, 2008				
	CDC		Local distributor		Total
	RMB'000	%	RMB'000	%	RMB'000
Within three months	191,010	46.2	222,382	53.8	413,392
Three months to six months	53,246	63.1	31,146	36.9	84,392
More than six months but less than one year	5,512	22.4	19,068	77.6	24,580
More than one year but within two years	2,347	32.5	4,867	67.5	7,214
More than two years	2,476	52.7	2,219	47.3	4,695
Total	254,591	47.7	279,682	52.3	534,273

Our trade debtors and bills receivable increased from RMB534.3 million as of December 31, 2008 to RMB1,110.8 million as of December 31, 2009, primarily due to our increased sales in 2009 and to the growth of our promotion and sales segments as a percentage of our turnover. We typically grant customers longer credit terms for products belonging to our promotion and sales segments

because those segments have significantly higher gross margins which enable us to have greater flexibility in extending credit terms. Our trade debtors and bills receivable increased to RMB1,566.7 million as of December 31, 2010, primarily due to: (i) our increased sales; (ii) conditions in the vaccine industry in 2010 which led to a number of our CDC and local distributor customers in our vaccine business requesting extended credit periods; and (iii) the growth of our promotion and sales segments as a percentage of our turnover. Local distributors consist of non-CDC vaccine customers and pharmaceutical customers which together account for a larger proportion of our turnover than CDC vaccine customers. The increase in trade debtors and bills receivable relating to these local distributors primarily relates to our increased sales and the increasing percentage of our turnover derived from our vaccine and pharmaceutical promotion and sales segments.

For our vaccine business, we generally grant credit terms up to 150 days with credit terms usually being longer for our vaccine promotion and sales operations than supply chain operations. As a result of decreased demand in the vaccine industry in 2010, we have been notified that certain of our CDC customers temporarily require longer payment periods. In an exceptional case, we granted a credit term of 240 days to the Henan CDC, a customer which accounted for 1.8% of our turnover in 2009 and 2.4% of our turnover in 2010. During 2010, we extended the credit terms offered to 28.4% of our active CDC customers.

In order to improve our receivables collection and shorten trade receivables turnover days, we have implemented additional measures for new and existing customers. For new customers, our credit control team initiates the application process by reviewing the customer's legal documents, internal procedures, relevant staff records, local government financial budgeting and fund granting leadtime. An overall credit rating is presented for our district manager's review, and then must be approved by the business segment director and finance manager. Following this process, assuming approval is obtained, the credit line and the respective credit term for the new customer is opened and input to our internal system.

In order manage the extended effective credit terms that we have experienced in 2010, the credit line and credit term for individual customers is to be reviewed at the annual review meeting. Our credit control team provides the sales track record, settlement status, and updates regarding local government financial background at the annual review meeting. The revised credit term is then approved by business segment director and finance manager.

For our pharmaceutical promotion and sales segment, we grant customers credit terms up to 120 days. The increases in trade debtors and bills receivable during the Track Record Period was due to our increased sales and longer credit terms related to the increase in our vaccine promotion and sales operations.

This increase in ageing of our trade debtors and bill receivable from December 31, 2009 to December 31, 2010 was primarily due to difficulties in collecting payments from CDC customers as a result of the aforementioned slowdown in demand in the vaccine industry in China in 2010. The delay in payments from CDC also, to a certain extent, impacted the collection of payments from our local distributors in relation to sales in the vaccine segment, as our local distributor customers

purchase from us and on sell to CDCs. As of December 31, 2010, there were approximately RMB250.9 million of trade debtors and bills receivable aged more than six months from our local distributor customers, the majority of which were from sales made in our vaccine segment.

As of February 28, 2011 approximately RMB217.5 million, or 13.9%, of our trade debtors and bills receivable as of December 31, 2010 (in the amount of approximately RMB1,566.7 million) were subsequently settled. The Directors believe that the settlement of our trade debtors and bills receivable was partially affected by the Chinese New Year Holiday in early February 2011.

The tables below set forth a breakdown of our trade debtors and bills receivable outstanding as of December 31, 2010 that were subsequently settled by February 28, 2011 by customer type, age group and as a percentage of the total within each age group:

	As of December 31, 2010	Subsequent settlement as of February 28, 2011	Subsequent settlement %
CDC	664,783	49,408	7.4
Local distributor	901,927	168,090	18.5
	1,566,710	217,498	13.9

	As of February 28, 2011				
	CDC		Local Distributor		Total
	RMB'000	%	RMB'000	%	RMB'000
Within three months	8,332	8.0	96,347	92.0	104,679
Three months to six months	27,082	40.6	39,624	59.4	66,706
More than six months but less than one year	8,718	54.3	7,335	45.7	16,053
More than one year but within two years	4,576	16.1	23,838	83.9	28,414
More than two years	700	42.5	946	57.5	1,646
Total	49,408	22.7	168,090	77.3	217,498

With respect to our outstanding balances of trade debtors and bills receivable, we have taken a number of steps to facilitate the collection of payment from our customers.

In order to recover the RMB643.5 million of trade debtors and bills receivable from our customers that were past due and not impaired as of December 31, 2010, we have:

a. agreed in writing with our local distributor customers on repayment plans for approximately 82.8% of balances of RMB188.9 million from our local distributor customers that are past due for more than six months and not impaired, while we do not have specific payment schedules with our CDC customers;

b. increased the number of staff engaged in trade receivable collections by approximately 41 people since July 2010;

c. modified the performance evaluation system of our staff, linking their key performance indicators to successful trade receivable collections;
d. convened routine senior management meetings to review the past due balance of trade debtors and bills receivable on a bi-weekly basis; and
e. enhanced the communications between our collection department and our CDC and local distributor customers through more frequent telephone calls and site visits with an aim to expedite the repayment of outstanding balances.

Based on the above, we expect that the relevant trade debtors and bills receivable to be settled by the end of 2011. As of February 28, 2011, approximately 15.9% of the trade debtors and bills receivable that were past due but not impaired as of December 31, 2010 were subsequently settled.

In addition to point b, c, d and e above, we have also implemented certain initiatives in working capital management and to mitigate the impact of the potential difficulties in collecting payments in the future, we have:

f. offered incentives to our local distributor customers if they pay within the agreed credit terms (typically a one to two percent discount);
g. enhanced communications with our suppliers in the vaccine supply chain segment such as GSK to ensure that sufficient end user demand is created so that the CDCs and our customers can sell our products more easily and receive cash from those sales and make payments to us more promptly;
h. increased direct sales to lower level CDCs, thus reducing the levels of government entities between us and end customers, which we believe will expedite payment by reducing administrative procedures. For example, in Chongqing, prior to July 2010, we mainly sold our products to the municipality level CDC. Since July 2010, we have began selling to 17 lower level CDCs in that region which are either at the county or district level and our trade receivable collection in that region has been more effective with our trade debtors and bills receivable turnover days in that region being improved by approximately 50 days as a result of this change. We believe that the improved collections from lower level CDCs is primarily the result of the reduced administrative procedures. Although our lower level CDC customers typically settle outstanding trade debtors and bills receivable at a faster rate than the higher level CDCs, the credit terms offered to our CDC customers are substantially the same at both the higher and lower levels; and
i. mitigated the impact of longer trade receivable collection periods by engaging in discussions with suppliers to better align the time required for our receivable collection with the credit terms granted by our suppliers. In 2010, the credit periods granted to us by our suppliers ranged from 60 to 180 days, as compared to 60 to 90 days in 2009.

The table below sets forth the movement in the allowance for doubtful debts during the Track Record Period:

	As of December 31,		
	2008	2009	2010
		(RMB'000)	
Balance at the beginning of the year	5,194	5,030	13,268
Impairment loss recognized during the year	—	8,238	3,109
Uncollectible amount written off	(164)	—	(3,782)
Balance at end of year	5,030	13,268	12,595

As of December 31, 2008, 2009 and 2010, our trade debtors and bills receivable of RMB5.7 million, RMB14.4 million and RMB17.5 million, respectively, were individually determined to be impaired. These impaired receivables related to customers for which we assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts of RMB5.0 million, RMB13.3 million and RMB12.6 million were recognized in 2008 and 2009 and 2010, respectively. The Group does not hold any collateral over these balances. We reversed an impairment of trade debtors and bills receivable as of December 31, 2009, as one of our customers subsequently settled a previously impaired trade receivable.

The majority of the past due trade debtors and bills receivable during the Track Record Period were related to sales to CDCs. Although those receivables were past due, from historical experience, our CDC customers have eventually settled those amounts. Therefore, we did not incur impairment expenses during 2008 in relation to the past due trade debtors and bills receivable. In 2009 and 2010, we recognized impairment losses of RMB8.2 million and RMB3.1 million, respectively.

The following table sets forth the turnover days of our trade debtors and bills receivable for the periods indicated:

	Years ended December 31,		
	2008	2009	2010
Turnover days of trade debtors and bills receivable[(1)]	109	125	183

(1) Turnover days of trade debtors and bills receivable is derived by dividing the arithmetic mean of the opening and closing balances of trade debtors and bills receivable for the relevant period by turnover and multiplying this figure by 365. As at December 31, 2007, we had trade debtors and bills receivable of approximately RMB308,972,000.

Our turnover days of trade debtors and bills receivable increase from 109 days in 2008, to 125 days in 2009 and to 183 days in 2010. The increases from 2008 to 2009 was mainly due to the significant increase in our promotion and sales segments both as a percentage of turnover during the Track Record Period. We extend longer credit terms in our promotion and sales segments because those segments have significantly higher gross margins which enable us to have greater flexibility in extending credit terms. The increase from 2009 to 2010 was primarily due to (i) our customers requiring longer credit periods to make payments for the products we sold, primarily as a result of conditions in the vaccine industry in the PRC in 2010, which are described under "Summary—The Chinese Vaccine Market". See the discussion under "Liquidity and Capital Resources" in this section for a discussion of the effects of the slowdown in demand for vaccines in the PRC in 2010 on our liquidity position and our strategy in maintaining our liquidity position going forward; and (ii) the continued growth of our promotion and sales segments as a percentage of our sales.

Other receivables comprise deposits, prepayments and other receivables, amounts due from related companies and amounts due from controlling shareholders. Deposits primarily represent deposits made to suppliers in relation to supply purchases. Prepayments primarily represent prepayments to our suppliers in connection with our purchase of vaccine and pharmaceutical products. Our deposits, prepayments and other receivables were approximately RMB37.8 million, RMB99.7

million and RMB170.8 million as of December 31, 2008, 2009 and 2010, respectively. The significant increase from December 31, 2008 to December 31, 2009 was mainly due to an increase in prepayments which were primarily related to purchases of DanShenTong which increased by approximately RMB28.0 million from December 31, 2008 to December 31, 2009, and to purchase deposits related to inventory purchases. The increase from December 31, 2009 to December 31, 2010 was primarily due to prepayments to suppliers for purchases of merchandise, which included DanShenTong and certain Pfizer products and to deposits with suppliers related to their bidding processes.

Pledged bank deposits

Our pledged bank deposits were pledged to secure certain banking facilities, in relation to bank loans and bills payable. As of December 31, 2008, 2009 and 2010, the balances of our pledged bank deposits was approximately RMB51.3 million, RMB56.0 million and RMB47.1 million, respectively. As of December 31, 2008, 2009 and 2010, we also had cash in banks and on hand of RMB67.8 million, RMB212.2 million and RMB154.9 million, respectively.

Trade and other payables

Trade and other payables are comprised of trade creditors and bills payable, other payables and accrued charges, receipts in advance, and amounts due to related companies. We recognize our trade creditors and bills payables initially at fair value and they are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

The following table sets forth our trade payables as of the dates indicated:

	As of December 31,		
	2008	2009	2010
		(RMB'000)	
Trade creditors and bills payable	343,070	617,238	781,891
Amounts due to related companies	158,824	309,780	422,675
Other payables and accrued charges	36,564	69,623	121,194
Construction payables	—	17,094	18,724
Receipts in advance	3,379	7,559	13,786
Amounts due to controlling shareholders	21,351	21,363	—
Total	563,188	1,042,657	1,358,270

The following table sets forth an aging analysis of trade creditors and bills payable as of the dates indicated:

	As of December 31,					
	2008		2009		2010	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Due within three months or on demand	305,475	89.0	581,580	94.2	481,471	61.6
Three to six months	28,438	8.3	31,975	5.2	224,312	28.7
Six months to one year	3,856	1.1	2,007	0.3	6,332	0.8
More than one year but within two years	5,301	1.6	1,676	0.3	69,600	8.9
More than two years	—	—	—	—	176	0.0
Total	343,070	100.0	617,238	100.0	781,891	100.0

For purchases of vaccine and pharmaceutical products, our suppliers typically grant us a credit periods of 90 days. In 2009, the credit periods granted by our suppliers ranged from 60 to 90 days.

During 2010, the credit periods granted by our suppliers increased and typically ranged from 60 to 180 days, primarily due to the introduction of new products into our product line for which our suppliers granted longer credit terms, and also to negotiated delays in payment terms as a result of the slowdown in payment from our CDC customers.

The following table sets forth the turnover days of our trade creditors and bills payable for the periods indicated:

	Years ended December 31,		
	2008	2009	2010
Turnover days of trade creditors and bills payable[(1)]	82	92	127

(1) Turnover days of trade creditors and bills payable is derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of sales and multiplied by 365. As of December 31, 2007, our trade creditors and bills payable were approximately RMB183,499,000.

Our turnover days of trade creditors and bills payable increased from 92 days in 2009 to 127 days in 2010, primarily due to the introduction of new products into our product line for which our suppliers granted longer credit terms, purchases of Fortum in preparation for 2011 sales and also to negotiated delays in payment terms as a result of the slowdown in payment from our CDC customers. Our turnover days of trade creditors and bills payable increased from 82 days in 2008 to 92 days in 2009, primarily due to the introduction of new products and the growth of our promotion and sales business which typically have longer credit terms. In order to improve our trade

payables turnover days, we have taken a more proactive role in interacting with suppliers to analyze sales patterns of their products across geographic regions and customer types. We have also begun renegotiating with our suppliers to postpone payments due to them that are tied to stock supplied to customers experiencing slow growth.

As of February 28, 2011, approximately RMB159.5 million, or 20.4%, of our trade creditors and bills payable as of December 31, 2010 (in the amount of approximately RMB781.9 million) were subsequently settled.

We had amounts due to related companies of RMB158.8 million, RMB309.8 million and RMB422.7 million as of December 31, 2008, 2009 and 2010, respectively. The significant increases in amounts due to related companies in 2008, 2009 and 2010 were related to advances from NT Holdings. The advances from related companies and controlling shareholders were used primarily for working capital purposes and also for capital expenditures at Suzhou First. For a breakdown of amounts due to related companies, see Note 28(c) to the Accountants' Report in Appendix I to this prospectus. The amounts due to controlling shareholders of RMB21.4 million, RMB21.4 million and nil as of December 31, 2008, 2009 and 2010, respectively, relate to advances from Mr. Ng and Ms. Chin and were settled on February 10, 2010. In addition, as of December 31, 2009 and 2010, there was a balance due to Suzhou Fourth of RMB2.3 million and RMB6.7 million, respectively, which related to raw material purchases for the manufacture of Shusi.

Other payables and accrued charges were RMB36.6 million, RMB69.6 million and RMB121.2 million as of December 31, 2008 and 2009 and 2010, respectively. The decrease in other payables and accrued charges in 2008 was primarily due to an RMB8.1 million decrease in payables to one of GSK's distributors. The increase in 2009 was primarily due to an approximately RMB24.5 million increase in other taxes payables, which mainly comprised import related value added taxes, and to a lesser extent to an RMB0.3 million increase in accrued expenses, which were mainly comprised of sales and entertainment expenses, related to the expansion of our promotion and sales business. The increase in 2010 was primarily related to an RMB17.1 million increase in other taxes payable and an increase in accrued charges such as staff bonuses and IPO expenses.

INDEBTEDNESS

Bank Loans

The following table sets forth a breakdown of our secured and unsecured bank borrowings as of the dates indicated:

	As of December 31,			As of February 28,
	2008	2009	2010	2011
	(RMB'000)			
Unsecured bank borrowings	9,000	25,849	518,005	599,893
Secured bank borrowings	176,628	414,870	310,579	231,735
Unsecured bank overdrafts	—	—	5,103	5,056
Secured bank overdrafts	869	—	—	—
Total	186,497	440,719	833,687	836,684

As of December 31, 2008, 2009 and 2010 and February 28, 2011, the bank loans and overdrafts were repayable as follows:

	As of December 31,			As of February 28,
	2008	2009	2010	2011
	(RMB'000)			
Within one year or on demand	186,497	440,719	833,687	836,684

Our bank borrowings increased to RMB440.7 million as of December 31, 2009 from RMB186.5 million as of December 31, 2008, primarily due to increased short-term financing requirements relating to the continued growth of our supply chain business and the rapid growth of our promotion and sales business. Our bank borrowings increased to RMB833.7 million as of December 31, 2010, primarily due to increased short-term financing requirements relating to the continued growth of our businesses. As of December 31, 2008, 2009 and 2010, the secured banking facilities of our Group amounted to RMB220.6 million, RMB437.2 million and RMB646.4 million, respectively, which were utilized to the extent of RMB177.5 million, RMB414.9 million and RMB310.6 million, respectively, and were secured by assets as follows:

	As of December 31,		
	2008	2009	2010
	(RMB'000)		
Fixed assets	73,583	130,826	186,372
Inventories.....	—	20,845	52,971
Prepayments (non-current)	11,441	6,263	—
Trade and other receivables.....	66,339	432,672	366,694
Pledged bank deposits.....	51,262	45,562	25,189
Total	202,625	636,168	631,226

As of December 31, 2010, certain banking facilities of our group amounting to RMB587.8 million were guaranteed by a joint and several personal guarantee given by the Controlling Shareholders of our group, a corporate guarantee given by NT Holdings, a guarantee given by a company controlled by the PRC government, which was an incentive granted by the government of Taizhou in relation to our setting up a subsidiary there, and a guarantee given by the Hong Kong government. The guarantee granted by the Taizhou government is not subject to any conditions. The guarantee granted by the Hong Kong government related to loans totaling HK$24 million and is subject to the condition that the relevant subsidiary itself does not become a public company. This guarantee was provided as part of a program to support small to medium-sized enterprises and the funds were used for working capital purposes. The personal guarantees and the corporate guarantee will be released upon the listing.

Certain of our and our subsidiaries' banking facilities are subject to compliance with financial covenants. If we or our subsidiaries fail to comply with these covenants, the drawn down facilities

could become repayable on demand. As of December 31, 2010, certain of our subsidiaries were in non-compliance with certain covenants in relation to interest coverage ratios contained in their agreements with two lenders. Following the determination that these subsidiaries were in non-compliance with these covenants, we engaged in discussions with the lenders and have obtained confirmation that these lenders have waived these instances of non-compliance.

One of these facilities was an RMB25.0 million banking facility ("**Facility 1**"), that was drawn down in the amount of RMB25.0 million as of December 31, 2010. Facility 1 was non-revolving and for a three-month term. Facility 1 has been renewed for an additional term until April 30, 2011. The other facility is an RMB50.0 million revolving credit facility ("**Facility 2**") which was drawn down in the amount of RMB3.1 million as of December 31, 2010. The drawn down amount under Facility 2 was repaid in full subsequent to December 31, 2010. We are still currently able to borrow under this facility, but did not have any drawn down amounts under this facility as of the Latest Practicable Date.

Certain of our agreements with our lenders contain cross-default provisions, which stipulate that our relevant borrowing subsidiary may be subject to accelerated payment in the event that the relevant borrowing subsidiary defaults or is subject to accelerated payment under its other loans or facilities. The non-compliance and waivers mentioned above have not triggered these cross-default provisions.

As of December 31, 2009, we had another loan in the amount of RMB70.0 million outstanding. This loan represented an entrusted loan from a third party, being a company related to the government in Taizhou, which was unsecured, interest-bearing at 5.35% per annum and has subsequently been settled. This loan was a transitional financing arrangement with China Construction Bank related to the relevant subsidiary's status as a new customer at the time. As a new customer at the time, that subsidiary's credit limit was restricted to RMB100 million. Therefore, in order to extend additional financing, China Construction Bank, ourselves and the third party entered into the entrusted loan arrangement. We currently have no plans to enter into an entrusted loan arrangement. Our PRC legal advisor, King & Wood PRC Lawyers, is not aware of any violation of applicable laws by qualified PRC banks in processing entrusted loans.

As of December 31, 2010, we had another loan in the amount of RMB6.5 million outstanding. This loan represented a loan from an entity controlled by the PRC government and was unsecured, interest-bearing at 4.86% per annum and has been repaid in full subsequent to December 31, 2010. This loan was provided to us in order to finance the construction of a warehouse in Taizhou.

Other than as disclosed above, there has been no material change in our indebtedness since December 31, 2010.

CAPITAL EXPENDITURE

In the past, our capital expenditure consisted primarily of purchases of property, plant and equipment, and obtaining land use rights and purchases of intangible assets primarily through business combinations or acquisition activities. During the Track Record Period, our capital

expenditure primarily consisted of construction in progress relating to the construction of our pharmaceutical manufacturing facilities. All of our capital expenditure during the Track Record Period was incurred with respect to activities in China. Our capital expenditure was RMB90.7 million, RMB83.7 million and RMB80.1 million in 2008, 2009 and 2010, respectively.

We anticipate that our capital expenditure for the year ending December 31, 2011 will be approximately RMB165.0 million, which will be used mainly for the expansion of our distribution network primarily for our vaccine segment (including through mergers and acquisitions, as well as through organic growth), upgrading and expanding our logistics infrastructure, upgrading our information system, purchase of equipment and vehicles, and the expansion and upgrade of our pharmaceutical manufacturing facilities. This capital expenditure will be financed by proceeds from the Global Offering and bank borrowings. We may also issue debt and/or equity securities from time to time. However, we cannot give any assurance that we will be able to raise additional capital, if necessary, on terms acceptable to us, or at all.

Although, these are our current plans with respect to our capital expenditure, such plans may change as a result of a change of circumstances and the actual amount of expenditures set out above may vary from the estimated amount of expenditures for a variety of reasons, including changes in market conditions, competition and other factors. As we continue to expand, we may incur additional capital expenditure. Our ability to obtain additional funding for our future capital expenditures is subject to a variety of uncertainties, including our future results of operations, financial condition and cash flows, economic, political and other conditions in China and Hong Kong, and the PRC government's policies relating to foreign currency borrowings.

Contingent liabilities

As of December 31, 2008, we had issued a cross guarantee to a bank in respect of banking facilities granted to a related company.

As of the relevant balance sheet dates, the Directors do not consider it probable that a claim will be made against us with respect to this guarantee. Our maximum liability as of December 31, 2008 date under this guarantee would be the facilities drawn down by the related company of RMB15.4 million. Due to the related party nature of this instrument, the Directors believe that it is not meaningful and practicable to estimate the fair value of the financial guarantee and therefore it has not been recognized in our financial statements.

This cross guarantee was released in September 2009.

Save as disclosed above, we did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, debentures, mortgages, charges, hire purchase agreements, guarantees or other material contingent liabilities as of the Latest Practicable Date.

Commitments

Operating leases

As of the dates listed below, the total future minimum lease payments under non-cancelable operating leases are payable as follows:

	As of December 31,		
	2008	2009	2010
	(RMB'000)		
Within 1 year	7,965	7,456	6,369
After 1 year but within 5 years	9,137	6,831	3,340
Total	17,102	14,287	9,709

We are a lessee with respect to a number of properties held under operating leases. The leases typically run for an initial period of one to three years. None of the leases includes contingent rentals.

Capital commitments

In addition to operating lease commitments, we also have certain capital commitments. The following table sets forth our capital commitments outstanding as of December 31, 2008, 2009 and 2010, not provided for in the financial statements:

	As of December 31,		
	2008	2009	2010
	(RMB'000)		
Contracted for	43,353	13,864	10,883
Authorized, but not contracted for	12,693	10,184	—
	56,046	24,048	10,883

The capital commitments described above are with respect to the construction of our manufacturing facilities. Our sources of funding for such capital commitments are bank borrowings.

There has been no material change to our indebtedness and capital commitments since December 31, 2010.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2010, being the date of our most recent financial statements, we did not have any off-balance sheet arrangements.

INFLATION RISK

Inflation in China has not materially affected our results of operations. According to the PRC National Bureau of Statistics, the consumer price index in China increased by 5.9% in 2008, decreased by 0.7% in 2009 and increased by 3.3% in 2010.

QUANTITATIVE AND QUALITATIVE ANALYSIS ABOUT MARKET RISK

We are exposed to various types of market risks in the ordinary course of our business, including fluctuations in interest rates and foreign exchange rates, credit risk, liquidation risk and inflation risk. We manage our exposure to these and other market risks through regular operating and financial activities.

Credit risk

Our credit risk is primarily attributable to trade and other receivables. Our management has a credit policy in place and exposures to credit risk are monitored on an ongoing basis. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as information pertaining to the economic environment in which the customer operates. Trade receivables are typically due within 30 to 240 days from the invoice date. We do not usually ask customers to provide collateral.

Our exposure to credit risk is dependent on the individual characteristics of each customer. As of December 31, 2008, 2009 and 2010, we had concentration of credit risk of 9.2%, 7.0% and 5.0%, respectively, of the total trade receivables due from our largest customer and 27.0%, 21.0% and 13.8%, respectively, from our five largest customers. The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. We do not provide any other guarantees which would expose us to credit risk.

Liquidity risk

Individual operating entities within our Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demand, subject to approval by the our Board when the borrowings exceed certain predetermined levels. Our policy is to regularly monitor our liquidity requirements and compliance with lending covenants, to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet liquidity requirements in the short and longer term.

All non-interest bearing financial liabilities of our group are carried at amounts not materially different from their contractual undiscounted cash flow as all the financial liabilities are with maturities within one year or repayable on demand at the respective balance sheet date. Other loan is repayable within one year of the balance sheet date.

Interest rate risk

Our interest rate risk arises primarily from bank loans, other loans and bank balances. Borrowings at variable rates and at fixed rates expose us to cash flow interest rate risk, respectively. We do not use financial derivatives to hedge against the interest rate risk. Our interest rate profile as monitored by management is set forth below. The following table details the interest rate profile of our net interest-bearing liabilities (being interest-bearing financial liabilities less pledged bank deposits and cash at bank and in hand) as of the dates indicated:

	As of December 31,					
	2008		2009		2010	
	Effective interest rate	RMB '000	Effective interest rate	RMB '000	Effective interest rate	RMB '000
Fixed rate borrowings:						
Bank loans	4.86% to 10.46%	129,757	1.06% to 5.91%	365,203	2.05% to 6.12%	690,914
Other loans	—	—	5.35%	70,000	4.86%	6,500
		129,757		435,203		697,414
Less: Pledged bank deposits	—	—	0.75%	(42,410)	0.75% to 2.22%	(36,845)
		129,757		392,793		660,569
Net variable rate deposits:						
Bank loans and overdrafts	1.70% to 5.18%	56,740	1.95% to 4.75%	75,516	2.11% to 6.39%	142,773
Less: Pledged bank deposits	0.36% to 1.71%	(51,262)	0.36% to 1.71%	(13,580)	0.01% to 1.91%	(10,235)
Cash at bank and in hand	0.13% to 0.36%	(67,803)	0.01% to 0.36%	(212,240)	0.01% to 0.36%	(154,913)
		(62,325)		(150,304)		(22,375)
Total net interest-bearing liabilities		67,432		242,489		638,194

As of December 31, 2008, 2009 and 2010, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have decreased/increased our profit after taxation and retained profits by approximately RMB117,000, RMB282,000 and RMB42,000, respectively.

The sensitivity analysis above indicates the annualized impact on our interest expense that would arise assuming that the change in interest rates had occurred at the respective balance sheet date and had been applied to floating rate instruments which expose us to cash flow interest rate risk at that date. The analysis does not take into account exposure to fair value interest rate risk arising from fixed rate instruments as we do not hold any fixed rate instruments which are measured at fair value in our financial statements. This analysis has been performed in the same basis throughout the Track Record Period.

Currency risk

We are exposed to currency risks primarily through sales and purchases made by our Hong Kong and PRC subsidiaries that are denominated in US dollars and Great British Pounds ("**GBP**"). In addition, certain bank loans are denominated in US dollars. Presently, we have no hedging policy with respect to our foreign exchange exposure.

An increase or decrease of 5% of the US dollar in 2008, 2009 and 2010 would have had the effect of either increasing or decreasing our after tax profit and retain profits by RMB0.8 million, RMB2.4 million and RMB2.4 million, respectively. An increase or decrease of 5% in the British Pound would have had the effect of increasing or decreasing our after tax profit and retained profits by RMB3.5 million and RMB2.6 million in 2009 and 2010, respectively. Other components of equity would not be affected by changes in the foreign exchange rates.

PROFIT FORECAST FOR THE SIX MONTHS ENDING JUNE 30, 2011

Forecast combined profit attributable to our equity shareholders of the Company [(Note)]	. .Not less than RMB6.5 million (HK$7.6 million)

Note: The bases and assumptions on which the above profit forecast for the six months ending June 30, 2011 has been prepared are set out in Appendix III. The forecast of the combined profit attributable to the equity shareholder of the Company is converted into Hong Kong dollar at the rate of HK$1.00 = RMB0.8509 prevailing on December 31, 2010.

We have historically experienced significantly higher sales in the second half of each year as compared to the first half, particularly towards the fourth quarter of the year.

For further details, see the sections headed "Risk Factors — Risks Relating to Our Business — Our vaccine and pharmaceutical business operations are affected by seasonality" and "Financial Information — Significant Factors Affecting our Results of Operations — Seasonality" in this prospectus.

INTERIM REPORT

Our Company's financial statements as of and for the six months ending June 30, 2011 to be included in the interim report for the six months ending June 30, 2011 will be audited pursuant to Rule 11.18 of the Listing Rules if the Shares are listed on the Hong Kong Stock Exchange.

UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE FOR THE SIX MONTHS ENDING JUNE 30, 2011

Unaudited pro forma forecast earnings per Share [(Note)]	Not less than RMB0.0060 (HK$0.0071)

Note: The calculation of the unaudited pro forma forecast earnings per Share for the six months ending June 30, 2011 is based on the forecast of the combined profit attributable to equity shareholders for the six months ending June 30, 2011 assuming that a total of 1,081,916,500 Shares were in issue during the entire period, without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option. The unaudited pro forma forecast earnings per Share is converted into Hong Kong dollar at the rate of HK$1.00 = RMB0.8509 prevailing on December 31, 2010.

DIVIDEND POLICY

No dividend was declared and paid by us during the Track Record Period to our Company's equity shareholders. In the future, we may distribute dividends by way of cash or by other means that we consider appropriate. A decision to declare and pay any dividends would require the approval of the Board and will be at its discretion. In addition, any final dividend for a financial year will be subject to our Shareholders' approval. The Board will review our dividend policy from time to time in light of the following factors in determining whether dividends are to be declared and paid including our results of operations, financial condition and position, and other factors the Board may deem relevant.

PRC law requires that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions, including HKFRS. PRC law also requires foreign-invested enterprises such as some of our subsidiaries in China, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any of our plans or at all. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

An unaudited pro forma statement of adjusted net tangible assets of our Group, based on the net tangible assets of our Group as of December 31, 2010 as set out in "Appendix I — Accountants Report" and prepared in accordance with Rule 4.29 of the Listing Rules, is set out in Appendix II — Unaudited Pro Forma Financial Information" of this prospectus.

PROPERTY VALUE RECONCILIATION

Particulars of our property interests are set out in Appendix IV to this prospectus. Vigers Appraisal & Consulting Limited has valued our property interests as of February 28, 2011. A summary of valuation and valuation certificates issued by Vigers Appraisal & Consulting Limited are included in Appendix IV to this prospectus.

The table below sets forth the reconciliation of the net book value of our Company's property interests (subject to valuation) as of December 31, 2010 to the unaudited net book value of our Company's property interests as of February 28, 2011:

	(RMB in millions)
Net book value of our property interests as of December 31, 2010	154.78
Addition	0.83
Depreciation	1.10
Disposal	—
Net book value as of February 28, 2011	154.51
Valuation surplus as of February 28, 2011	19.15
Valuation of property interests, including land and buildings with or without certificates as of February 28, 2011 per "Appendix IV — Property Valuation"	173.66

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE HONG KONG LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there were no circumstances which would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Hong Kong Listing Rules had the Shares been listed on the Hong Kong Stock Exchange on that date.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that they have performed sufficient due diligence to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since December 31, 2010 (being the date to which our Company's latest consolidated audited financial results were prepared) and there is no event since December 31, 2010 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

FUTURE PLANS

See the section headed "Business — Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,256.0 million (assuming an Offer Price of HK$5.27 per Share, being the mid-point of the estimated Offer Price range), after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering.

We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately 25% of net proceeds we receive (approximately HK$314.0 million, assuming an Offer Price of HK$5.27 per Share, being the mid-point of the estimated Offer Price range) will be used for expanding and enhancing our distribution network, primarily for our vaccine business, both through organic growth and by mergers and acquisitions. This will be an on-going initiative for the Company during the next several years. We intend to selectively set up new offices in local growth markets in China to deepen our market penetration. The locations where we intend to set up new offices will depend on whether the expected costs of expanding into these new regions are justified by the expected sales generated. We will analyze factors such as maturity of the potential local markets (e.g. population and income demographic profiles) and level of awareness and acceptance of the products we distribute. As of the Latest Practicable Date, we do not have specific targeted locations for setting up new offices nor have we decided on the number of new offices to be opened. We will also focus on acquiring or obtaining controlling stakes in local distributors, primarily in the vaccine area, which either supplement our existing business and/or fit into our long-term strategy. We expect the expansion of our distribution network should allow us to deal more directly with different levels of CDCs and POVs in local markets and help to strengthen our relationships with our existing customers and promotion targets. As of the Latest Practicable Date, the Directors confirm that the Company has not entered into any agreement or negotiation nor does it have any definitive plans at present in relation to any potential acquisition;

- approximately 25% of net proceeds we receive (approximately HK$314.0 million, assuming an Offer Price of HK$5.27 per Share, being the mid-point of the estimated Offer Price range) will be used for upgrading and expanding our infrastructure, including further investments in our advanced cold chain technology and equipment to improve monitoring accuracy, real-time response and reliability, building new logistics centers in strategic locations to increase our storage capacity, and upgrading and integrating information management systems to improve operational efficiency. We plan to use approximately 70% of the abovementioned amount to build the new logistics centers and to invest the remaining amount in our cold chain infrastructure and information management system. We have identified the site for the Taizhou logistics center and we are in the process of obtaining the related land and permits. Based on our current plan, our total storage area should be almost doubled following completion of the new logistic center in Taizhou. Other than the Taizhou site, we have not identified any other sites to build logistics centers as at the Latest Practicable Date;

- approximately 10% of net proceeds we receive (approximately HK$125.6 million, assuming an Offer Price of HK$5.27 per Share, being the mid-point of the estimated Offer Price range) will be used for expanding our vaccine and pharmaceutical promotion teams. We plan to add team members to our vaccine and pharmaceutical promotion teams. With expanded promotion teams, we expect to be able to cover more geographic areas, in particular in third tier cities or rural areas. We also plan to expand our pharmaceutical products into, and establish teams specializing, in new therapeutic areas such as cardiovascular and oncological products;

- approximately 20% of net proceeds we receive (approximately HK$251.2 million, assuming an Offer Price of HK$5.27 per Share, being the mid-point of the estimated Offer Price range) will be used to expand our product portfolio through the licensing of rights to distribute and/or promote additional vaccine and pharmaceutical products. We already have a licensing of rights arrangement for DanShenTong. We look for licensing of rights for products which we believe to have high potential to generate long-term revenues. We take into consideration factors such as the reputation and reliability of the manufacturer, superior safety record and proven efficacy of the products as well as demonstrated market acceptance or potential to generate revenue. Such arrangements also depend on whether we are able to conclude commercially acceptable terms with the manufacturer. We believe we have sufficient knowledge and expertise to manage licensing of rights of new products developed from our existing vaccine and pharmaceutical businesses. Save as disclosed above, as at the Latest Practicable Date, the Directors confirm that the Company has not identified or entered into any licensing of right arrangements with any third party; and

- approximately 20% of net proceeds we receive (approximately HK$251.2 million, assuming an Offer Price of HK$5.27 per Share, being the mid-point of the estimated Offer Price range) will be used for purchasing imported vaccines or pharmaceutical products from well known foreign suppliers, in order to fulfill any PRC market demand for high-end imported vaccines and pharmaceutical products, and for funding our working capital and other general corporate purposes. The amount of proceeds used for our working capital and other general corporate purposes will not exceed 10% of the total net proceeds.

To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above they will be placed in interest bearing demand deposits with financial institutions.

We estimate the net proceeds of the Global Offering to the Selling Shareholders will be approximately HK$437.9 million (assuming an Offer Price of HK$5.27 per Share, being the mid-point of the estimated Offer Price range), after deducting the underwriting fees and commissions and estimated expenses payable by the Selling Shareholders in relation to the Global Offering and assuming the Over-allotment Option is not exercised. In the event that the Over-Allotment Option is exercised in full, the Selling Shareholders will receive additional net proceeds of approximately HK$65.7 million (assuming an Offer Price of HK$5.27 per Share, being the mid-point of the estimated Offer Price range). We will not receive any of the net proceeds of the Global Offering from the sale of shares by the Selling Shareholder.

HONG KONG UNDERWRITERS

Joint Lead Managers

UBS AG, Hong Kong Branch
Goldman Sachs (Asia) L.L.C.

Co-Manager

ABCI Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Public Offer, our Company is offering the Hong Kong Offer Shares for subscription by the public in Hong Kong on the terms and subject to the conditions of this prospectus and the Application Forms. Subject to the listing committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, among others, the Shares in issue and the Shares to be offered as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for, their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offer on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Placing Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters) are entitled by notice (orally or in writing) to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

(1) there shall develop, occur, exist or come into effect:

  (a) any local, national, regional or international event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, riots, public disorder, acts of war, outbreak or escalation of hostilities(whether or not war is declared), acts of God or acts of terrorism), in or affecting Hong Kong, the PRC, the Cayman Islands, the British Virgin Islands, the United States, the United Kingdom, the European Union (or any member thereof), Japan or Singapore (the "**Relevant Jurisdictions**"); or

(b) any change or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions; or

(c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange; or

(d) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, the PRC, the European Union or any other Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or

(e) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of existing laws, in each case, in or affecting any of the Relevant Jurisdictions); or

(f) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(g) any litigation or claim of any third party being threatened or instigated against any member of the Group; or

(h) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(i) the chairman or chief executive officer of the Company vacating his or her office; or

(j) an authority in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or

(k) a contravention by any member of the Group of the Listing Rules, the Hong Kong Companies Ordinance, the SFO or other applicable laws; or

(l) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the Shares under the Over-allotment Option) pursuant to the terms of the Global Offering; or

(m) non-compliance of this prospectus, the Application Forms, the formal notice and/or any announcements issued by the Company in connection with the Hong Kong Public Offer or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(n) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group,

which, individually or in the aggregate, in the sole opinion of the Joint Bookrunners (1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offer or the level of interest under the International Placing; or (3) makes or will make or may make it inadvisable or impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(2) there has come to the notice of the Joint Bookrunners:

(a) that any statement contained in any of this prospectus, the Application Forms, the formal notice and/or any announcements issued by the Company in connection with the Hong Kong Public Offer (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of this prospectus, the Application Forms, the formal notice and/or any announcements issued by the Company in connection with the Hong Kong Public Offer (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of this prospectus and the Application Forms, the formal notice and/or any announcements issued by the Company in connection with the Hong Kong Public Offer (including any supplement or amendment thereto); or

(c) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Placing Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(d) any event, act or omission which gives or is likely to give rise to any material liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the Hong Kong Underwriting Agreement; or

(e) any adverse change or development involving a prospective adverse change in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of the Group or the Group as a whole; or

(f) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the warranties under the Hong Kong Underwriting Agreement; or

(g) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

Undertakings

We have undertaken to each of the Joint Bookrunners, the Hong Kong Underwriters and the Sole Sponsor, except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-Allotment Option) or the Shares to be issued pursuant to the exercise of any options granted under the Pre-IPO Share Option Scheme, during the period commencing on the date of this Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), not to, and to procure each other member of the Group not to, without the prior written consent of the Joint Bookrunners (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of the Company, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of the Company, or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-month Period). In the event that, during the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-Month Period**"), the Company enters into any of the transactions specified in Clause (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall take reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

Each of the Controlling Shareholders has undertaken to each of the Company, the Sole Global Coordinator, the Joint Bookrunners, the Hong Kong Underwriters and the Sole Sponsor that, without the prior written consent of the Joint Bookrunners (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) it will not, at any time during the First Six-Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of the Company with a depositary in connection with the issue of depositary receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any interest therein in (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

(b) it will not, during the Second Six-Month Period, enter into any of the transactions specified in (a)(i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a "controlling shareholder" (as the term is defined in the Listing Rules) of the Company, and

(c) until the expiry of the Second Six-Month period, in the event that it enters into any of the transactions specified in (a)(i), (ii) or (iii) above or offer to or agrees to or announce any intention to effect any such transaction, it will take reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

TPG has undertaken to each of the Company, the Sole Global Coordinator, the Joint Bookrunners, the Hong Kong Underwriters and the Sole Sponsor that, without the prior written consent of the Joint Bookrunners (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules it will not, at any time during the First Six-Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of the Company with a depositary in connection with the issue of depositary receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any interest therein in (including, without limitation, any securities convertible

into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period).

Lock-up

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to us and to the Hong Kong Stock Exchange that he or it will not, and shall procure that any other registered holder (if any) will not, without the prior written consent of the Hong Kong Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

(a) at any time during the period of six months commencing on the Listing Date (the "**First Lock-up Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which he or it is shown by this prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) (the "**Parent Shares**"); or

(b) at any time during the period of six months commencing on the date on which the First Lock-up Period expires (the "**Second Lock-up Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Parent Shares to such an extent that immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be a controlling shareholder (as defined in the Listing Rules) of us.

Further, pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholder has undertaken to us and to the Hong Kong Stock Exchange that, during the First Lock-up Period and the Second Lock-up Period, he or she or it will:

(a) if he or she or it pledges or charges any of our securities beneficially owned by him or her or it in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of securities so pledged or charged; and

(b) if he or she or it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities will be disposed of, immediately inform us of such indications.

Commission

The Hong Kong Underwriters will receive an aggregate underwriting commission of 3% on the aggregate Offer Price payable for the Hong Kong Offer Shares, out of which they will pay any sub-underwriting commissions. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Placing, to the relevant International Underwriters. Such commission is payable by us and the Selling Shareholders pro-rata to the respective number of Offer Shares sold by us and the Selling Shareholders in the Global Offering. UBS will also receive a sponsor's fee of 1% of the Offer Price multiplied by the total number of Offer Shares sold in the Global Offering, payable by us and the Selling Shareholders

pro-rata to the respective number of Offer Shares sold by us and the Selling Shareholders in the Global Offering. In addition, we and the Selling Shareholders have agreed to pay the Sole Global Coordinator a discretionary success fee of up to US$3.5 million upon the successful listing of the Shares on the Listing Date.

Hong Kong Underwriters' Interest in Our Company

Save for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in our Company or any of our subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

International Placing

In connection with the International Placing, it is expected that we and the Selling Shareholders will enter into the International Placing Agreement with the Sole Global Coordinator and the International Underwriters. Under the International Placing Agreement, the International Underwriters would, subject to certain conditions set out therein, severally agree to purchase the International Placing Shares being offered pursuant to the International Placing or procure purchasers for such International Placing Shares.

We and the Selling Shareholders will grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Underwriters on or before the 30th day from the last day for the lodging of applications under the Hong Kong Public Offer, to require us to issue and the Selling Shareholders to sell up to an aggregate of 53,554,000 additional Shares, together representing approximately 15% of the initial number of Offer Shares, at the Offer Price, among other things, to cover over-allocations in the International Placing, if any.

Total expenses

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK$5.27, being the mid-point of our Offer Price range, the commissions and fees in connection with the Hong Kong Public Offer and the International Placing, together with the Hong Kong Stock Exchange listing fees, the SFC transaction levy, legal and other professional fees, printing, and other expenses relating to the Global Offering, are estimated to amount to approximately HK$187.1 million in aggregate. Such commissions, fees and expenses, including the expenses of the Selling Shareholders (excluding the underwriting commissions, sponsor's fee and success fee, if any, paid by the Selling Shareholders), are payable by us.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offer as part of the Global Offering. The Global Offering comprises:

(a) the Hong Kong Public Offer of 35,703,500 Shares (subject to reallocation as described below) in Hong Kong as described below in the paragraph headed "The Hong Kong Public Offer"; and

(b) the International Placing of an aggregate of 321,328,500 Shares (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, and in the United States to QIBs in reliance on Rule 144A or another exemption from the registration requirements under the US Securities Act.

Investors may apply for Shares under the Hong Kong Public Offer or apply for or indicate an interest for Shares under the International Placing, but may not do both.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offer.

THE HONG KONG PUBLIC OFFER

Number of Shares initially offered

We are initially offering 35,703,500 New Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Shares initially available under the Global Offering. Subject to the reallocation of Shares between (i) the International Placing and (ii) the Hong Kong Public Offer, the Hong Kong Offer Shares will represent approximately 3.3% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offer is subject to the conditions as set out in the paragraph headed "Conditions of the Hong Kong Public Offer" below.

Allocation

Allocation of Shares to investors under the Hong Kong Public Offer will be based solely on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offer (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Offer Shares in pool A will consist of 17,852,000 Offer Shares and will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) or less. The Offer Shares in pool B will consist of 17,851,500 Offer Shares and will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B, but not from both pools. Multiple or suspected multiple applications and any application for more than 17,851,500 Offer Shares are to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offer and the International Placing is subject to adjustment. If the number of Offer Shares validly applied for under the Hong Kong Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offer, then Offer Shares will be reallocated to the Hong Kong Public Offer from the International Placing. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offer will be increased to 107,110,000 Offer Shares (in the case of (i)), 142,813,000 Offer Shares (in the case of (ii)) and 178,516,000 Offer Shares (in the case of (iii)), representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offer will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Placing will be correspondingly reduced in such manner as the Joint Bookrunners deem appropriate. In addition, the Joint Bookrunners may reallocate Offer Shares from the International Placing to the Hong Kong Public Offer to satisfy valid applications under the Hong Kong Public Offer.

If the Hong Kong Public Offer is not fully subscribed, the Joint Bookrunners have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Joint Bookrunners deem appropriate.

Applications

Each applicant under the Hong Kong Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will

not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Placing.

Applicants under the Hong Kong Public Offer are required to pay, on application, the maximum price of HK$6.00 per Offer Share in addition to the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing and Allocation" below, is less than the maximum price of HK$6.00 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL PLACING

Number of Offer Shares offered

The International Placing will consist of an initial offering of 321,328,500 Shares, comprising 234,775,500 New Shares and 86,553,000 Sale Shares, and representing approximately 90% of the total number of Offer Shares initially available under the Global Offering.

Allocation

The International Placing will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involve dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the "book-building" process described in the paragraph headed "Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its Shareholders as a whole.

The Joint Bookrunners (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing and who has made an application under the Hong Kong Public Offer, to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Hong Kong Public Offer and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offer.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that we and the Selling Shareholders will grant the Over-allotment Option to the Sole Global Coordinator and exercisable by the Sole Global Coordinator on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Sole Global Coordinator at any time from the Listing Date on or before the 30th day from the last day for lodging applications under the Hong Kong Public Offer, to require us to allot and the Selling Shareholders to sell up to 53,554,000 Shares (in proportion to the number of Offer Shares offered by us and the Selling Shareholders in the Global Offering, being 40,571,500 Shares and 12,982,500 Shares, respectively), representing approximately 15% of the initial number of Offer Shares, at the same price per Share under the International Placing, to, among other things, cover over-allocations in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional International Placing Shares will represent approximately 4.77% of our enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Sole Global Coordinator, its affiliates or any person acting for it, as stabilizing manager, on behalf of the Underwriters, may effect transactions with a view to stabilizing or supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Sole Global Coordinator, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if commenced, may be discontinued at any time, and is required to be brought to an end after a limited period. Should stabilizing transactions be effected in connection with the Global Offering, this will be at the absolute discretion of the Sole Global Coordinator, its affiliates or any person acting for it.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, includes:

(a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(c) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares;

(e) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases; and

(f) offering or attempting to do anything as described in (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Sole Global Coordinator, their affiliates or any person acting for them, may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time or period for which the Sole Global Coordinator, their affiliates or any person acting for them, will maintain such a long position;
- liquidation of any such long position by the Sole Global Coordinator, their affiliates or any person acting for them, may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on May 13, 2011 being the 30th day after the last date for lodging applications under the Hong Kong Public Offer. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of our Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Sole Global Coordinator, its affiliates or any person acting for it may cover such over-allocation by (among other methods) using Shares purchased by the Sole Global Coordinator, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilization, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which may be issued upon exercise of the Over-allotment Option, being 53,554,000 Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, UBS may choose to enter into an agreement with Golden Base and TPG proportional to their respective shareholding in the Company to borrow, whether on its own or through its affiliates, up to 53,554,000 Shares, representing approximately 15% of the Offer Shares, from Golden Base to cover over-allocations (being the maximum number of additional Shares which may be allotted and issued upon exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercising the Over-allotment Option. If such stock borrowing arrangement with Golden Base and TPG proportional to their respective shareholding in the Company is entered into, it will only be effected by UBS or its agent for settlement of over-allocations in the International Placing and such

arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with. The same number of Shares so borrowed must be returned to Golden Base and TPG or their respective nominees on or before the third business day following the earlier of (a) the last day on which the Over-allotment Option may be exercised, or (b) the day on which the Over-allotment Option is exercised in full and the relevant Offer Shares subject to the Over-allotment Option have been issued and sold. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Golden Base or TPG by UBS or its agent in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Placing. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around April 14, 2011 and in any event on or before April 19, 2011, by agreement between the Joint Bookrunners, on behalf of the Underwriters, the Selling Shareholders and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price per Offer Share under the Hong Kong Public Offer will be identical to the offer price per Offer Share under the International Placing based on the Hong Kong dollar price per Offer Share under the International Placing, as determined by the Joint Bookrunners, on behalf of the Underwriters, the Selling Shareholders and our Company. The Offer Price per Offer Share under the Hong Kong Public Offer will be fixed at the Hong Kong dollar amount which, when increased by the 1% brokerage, 0.003% SFC transaction levy and 0.005% Hong Kong Stock Exchange trading fee payable thereon, is (subject to any necessary rounding) effectively equivalent to the Hong Kong dollar price per Offer Share under the International Placing. The SFC transaction levy and the Hong Kong Stock Exchange trading fee otherwise payable by investors in the International Placing on Offer Shares purchased by them will be paid by us.

The Offer Price will not be more than HK$6.00 per Offer Share and is expected to be not less than HK$4.54 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offer. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

The Joint Bookrunners, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company and the Selling Shareholders, reduce the number of Offer Shares and/or the indicative offer price range below that stated in this

prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer, cause there to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of the Hong Kong Stock Exchange notices of the reduction. Upon issue of such a notice, the revised offer price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Bookrunners, on behalf of the Underwriters, our Company and the Selling Shareholders, will be fixed within such revised offer price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offer. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. Applicants under the Hong Kong Public Offer should note that in no circumstances can applications be withdrawn once submitted, even if the number of Offer Shares and/or the offer price range is so reduced. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon with our Company, the Selling Shareholders and the Joint Bookrunners, will under no circumstances be set outside the offer price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Bookrunners may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offer and the International Placing, provided that the number of Offer Shares comprised in the Hong Kong Public Offer shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised). The Offer Shares to be offered in the Hong Kong Public Offer and the Offer Shares to be offered in the International Placing may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Bookrunners.

The net proceeds from the Global Offering accruing to us (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering, assuming that the Over-allotment Option is not exercised), are estimated to be approximately HK$1,256.0 million, assuming an Offer Price of HK$5.27 per Offer Share, being the mid-point of the proposed offer price range of HK$4.54 to HK$6.00.

The final Offer Price, the level of indications of interest in the Global Offering and the basis of allotment of Offer Shares available under the Hong Kong Public Offer are expected to be announced on April 19, 2011 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese).

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company, the Selling Shareholders and the Joint Bookrunners, on behalf of the Underwriters, agreeing on the Offer Price.

We expect to enter into the International Placing Agreement relating to the International Placing on the Price Determination Date.

These underwriting arrangements, and the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarized in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFER

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offer will be conditional on:

(a) the listing committee of the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and the Shares being offered pursuant to the Global Offering (subject only to allotment);

(b) the execution and delivery of the International Underwriting Agreement on the Price Determination Date; and

(c) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company, the Selling Shareholders and the Joint Bookrunners (on behalf of the Underwriters) on or before April 19, 2011, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offer and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offer will be published by our Company in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares — Dispatch/Collection of Share Certificates and Refund Monies". In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)(as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on April 20, 2011 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offer — Grounds for Termination" has not been exercised.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the listing committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to (i) the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and (ii) the exercise of any options that may be granted under our Pre-IPO Share Option Scheme.

No part of the share capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

DEALING

Assuming that the Hong Kong Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on April 20, 2011, it is expected that dealings in the Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on April 20, 2011.

There are three ways to make an application for Hong Kong Offer Shares. You may either (i) use a **white** or **yellow** Application Form; (ii) apply online through the designated website of the HK eIPO White Form Service Provider, referred to herein as the **"HK eIPO White Form"** service; or (iii) **electronically** instruct HKSCC to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf. Except where you are a nominee and provide the required information in your application, you or your joint applicant(s) or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **white** or **yellow** Application Form or applying online through HK eIPO White Form service or by giving **electronic application instructions** to HKSCC.

WHO CAN APPLY FOR HONG KONG OFFER SHARES

You can apply for the Hong Kong Offer Shares available for subscription by the public on a **white** or **yellow** Application Form, or if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States;
- are not a United States Person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you wish to apply for Hong Kong Offer Shares online through the **HK eIPO White Form** service (www.hkeipo.hk), in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **HK eIPO White Form** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **HK eIPO White Form**.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the application form must be signed by a duly authorized officer, who must state his or her representative capacity.

If an application is made by a person duly authorized under a valid power of attorney, we and the Sole Global Coordinator (or its agents or nominees) may accept it at our or their discretion, and subject to any conditions we or it thinks fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

We, the Sole Global Coordinator or the HK eIPO White Form Service Provider (where applicable) or our or their respective agents have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Hong Kong Offer Shares are not available to existing beneficial owners of Shares, our Directors or Chief Executive Officer, the directors or chief executive officer of any of our subsidiaries, or their respective associates or any other connected persons (as defined in the Listing Rules) of our Company or persons who will become our connected persons immediately upon completion of the Global Offering.

You may apply for Hong Kong Offer Shares under the Hong Kong Public Offer or indicate an interest for International Placing Shares under the International Placing, but may not do both.

1. APPLYING BY USING AN APPLICATION FORM

Which Application Form to Use

Use a **white** Application Form if you want the Hong Kong Offer Shares issued in your own name.

Instead of using a **white** Application Form, you may apply for the Hong Kong Offer Shares by means of **HK eIPO White Form** by submitting applications online through the designated website at **www.hkeipo.hk**. Use **HK eIPO White Form** if you want the Shares issued in your own name.

Use a **yellow** Application Form if you want the Hong Kong Offer Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant's stock account or your designated CCASS Participant's stock account.

Instead of using a **yellow** Application Form, you may **electronically** instruct HKSCC via CCASS to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf. Any Hong Kong Offer Shares allocated to you will be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant's stock account on your designated CCASS Participant's stock account.

Where to Collect the Application Forms

You can collect a **white** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, April 8, 2011 until 12:00 noon on Wednesday, April 13, 2011 from:

(1)	**UBS AG, Hong Kong Branch**	52nd Floor, Two International Finance Centre 8 Finance Street Central Hong Kong
	Goldman Sachs (Asia) L.L.C.	68th Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong
	ABCI Capital Limited	13th Floor, Fairmont House 8 Cotton Tree Drive Central, Hong Kong

(2) any of the following branches of **Bank of China (Hong Kong) Limited**:

	Branch	Address
Hong Kong Island:	Bank of China Tower Branch	3/F, 1 Garden Road
	Chai Wan Branch	Block B, Walton Estate, 341-343 Chai Wan Road, Chai Wan
Kowloon:	Mong Kok (President Commercial Centre) Branch	608 Nathan Road, Mong Kok
	Hung Hom (Eldex Industrial Building) Branch	21 Ma Tau Wai Road, Hung Hom
New Territories:	Tuen Mun Town Plaza Branch	Shop 2, Tuen Mun Town Plaza Phase II
	East Point City Branch	Shop 101, East Point City, Tseung Kwan O

(3) any of the following branches of **The Bank of East Asia, Limited**:

	Branch	Address
Hong Kong Island:	Main Branch	10 Des Voeux Road Central
	399 Hennessy Road Branch	G/F, Eastern Commercial Centre, 399 Hennessy Road, Wanchai
Kowloon:	Mongkok North Branch	G/F, Kalok Building, 720-722 Nathan Road, Mongkok
	Hoi Yuen Road Branch	Unit 1, G/F, Hewlett Centre, 54 Hoi Yuen Road
New Territories:	Shatin Plaza Branch	Shop 3-4, Level 1, Shatin Plaza

(4) any of the following branches of **Wing Lung Bank Limited**:

	Branch	Address
Hong Kong Island:	Head Office	45 Des Voeux Road Central
	North Point Branch	361 King's Road
Kowloon:	Tsim Sha Tsui Branch	4 Carnarvon Road
New Territories:	Tsuen Wan Branch	251 Sha Tsui Road
	Sheung Shui Branch	128 San Fung Avenue

You can collected a **yellow** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, April 8, 2011 until 12:00 noon on Wednesday, April 13, 2011 from the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.

Your stockbroker may also have Application Forms and this prospectus available.

How to Complete the Application Form

Obtain an Application Form as described in the paragraph headed "Where to Collect the Application Forms" above.

Complete the Application Form in English using blue or black ink, and sign it. There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions your application may be rejected and returned by ordinary post together with the accompanying cheque or banker's cashier order to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form. Each Application Form must be accompanied by payment, in the form of either one cheque or one banker's cashier order. You should read the detailed instructions set out on the Application Form carefully, as an application is liable to be rejected if the cheque or banker's cashier order does not meet the requirements set out on the Application Form.

Lodge the Application Form in one of the collection boxes by the time and at one of the locations as described in the paragraph headed "Members of the public — Time for Applying for Hong Kong Offer Shares" below.

You should note that by completing and submitting the **white** and **yellow** Application Form, among other things:

(a) you confirm that you have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations save as set out in any supplement to this prospectus;

(b) you agree that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not contained in this prospectus (and any supplement thereto);

(c) you undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Placing Shares nor otherwise participated in the International Placing; and

(d) you agree to disclose to our Company, and/or our registrar, receiving bankers, the Sole Global Coordinator, the Underwriters and their respective advisors and agents any personal data which they require about you and the person(s) for whose benefit you have made the application.

In order for the **yellow** Application Forms to be valid, you, as an applicant(s), must complete the Application Form as indicated below and sign on the first page of the Application Form. Only written signatures will be accepted:

(a) If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):

the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(b) If the application is made by an individual CCASS Investor Participant:

(i) the Application Form must contain the CCASS Investor Participant's name and Hong Kong identity card number; and

(ii) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(c) If the application is made by a joint individual CCASS Investor Participant:

(i) the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong identity card number of all joint CCASS Investor Participants; and

(ii) the participant I.D. must be inserted in the appropriate box in the Application Form.

(d) If the application is made by a corporate CCASS Investor Participant:

(i) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong Business Registration number; and

(ii) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of participant I.D. or other similar matters may render the application invalid.

If your application is made through a duly authorized attorney, we and the Sole Global Coordinator, (or its agents or nominees) may accept it at our or their discretion, and subject to any conditions we or it thinks fit, including evidence of the authority of your attorney. We and the Sole Global Coordinator (or its agents or nominees) will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

2. HOW TO APPLY THROUGH HK eIPO WHITE FORM

General

If you are an individual and meet the criteria set out in paragraph above entitled "Who Can Apply For Hong Kong Offer Shares" under this section, you may apply through **HK eIPO White Form** by submitting an application through the designated website at **www.hkeipo.hk**. If you apply through **HK eIPO White Form**, the Shares will be issued in your own name.

Detailed instructions for application through the **HK eIPO White Form** service are set out on the designated website at **www.hkeipo.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the HK eIPO White Form Service Provider and may not be submitted to our Company.

If you give electronic application instructions through the designated website at **www.hkeipo.hk**, you will have authorized the HK eIPO White Form Service Provider to apply on the terms and conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **HK eIPO White Form** service.

In addition to the terms and conditions set out in this prospectus, the HK eIPO White Form Service Provider may impose additional terms and conditions upon you for the use of the **HK eIPO White Form** service. Such terms and conditions are set out on the designated website at **www.hkeipo.hk**. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

By submitting an application to the HK eIPO White Form Service Provider through the **HK eIPO White Form** service, you are deemed to have authorized the HK eIPO White Form Service Provider to transfer the details of your application to our Company and our registrars.

You may submit an application through the **HK eIPO White Form** service in respect of a minimum of 500 Hong Kong Offer Shares. Each electronic application instruction in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.hkeipo.hk**.

Warning: The application for Hong Kong Offer Shares through the **HK eIPO White Form** service is only a facility provided by the HK eIPO White Form Service Provider to public investors. Our Company, our Directors, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications, and provide no assurance that applications through the **HK eIPO White Form** service will be submitted to our Company or that you will be allotted any Hong Kong Offer Shares.

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your application through the **HK eIPO White Form** service, you are advised not to wait until the last day for submitting applications in the Hong Kong Offer to submit your electronic application instructions. In the event that you have problems connecting to the designated website for the **HK eIPO White Form** service, you should submit a **white** Application Form. However, once you have submitted electronic application instructions and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **white** Application Form.

Additional Information

For the purposes of allocating Hong Kong Offer Shares, each applicant giving electronic application instructions through **HK eIPO White Form** service to the HK eIPO White Form Service Provider through the designated website at **www.hkeipo.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Offer Shares for which you have applied, or if your application is otherwise rejected by the HK eIPO White Form Service Provider, the HK eIPO White Form Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the HK eIPO White Form Service Provider on the designated website at **www.hkeipo.hk**.

Otherwise, any monies payable to you due to a refund for any of the reasons set out below in the paragraph entitled "Refund of Application Monies".

3. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (https://ip.ccass.com) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
2/F Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company and our registrar.

Giving Electronic Application Instructions to HKSCC to Apply for Hong Kong Offer Shares by HKSCC Nominees On Your Behalf

Where a **white** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares:

(a) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **white** Application Form or this prospectus;

(b) HKSCC Nominees does the following things on behalf of each such person:

- agrees that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;
- undertakes and agrees to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;

- undertakes and confirms that that person has not indicated an interest for, applied for or taken up or indicated an interest for, any Shares under the International Placing nor otherwise participated in the International Placing;
- (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of electronic application instructions has been given for that person's benefit;
- (if that person is an agent for another person) declares that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorized to give those instructions as that other person's agent;
- understands that that person's declaration will be relied upon by our Company, our directors and the Sole Global Coordinator in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;
- authorizes our Company to place the name of HKSCC Nominees on our register of members as the holder of the Hong Kong Offer Shares allotted in respect of that person's **electronic application instructions** and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between us and HKSCC;
- confirms that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;
- confirms that that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf save as set out in any supplement to this prospectus;
- agrees that our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering are liable only for the information and representations contained in this prospectus and any supplement thereto;
- agrees to disclose that person's personal data to our Company, our registrar, receiving banks, the Sole Global Coordinator and/or its respective agents and any information which they may require about that person;
- agrees (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;
- agrees that any application made by HKSCC Nominees on behalf of that person pursuant to **electronic application instructions** given by that person is irrevocable before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day), such agreement to take effect as a collateral contract with us and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that we will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of

the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

- agrees that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offer published by our Company;
- agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares; and
- agrees that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

EFFECT OF GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum offer price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the offer price per Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **white** Application Form.

Minimum Subscription Amount and Permitted Multiples

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 500 Hong Kong Offer Shares. Such instructions in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the **white** and **yellow** Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit each such instruction is given will be treated as an applicant.

Section 40 of the Hong Kong Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Hong Kong Companies Ordinance (as applied by section 342E of the Hong Kong Companies Ordinance).

Personal Data

The section of the Application Form entitled "Personal Data" applies to any personal data held by us and our share registrar about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Our Company, our Directors, the Sole Global Coordinator, the Joint Bookrunners and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (i) submit a **white** or **yellow** Application Form; or (ii) go to HKSCC's Customer Service Center to complete an input request form for electronic application instructions before 12:00 noon on Wednesday, April 13, 2011.

4. HOW MANY APPLICATIONS YOU MAY MAKE

You may make more than one application for the Hong Kong Offer Shares if and only if:

You are a **nominee**, in which case you may give **electronic application instructions** to HKSCC (if you are a CCASS Participant) and lodge more than one **white** and **yellow** Application Form in your own name if each application is made on behalf of different beneficial owners. In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed.

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any electronic application instruction given by you or for your benefit to the HK eIPO White Form Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be

deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service by giving electronic application instructions through the designated website at **www.hkeipo.hk** and completing payment in respect of such electronic application instructions, or of submitting one application through the **HK eIPO White Form** service and one or more applications by any other means, all of your applications are liable to be rejected.

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

It will be a term and condition of all applications that by completing and delivering an Application Form or submitting an **electronic application instruction**, you:

- (if the application is made for your own benefit) warrant that it is the only application which has been or will be made for your benefit on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **HK eIPO White Form** Service Provider through **HK eIPO White Form** service (**www.hkeipo.hk**); or
- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which has been or will be made for the benefit of that other person on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the designated HK eIPO White Form Service Provider through **HK eIPO White Form** service (**www.hkeipo.hk**) and that you are duly authorized to sign the Application Form as that other person's agent.

Except where you are a nominee and provide the information required to be provided in your application, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **HK eIPO White Form** Service Provider through **HK eIPO White Form** service (**www.hkeipo.hk**); or
- apply both (whether individually or jointly) on one **white** Application Form and one **yellow** Application Form or on one **white** or **yellow** Application Form and give **electronic application instructions** to HKSCC or to the designated **HK eIPO White Form** Service Provider through **HK eIPO White Form** service (**www.hkeipo.hk**); or
- apply (whether individually or jointly) on one **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **HK eIPO White Form** Service Provider through **HK eIPO White Form** service (**www.hkeipo.hk**) for more than

17,851,500 Shares, being approximately 50% of the Shares initially being offered for public subscription under the Hong Kong Public Offer, as more particularly described in the section headed "Structure of the Global Offering — The Hong Kong Public Offer" in this prospectus; or

- have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Placing.

All of your applications will also be rejected as multiple applications if more than one application on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the designated HK eIPO White Form Service Provider through **HK eIPO White Form** service (**www.hkeipo.hk**) is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company, then the application will be treated as being for your benefit.

Unlisted company means a company with no equity securities listed on the Hong Kong Stock Exchange.

Statutory control means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

5. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum offer price is HK$6.00 per Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%. This means that for every board lot of 500 Shares you will pay HK$3,030.24. The **white** and **yellow** Application Forms have tables showing the exact amount payable for multiples of Shares up to 17,851,500 Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for Shares by a cheque or a banker's cashier order in accordance with the terms set out in the Application Forms (if you apply by an Application Form).

If your application is successful, brokerage is paid to participants of the Hong Kong Stock Exchange, the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC).

6. REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reason, we will refund your application monies, including brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%. No interest will be paid thereon. All interest accrued on such monies prior to the date of dispatch of e-Refund payment instructions/refund cheques will be retained for our benefit.

If your application is accepted only in part, we will refund the appropriate portion of your application monies, including the related brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than HK$6.00 per Share, appropriate refund payments, including the brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005% attributable to the surplus application monies will be made to successful applicants, without interest. Details of the procedure for refund are set out below in the paragraph entitled "Dispatch/Collection of Share Certificates and Refund Monies".

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Sole Global Coordinator, cheques for applications for certain small denominations of Hong Kong Offer Shares on Application Forms (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Tuesday, April 19, 2011 in accordance with the various arrangements as described in this section.

7. MEMBERS OF THE PUBLIC — TIME FOR APPLYING FOR HONG KONG OFFER SHARES

Completed **white** or **yellow** Application Forms, together with a cheque attached and marked payable to "Bank of China (Hong Kong) Nominees Limited — China NT Pharma Public Offer" for the payment, must be lodged by 12:00 noon on Wednesday, April 13, 2011, or, if the application lists are not open on that day, then by the time and date stated in the paragraph entitled "Effect of Bad Weather on the Opening of the Application Lists" below.

Your completed Application Form, together with a cheque attached and marked payable to "Bank of China (Hong Kong) Nominees Limited — China NT Pharma Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of Bank of China (Hong Kong) Limited, The Bank of East Asia, Limited and Wing Lung Bank Limited listed under the paragraph entitled "Where to Collect the Application Forms" above at the following times:

- Friday, April 8, 2011 — 9:00 a.m. to 5:00 p.m.
- Saturday, April 9, 2011 — 9:00 a.m. to 1:00 p.m.
- Monday, April 11, 2011 — 9:00 a.m. to 5:00 p.m.
- Tuesday, April 12, 2011 — 9:00 a.m. to 5:00 p.m.
- Wednesday, April 13, 2011 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, April 13, 2011.

No proceedings will be taken on applications for the Shares and no allotment of any such Shares will be made until the closing of the application lists. No allotment of any of the Shares will be made later than May 8, 2011.

HK eIPO White Form

You may submit your application to the HK eIPO White Form Service Provider through the designated website at **www.hkeipo.hk** from 9:00 a.m. on Friday, April 8, 2011 until 11:30 a.m. on Wednesday, April 13, 2011 or such later time as described under the paragraph below headed "Effects of Bad Weather on the Opening of the Applications Lists" under this section (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, April 13, 2011, the last application day, or, if the application lists are not open on that day, then by the time and date stated in "Effects of Bad Weather on the Opening of the Applications Lists" under this section below.

You will not be permitted to submit your application to the HK eIPO White Form Service Provider through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Wednesday, April 13, 2011, or such later time as described under the paragraph below headed "Effect of Bad Weather on the Opening of the Application Lists" under this section, the HK eIPO White Form Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at **www.hkeipo.hk**.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Friday, April 8, 2011 — 9:00 a.m. to 8:30 p.m.(1)
- Saturday, April 9, 2011 — 8:00 a.m. to 1:00 p.m. (1)
- Monday, April 11, 2011 — 8:00 a.m. to 8:30 p.m. (1)
- Tuesday, April 12, 2011 — 8:00 a.m. to 8:30 p.m. (1)
- Wednesday, April 13, 2011 — 8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, April 8, 2011 until 12:00 noon on Wednesday, April 13, 2011 (24 hours daily, except the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Wednesday, April 13, 2011, the last application day, or if the application lists are not open on that day, by the time and date stated in "Effects of Bad Weather on the Opening of the Application Lists" under this section below.

8. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, April 13, 2011. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

Business Day means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

9. PUBLICATION OF RESULTS

We expect to announce the Offer Price, an indication of the level of interest in the International Placing and the basis of allocation of the Hong Kong Offer Shares on Tuesday, April 19, 2011 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on our Company's website at **www.ntpharma.com** and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer will be available at the times and date and in the manner specified below:

- Results of allocations for the Hong Kong Public Offer can be found in our announcement to be posted on our Company's website at **www.ntpharma.com** and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** by no later than 9:00 a.m. on Tuesday, April 19, 2011.
- Results of allocations for the Hong Kong Public Offer will be available from our designated results of allocations website at **www.tricor.com.hk/ipo/result** on a 24-hour basis from 8:00 a.m. on Tuesday, April 19, 2011 to 12:00 midnight on Friday, April 29, 2011. Search by ID function will be available on our Hong Kong Public Offer results of allocations website at **www.tricor.com.hk/ipo/result**, or via a hyperlink from our website at **www.ntpharma.com** to our Hong Kong Public Offer results of allocations website at **www.tricor.com.hk/ipo/result**. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application form to search for his/her/its own allocation result;
- Results of allocations will be available from our Hong Kong Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling **3691 8488** between 9:00 a.m. and 6:00 p.m. from Tuesday, April 19, 2011 to Tuesday, April 26, 2011 (excluding Saturday, Sunday and public holidays);

- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Tuesday, April 19, 2011 to Thursday, April 21, 2011 at all the receiving bank branches and sub-branches at the addresses set out in the paragraph headed "Where to Collect the Application Forms" above.

10. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Offer Shares are set out in the notes attached to the relevant Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You should note in particular the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(a) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or the designated **HK eIPO White Form** Service Provider through **HK eIPO White Form** service (**www.hkeipo.hk**), you agree that your application or the application made by HKSCC Nominees on your behalf or the designated **HK eIPO White Form** Service Provider through **HK eIPO White Form** service (**www.hkeipo.hk**) cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day). This agreement will take effect as a collateral contract with the Company, and will become binding when you lodge your Application Form or give your **electronic application instruction** to HKSCC or the designated **HK eIPO White Form** Service Provider through **HK eIPO White Form** service (**www.hkeipo.hk**) and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day) except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees or the designated **HK eIPO White Form** Service Provider through **HK eIPO White Form** service (**www.hkeipo.hk**) on your behalf may only be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day) if a person responsible for this prospectus under section 40 of the Hong Kong Companies Ordinance (as applied by section 342E of the Hong Kong Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf or the designated **HK eIPO White Form** Service Provider through **HK eIPO White Form** service (**www.hkeipo.hk**) has

been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(b) Full discretion of our Company or our agents to reject or accept your application:

Our Company and the Sole Global Coordinator (or its agents or nominees) or the designated **HK eIPO White Form** Service Provider (where applicable), or our respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application.

Our Company, the Sole Global Coordinator (or its agents or nominees) or the designated **HK eIPO White Form** Service Provider (where applicable), in their capacity as our agents, and our agents and nominees do not have to give any reason for any rejection or acceptance.

(c) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** to HKSCC or apply by a **yellow** Application Form) will be void if the listing committee of the Hong Kong Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the listing committee of the Hong Kong Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(d) You will not receive any allotment if:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and/or Offer Shares in the International Placing. By filling in any of the **white** or **yellow** Application Forms or applying by giving **electronic application instructions** to HKSCC or to the designated **HK eIPO White Form** Service Provider through **HK eIPO White Form** service (**www.hkeipo.hk**), you agree not to apply for Hong Kong Offer Shares as well as Offer Shares in the International Placing. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offer from investors who have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offer;
- your Application Form is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form) or on the **HK eIPO White Form** website (**www.hkeipo.hk**);
- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored upon its first presentation;
- the Hong Kong Underwriting Agreement and the International Underwriting Agreement do not become unconditional;
- the Hong Kong Underwriting Agreement and the International Underwriting Agreement are terminated in accordance with their respective terms;

- the Company and/or the Sole Global Coordinator believe that by accepting your application, it would violate the applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered for public subscription under the Hong Kong Public Offer.

11. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the offer price of HK$6.00 per Share (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee thereon) initially paid on application, or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offer" in this prospectus or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

You will receive one share certificate for all the Hong Kong Offer Shares issued to you under the Hong Kong Public Offer (except pursuant to applications made on **yellow** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

(a) for applications on **white** Application Forms or by giving **electronic application instructions** through the **HK eIPO White Form** service:
    (i) share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful; or
    (ii) share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful (for wholly successful and partially successful applications on **yellow** Application Forms: share certificates for the Shares successfully applied for will be deposited into CCASS as described below); and/or

(b) for applications on **white** or **yellow** Application Forms, e-Auto Refund Payment instructions or refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the maximum offer price per Share paid on application in the event that the Offer Price is less than the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also

be transferred to a third-party for refund purpose. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of, or may invalidate, your refund cheque.

(c) for applications by giving **electronic application instructions** to HKSCC and if your application is wholly or partially successful, share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account on Tuesday, April 19, 2011 or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees. Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, April 19, 2011. No interest will be paid thereon.

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the offer price per Share initially paid on application (if any) under **white** or **yellow** Application Forms; and share certificates for wholly and partially successful applicants under **white** Application Forms or by giving **electronic application instructions** through the **HK eIPO White Form** service are expected to be posted on or around Tuesday, April 19, 2011. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on Wednesday, April 20, 2011 provided that the Hong Kong Public Offer has become unconditional in all respects and the right of termination described in the section entitled "Underwriting — Grounds for Termination" in this prospectus has not been exercised.

(a) If you apply using a white Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have indicated your intention in your **white** Application Form to collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person and have provided all information required by your Application Form, you may collect your refund cheques (where applicable) and share certificate(s) (where applicable) from Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, April 19, 2011 or such other date as notified by us in the newspapers as the date of collection/dispatch of refund cheques/e-Auto Refund payment instructions/ share certificates. If you are an individual who opts for personal collection, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at

the time of collection, evidence of identity acceptable to Tricor Investor Services Limited. If you do not collect your refund cheques (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheques (where applicable) and/or share certificate(s) (where applicable) in person, or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offer" in this prospectus, or if your application is revoked or any allotment pursuant thereto has become void, your share certificate(s) (where applicable) and/or refund cheques (where applicable) in respect of the application monies or the appropriate parties thereof, together with the related brokerage fee, Hong Kong Stock Exchange trading fee, and SFC transaction levy, if any, (without interest) will be sent to the address on your Application Form on Tuesday, April 19, 2011, by ordinary post and at your own risk.

(b) If you apply using a yellow Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **yellow** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **white** Application Form applicants as described above. If you have applied for 1,000,000 Hong Kong Offer Shares or above and have not indicated on your Application Form that you will collect your refund cheque(s)(if any) in person, or if you have applied for less than 1,000,000 Hong Kong Offer Shares, or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offer" in this prospectus, or if your application is revoked or any allotment pursuant thereto has become void, your refund cheque(s) (where applicable) in respect of the application monies or the appropriate parties thereof, together with the related brokerage fee, Hong Kong Stock Exchange trading fee, and SFC transaction levy, if any, (without interest) will be sent to the address on your Application Form on the date of dispatch, which is expected to be on Tuesday, April 19, 2011, by ordinary post and at your own risk.

If you apply for Hong Kong Offer Shares using a **yellow** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on Tuesday, April 19, 2011, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offer on Tuesday, April 19, 2011 in the manner described in the paragraph "Publication of Results" above. You should check such results and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, April 19, 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

(c) If you are applying through HK eIPO White Form

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **HK eIPO White Form** service by submitting an electronic application to the HK eIPO White Form Service Provider through the designated website **www.hkeipo.hk** and your application is wholly or partially successful, you may collect your share certificate(s) and/or refund cheque(s) (where applicable) in person from Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, April 19, 2011, or such other date as notified by our Company in the newspapers as the date of dispatch/collection of share certificates/e-Auto Refund Payment instructions/refund cheques.

If you do not collect your share certificate(s) and/or refund cheques personally within the time specified for collection, they will be sent to the address specified in your application instructions to the HK eIPO White Form Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your share certificate(s) and/or refund cheque(s) (where applicable) will be sent to the address specified in your application instructions to the HK eIPO White Form Service Provider through the designated website at **www.hkeipo.hk** on Tuesday, April 19, 2011 by ordinary post and at your own risk.

If you apply through the **HK eIPO White Form** service and paid the application monies from a single bank account, refund monies (if any) will be dispatched to your payment bank account in the form of e-Refund payment instructions. If you apply through **HK eIPO White Form** service and paid the application monies from multiple bank accounts, refund monies (if any) will be dispatched to the address as specified on your **HK eIPO White Form** application in the form of refund cheque(s), by ordinary post at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the HK eIPO White Form Service Provider set out above in the sub-paragraph entitled "Additional Information".

(d) If you apply by giving electronic application instructions to HKSCC

Deposit of Share Certificates into CCASS

- We expect to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the relevant

beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offer in the newspapers on Tuesday, April 19, 2011. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, April 19, 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, April 19, 2011. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

12. COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares are expected to commence on Wednesday, April 20, 2011.

The Shares will be traded in board lots of 500 Shares each. The stock code of the Shares is 1011.

13. SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

April 8, 2011

The Directors
China NT Pharma Group Company Limited

UBS AG, Hong Kong Branch

Dear Sirs,

Introduction

We set out below our report on the financial information relating to China NT Pharma Group Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") including the combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined cash flow statements of the Group for each of the years ended December 31, 2008, 2009 and 2010 (the "Relevant Period") and the combined balance sheets of the Group as at December 31, 2008, 2009 and 2010 together with the notes thereto (the "Financial Information") for inclusion in the prospectus of the Company dated April 8, 2011 (the "Prospectus").

The Company was incorporated in the Cayman Islands on March 1, 2010 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganization completed on April 8, 2011 (the "Reorganization") as detailed in the section headed "Our History and Reorganization" in the Prospectus, the Company became the holding company of the companies now comprising the Group, details of which are set out in Section A below. The Company has not carried on any business since the date of its incorporation save for the aforementioned Reorganization.

As at the date of this report, no audited financial statements have been prepared for the Company, NT Pharma (Group) Co., Ltd., Kimford Investment Limited, Goldwise Resources Limited, Tai Ning Pharmaceutical (Investment) Company Limited, Farbo Investment Limited and Humford Limited as they are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.

All companies now comprising the Group have adopted December 31 as their financial year end date. Details of the companies comprising the Group that are subject to audit during the Relevant Period and the names of the respective auditors are set out in note 31 of Section C. The statutory financial statements of the companies that are subject to audit were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") or the relevant accounting rules and regulations applicable to enterprises in the People's Republic of China (the "PRC").

The directors of the Company have prepared the combined financial statements of the Group for the Relevant Period in accordance with the basis of preparation set out in Section A below and the accounting policies set out in Section C below (the "Underlying Financial Statements"). The Underlying Financial Statements for each of the years ended December 31, 2008, 2009 and 2010 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements, with no adjustments thereto, and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Respective responsibilities of directors and reporting accountants

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an opinion on the Financial Information based on our procedures.

Basis of opinion

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have examined the Underlying Financial Statements and have carried out such appropriate procedures as we considered necessary in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA.

We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to December 31, 2010.

Opinion

In our opinion, for the purpose of this report, the Financial Information, on the basis of preparation set out in Section A below, gives a true and fair view of the Group's combined results and cash flows for the Relevant Period and the state of affairs of the Group as at December 31, 2008, 2009 and 2010.

A BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on March 1, 2010 as part of the Reorganization of NT Pharma (Group) Co., Ltd. in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited ("HKSE"). Prior to the Reorganization, NT Pharma (Group) Co., Ltd. was the holding company of the Group. Upon completion of the Reorganization, the Company became the Group's new holding company and NT Pharma (Group) Co., Ltd. became an intermediate holding company. The ultimate controlling shareholders of the Group are Mr. Ng Tit and Ms. Chin Yu (hereinafter collectively referred to as the "Controlling Shareholders").

As there was no change in Controlling Shareholders before and after the Reorganization, the Financial Information has been prepared as a reorganization of businesses under common control. The Financial Information relating to the combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined cash flow statements of the Group as set out in section B of this report for the Relevant Period includes the results of operations of the Company, NT Pharma (Group) Co., Ltd. and its subsidiaries as if the current group structure had been in existence throughout the Relevant Period. The combined balance sheets of the Group as at December 31, 2008, 2009 and 2010 as set out in Section B of this report have been prepared to present the combined assets and liabilities of the Company, NT Pharma (Group) Co., Ltd. and its subsidiaries as at the respective dates.

Intra-group balances and intra-group transactions are eliminated in full in preparing the Financial Information.

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries, all of which are private companies, particulars of which are set out below:

Name of company	Place and date of incorporation/ establishment	Issued and fully paid up capital	Attributable equity interest held by the Company		Principal activities
			Direct	Indirect	
NT Pharma (Group) Co., Ltd.	British Virgin Islands ("BVI")/December 5, 2002	US$2	100%	—	Investment holding
Kimford Investment Limited ("Kimford")	BVI/September 9, 2005	US$1	—	100%	Investment holding
Goldwise Resources Limited	BVI/January 18, 2006	US$1	—	100%	Investment holding
Tai Ning Pharmaceutical (Investment) Company Limited	BVI/February 1, 2006	US$1	—	100%	Investment holding
Farbo Investment Limited	BVI/March 20, 2006	US$1	—	100%	Investment holding
Humford Limited	BVI/March 28, 2006	US$1	—	100%	Investment holding
NTP (China) Investment Co., Limited	Hong Kong/August 22, 1995	HK$15,000,000	—	100%	Investment holding
NT Pharma (HK) Limited	Hong Kong/May 2, 2002	HK$2	—	100%	Trading of prescription medicines
NT Pharma (SH) Co., Ltd. (泰凌醫藥貿易(上海) 有限公司) (note (i))	PRC/May 16, 2001	US$2,000,000	—	100%	Sales of prescription medicines
NT Tongzhou (BJ) Pharma Co., Ltd. (泰凌同舟(北京)醫藥有限公司) (note (i))	PRC/November 21, 2001	RMB10,000,000	—	100%	Sales of prescription medicines and vaccines
Guangdong NT Pharma Co., Ltd. (廣東泰凌醫藥有限公司) (note (i))	PRC/September 9, 2002	RMB20,000,000	—	100%	Sales of prescription medicines
NT Tongzhou Pharma Consulting (SH) Co., Ltd. (泰凌同舟醫藥諮詢(上海)有限公司) (note (i))	PRC/January 5, 2004	US$3,370,000	—	100%	Provision of logistics and consulting services
Hainan NT Biologicals Co., Ltd. (海南泰凌生物製品有限公司) (note (i))	PRC/March 12, 2004	RMB100,000,000	—	100%	Sales of vaccines

Name of company	Place and date of incorporation/ establishment	Issued and fully paid up capital	Attributable equity interest held by the Company		Principal activities
			Direct	Indirect	
NT Tongzhou Pharma (SH) Co., Ltd. (泰凌同舟醫藥(上海) 有限公司) (note (i))	PRC/April 12, 2004	RMB50,000,000	—	100%	Sales of prescription medicines and vaccines
Suzhou First Pharmaceutical Co., Ltd. ("Suzhou First Pharma") (蘇州第壹製藥有限公司) (notes (i) and (ii))	PRC/December 23, 2005	RMB55,625,000	—	80%	Manufacturing of prescription medicines
NT Pharma (China) Co., Ltd. (泰凌醫藥(中國)有限公司) (note (i))	PRC/January 29, 2007	US$11,851,401	—	100%	Dormant
NT Pharma (Jiangsu) Co., Ltd. (泰凌醫藥(江蘇)有限公司) (note (i))	PRC/May 7, 2009	RMB166,600,000	—	100%	Sales of prescription medicines and vaccines
NT Pharma Information Consulting (SH) Co., Ltd. (泰凌醫藥信息諮詢(上海)有限公司) (note (i))	PRC/June 26, 2009	US$100,000	—	100%	Provision of consulting services
NT Pharma (China) Investment Co., Ltd. (泰凌(中國)醫藥投資有限公司) (note (i))	PRC/September 7, 2009	US$20,030,000	—	100%	Investment holding

Notes:

(i) The English translation of the names is for reference only. The official names of these entities are in Chinese.

(ii) Suzhou First Pharma, an 80% owned subsidiary, was established by Kimford together with Suzhou Pharmaceutical (Group) Co., Ltd ("Suzhou Group") (蘇州醫藥集團有限公司) on December 23, 2005. Kimford contributed cash of RMB44.5 million, representing 80% of the paid-in capital of Suzhou First Pharma while Suzhou Group contributed the remaining capital by injecting the business of manufacturing of pharmaceutical products. According to the agreement signed by Kimford and Suzhou Group dated November 25, 2005, the net profit of Suzhou First Pharma is to be shared by the Group and Suzhou Group on a 80:20 basis, subject to a minimum annual profit entitlement to Suzhou Group of RMB800,000. Pursuant to acknowledgement letters signed by Suzhou Group dated September 5, 2006, December 31, 2007, February 20, 2009, March 3, 2010 and December 8, 2010, Suzhou Group has agreed to waive its entitlements to any share of profit of Suzhou First Pharma for the years ended December 31, 2006, 2007, 2008 and 2009 and its entitlement to any share of profits in excess of RMB800,000 for the year ended December 31, 2010.

B FINANCIAL INFORMATION

1 Combined income statements

(Expressed in Renminbi)

	Section C	Years ended December 31,		
	Note	2008	2009	2010
		RMB'000	RMB'000	RMB'000
Turnover	2	1,413,985	2,395,038	2,667,978
Cost of sales		(1,178,904)	(1,915,167)	(2,004,775)
Gross profit		235,081	479,871	663,203
Other revenue	3	48,196	7,670	28,698
Other net (loss)/income	4	(44,311)	(1,739)	8,148
Distribution costs		(108,129)	(237,418)	(354,456)
Administrative expenses		(43,147)	(55,999)	(90,056)
Profit from operations		87,690	192,385	255,537
Finance costs	5(a)	(14,277)	(17,128)	(45,379)
Profit before taxation	5	73,413	175,257	210,158
Income tax	6(a)	(20,150)	(58,087)	(80,748)
Profit for the year		53,263	117,170	129,410
Attributable to:				
Equity shareholders of the Company		53,263	117,170	128,610
Non-controlling interests		—	—	800
Profit for the year		53,263	117,170	129,410

The accompanying notes form part of the Financial Information.

2 Combined statements of comprehensive income

(Expressed in Renminbi)

	Years ended December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Profit for the year	53,263	117,170	129,410
Other comprehensive income for the year			
Exchange differences on translation of financial statements of non-PRC entities	15,284	(86)	11,985
Total comprehensive income for the year	68,547	117,084	141,395
Attributable to:			
Equity shareholders of the Company	68,547	117,084	140,595
Non-controlling interests	—	—	800
Total comprehensive income for the year	68,547	117,084	141,395

The accompanying notes form part of the Financial Information.

3 Combined balance sheets

(Expressed in Renminbi)

	Section C	As at December 31,		
	Note	2008	2009	2010
		RMB'000	RMB'000	RMB'000
Non-current assets				
Fixed assets				
- Property, plant and equipment	11	86,666	163,469	208,859
- Interests in leasehold land held for own use under operating leases	11	15,633	15,309	32,477
		102,299	178,778	241,336
Prepayments for fixed assets		11,441	10,444	2,397
Intangible assets	12	42,908	39,904	37,174
Goodwill	13	1,250	1,250	1,250
Deferred tax assets	21(b)	899	3,812	5,919
		158,797	234,188	288,076
Current assets				
Inventories	14	125,690	231,016	527,054
Trade and other receivables	15	575,514	1,213,754	1,738,213
Pledged bank deposits	16	51,262	55,990	47,080
Cash at bank and in hand	17	67,803	212,240	154,913
		820,269	1,713,000	2,467,260
Current liabilities				
Trade and other payables	18	563,188	1,042,657	1,358,270
Bank loans and overdrafts	19	186,497	440,719	833,687
Other loan	20	—	70,000	6,500
Current taxation	21(a)	12,823	54,931	51,941
		762,508	1,608,307	2,250,398
Net current assets		57,761	104,693	216,862
Total assets less current liabilities		216,558	338,881	504,938

	Section C	As at December 31,		
	Note	2008	2009	2010
		RMB'000	RMB'000	RMB'000
Non-current liabilities				
Deferred tax liabilities	21(b)	882	2,005	2,661
NET ASSETS		215,676	336,876	502,277
CAPITAL AND RESERVES	24			
Share capital		—	—	—
Reserves		200,546	321,746	487,147
Total equity attributable to equity shareholders of the Company		200,546	321,746	487,147
Non-controlling interests		15,130	15,130	15,130
TOTAL EQUITY		215,676	336,876	502,277

The accompanying notes form part of the Financial Information.

4 Combined statements of changes in equity
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company								
	Share capital	Exchange reserve	Statutory reserve	Merger reserve	Capital reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (Note 24(b))	RMB'000 (Note 24(c)(i))	RMB'000 (Note 24(c)(ii))	RMB'000 (Note 24(c)(iii))	RMB'000 (Note 24(c)(iv))	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2008	—	22,528	28,336	8,256	—	72,879	131,999	15,130	147,129
Changes in equity for 2008:									
Profit for the year	—	—	—	—	—	53,263	53,263	—	53,263
Other comprehensive income	—	15,284	—	—	—	—	15,284	—	15,284
Total comprehensive income	—	15,284	—	—	—	53,263	68,547	—	68,547
Appropriation to statutory reserve	—	—	8,195	—	—	(8,195)	—	—	—
Balance at December 31, 2008 and January 1, 2009	—	37,812	36,531	8,256	—	117,947	200,546	15,130	215,676
Changes in equity for 2009:									
Profit for the year	—	—	—	—	—	117,170	117,170	—	117,170
Other comprehensive income	—	(86)	—	—	—	—	(86)	—	(86)
Total comprehensive income	—	(86)	—	—	—	117,170	117,084	—	117,084
Equity-settled share-based transactions	—	—	—	—	4,116	—	4,116	—	4,116
Appropriation to statutory reserve	—	—	8,370	—	—	(8,370)	—	—	—
Balance at December 31, 2009 and January 1, 2010	—	37,726	44,901	8,256	4,116	226,747	321,746	15,130	336,876
Changes in equity for 2010:									
Profit for the year	—	—	—	—	—	128,610	128,610	800	129,410
Other comprehensive income	—	11,985	—	—	—	—	11,985	—	11,985
Total comprehensive income	—	11,985	—	—	—	128,610	140,595	800	141,395
Distribution to non-controlling interests	—	—	—	—	—	—	—	(800)	(800)
Equity-settled share-based transactions	—	—	—	—	24,806	—	24,806	—	24,806
Appropriation to statutory reserve	—	—	20,458	—	—	(20,458)	—	—	—
Balance at December 31, 2010	—	49,711	65,359	8,256	28,922	334,899	487,147	15,130	502,277

The accompanying notes form part of the Financial Information.

5 Combined cash flow statements

(Expressed in Renminbi)

	Section C	Years ended December 31,		
	Note	2008	2009	2010
		RMB'000	RMB'000	RMB'000
Operating activities				
Profit before taxation		73,413	175,257	210,158
Adjustments for:				
- Interest income	3	(1,722)	(1,186)	(619)
- Recognition of government grants	3	(45,980)	—	—
- Net loss/(gain) on disposal of property, plant and equipment	4	20,259	619	(527)
- Loss on disposal of interests in leasehold land held for own use under operating leases	4	16,493	—	—
- Finance costs	5(a)	14,277	17,128	45,379
- Equity-settled share-based payment expenses	5(b)	—	4,116	24,806
- Amortization of interests in leasehold land held for own use under operating leases	5(c)	324	324	360
- Amortization of intangible assets	5(c)	4,595	4,117	4,393
- Depreciation	5(c)	6,096	4,864	12,671
- Foreign exchange loss/(gain)		5,627	(127)	446
		93,382	205,112	297,067
Increase in inventories		(43,499)	(105,326)	(298,095)
Increase in trade and other receivables		(236,758)	(646,267)	(525,400)
Increase in trade and other payables		155,806	312,976	228,073
Cash used in operations		(31,069)	(233,505)	(298,355)
Tax paid				
- Hong Kong Profits Tax paid		—	—	(8,115)
- PRC Income Tax paid		(6,630)	(17,769)	(76,765)
Net cash used in operating activities		(37,699)	(251,274)	(383,235)

	Section C Note	Years ended December 31, 2008	2009	2010
		RMB'000	RMB'000	RMB'000
Investing activities				
Payment for the purchase of property, plant and equipment		(72,055)	(63,619)	(51,167)
Payment for interests in leasehold land held for own use under operating leases		—	—	(17,528)
Payment for the purchase of intangible assets		(27,087)	(4,113)	(1,680)
Proceeds from disposal of property, plant and equipment		1,578	255	3,247
Interest received		1,722	1,186	619
Decrease/(increase) in pledged bank deposits		1,503	(4,728)	8,910
Receipt of government grants relating to asset disposal		27,494	8,000	—
Net cash used in investing activities		(66,845)	(63,019)	(57,599)
Financing activities				
Proceeds from new bank loans		584,095	2,067,928	2,085,840
Proceeds from other loan		—	70,000	16,500
Repayment of bank loans		(619,268)	(1,812,853)	(1,696,263)
Repayment of other loan		—	—	(80,000)
Interest paid		(14,277)	(17,128)	(45,379)
Advances from related companies		157,651	151,664	98,206
Distribution to non-controlling interests		—	—	(800)
Net cash generated from financing activities		108,201	459,611	378,104
Net increase/(decrease) in cash and cash equivalents		3,657	145,318	(62,730)
Cash and cash equivalents at January 1		64,884	66,934	212,240
Effect of foreign exchange rate changes		(1,607)	(12)	300
Cash and cash equivalents at December 31	17	66,934	212,240	149,810

The accompanying notes form part of the Financial Information.

C NOTES TO THE FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1 Significant accounting policies

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes Hong Kong Accounting Standards and related interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Further details of the significant accounting policies adopted are set out in the remainder of this Section C.

The HKICPA has issued a number of new and revised HKFRSs that are first effective for the Group from January 1, 2010. For the purpose of preparing this Financial Information, the Group has adopted all these new and revised HKFRSs to the extent that they are applicable to the Group during the Relevant Period.

In preparing this Financial Information, in making the disclosure in respect of reliance on major customers (see note 2), the Group has early adopted the amendment to paragraph 34 of HKFRS 8 "Operating segments", which is effective for accounting periods beginning on or after January 1, 2011, such that it applies judgment in determining whether a government (including government agencies and similar bodies whether local, national or international) and entities known to the Group to be under the control of that government are considered to be a single customer. Except for early adopting such amendment to HKFRS 8, the Group has not early adopted any new standards or interpretations that are not yet effective for the accounting period beginning on or after January 1, 2010. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on or after January 1, 2010 are set out in note 32.

This Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

(b) Basis of combination

The Financial Information comprises the Company and its subsidiaries, and has been prepared on the basis as further explained in Section A.

(c) Basis of preparation of the Financial Information

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. The measurement basis used in the preparation of the Financial Information is the historical cost basis.

The preparation of the Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are

based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 29.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the Financial Information from the date that control commences until the date that control ceases. Merger accounting is adopted for common control combinations in which all of the combining entities are ultimately controlled by the same Controlling Shareholders both before and after the business combination and that control is not transitory.

Intra-group balances and transactions and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the combined balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the combined income statement and the combined statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(j)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 1(j)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.
- Plant and machinery 5 - 10 years
- Furniture and fixtures 5 years
- Leasehold improvements Over the term of lease
- Office equipment 5 years
- Motor vehicles 3 - 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

(g) Construction in progress

Construction in progress represents property, plant and equipment under construction and machinery and equipment under installation and testing. Construction in progress is stated in the balance sheet at cost less impairment losses (see note 1(j)). The cost includes cost of construction, cost of purchased plant and equipment and other direct costs plus borrowing costs which include interest charges and exchange differences arising from foreign currency borrowings used to finance these projects during the construction period, to the extent that these are regarded as an adjustment to borrowing costs (see note 1(v)).

Construction in progress is not depreciated until such time as the assets are completed and substantially ready for their intended use.

(h) Intangible assets (other than goodwill)

(i) Trademarks

Trademarks that are acquired by the Group are stated in the balance sheet at cost less accumulated amortization and impairment losses (see note 1(j)). Amortization of trademarks is charged to profit or loss on a straight line basis over a period of 10 years.

(ii) New medicine protection rights

New medicine protection rights that are acquired by the Group are stated in the balance sheet at cost less accumulated amortization and impairment losses (see note 1(j)). Amortization of new medicine protection rights is charged to profit or loss on a straight line basis over the protection rights period of 32 months.

(iii) Good Supply Practices ("GSP") license

GSP license that is acquired by the Group with indefinite useful life is stated in the balance sheet at cost less impairment losses (see note 1(j)).

(iv) Exclusive agency rights

Exclusive agency rights that are acquired by the Group are stated in the balance sheet at cost less accumulated amortization and impairment losses (see note 1(j)). Amortization of exclusive agency rights is charged to profit or loss on a straight line basis over the agency period of 10 years.

(v) Club memberships

Club memberships that are acquired by the Group are stated in the balance sheet at cost less impairment losses (see note 1(j)).

(vi) Computer software

Computer software that is acquired by the Group is stated in the balance sheet at cost less accumulated amortization and impairment losses (see note 1(j)). Computer software is amortized over its estimated useful life of 5 to 10 years.

Both the period and basis of amortization of all intangible assets are reviewed annually.

Intangible assets are not amortized while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite useful lives as set out above.

(i) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortized on a straight-line basis over the period of the lease term.

(j) Impairment of assets

(i) Impairment of trade and other receivables

Trade and other receivables are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganization; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognized as follows:

- For trade and other receivables carried at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.
- For trade and other receivables carried at cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

This assessment is made collectively where trade and other receivables share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

Impairment losses recognized in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment;
- pre-paid interests in leasehold land classified as being held under an operating lease;
- construction in progress;
- intangible assets; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognized.

(k) Inventories

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(l) Trade and other receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost less allowance for impairment of doubtful debts (see note 1(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Trade and other payables

Trade and other payables are initially recognized at fair value and are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible

into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the combined cash flow statement.

(p) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions under which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On the vesting date, the amount recognized as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve). The equity amount is recognized in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(q) Income tax

Income tax expense comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to business combinations, or items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax assets can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination) and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future or, in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

(i) in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

(ii) in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either

- the same taxable entity; or
- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognized as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with note 1(r)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee; i.e. the amount initially recognized, less accumulated amortization.

(ii) Other provisions and contingent liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

(i) Sale of goods

Revenue is recognized when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Service income

Service income is recognized when the relevant services are rendered.

(iii) Subsidy income

Subsidy income is recognized when the right to receive payment is established.

(iv) Interest income

Interest income is recognized as it accrues using the effective interest method.

(t) Government grants

Government grants are recognized in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized as deferred income and consequently are recognized in profit or loss over the useful life of the asset.

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of operations outside the PRC are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Renminbi at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation with a functional currency other than Renminbi, the cumulative amount of the exchange differences relating to that operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(w) Related parties

For the purposes of this Financial Information, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 Turnover

The principal activities of the Group are the manufacturing, sale and distribution of pharmaceutical products and vaccines and the provision of services to its suppliers.

Turnover represents the sales value of goods supplied to customers and service income (net of sales tax, value-added tax and discounts). The amount of each significant category of revenue recognized in turnover during the Relevant Period is as follows:

	Years ended December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Sales of pharmaceutical products and vaccines	1,380,405	2,281,867	2,475,328
Service income	33,580	113,171	192,650
	1,413,985	2,395,038	2,667,978

Sales of pharmaceutical products and vaccines are derived from selling of pharmaceutical products and vaccines through the Group's four reportable segments as discussed in note 10, whereas service income represents fees received/receivable from certain suppliers for the marketing and promotion activities carried out by the Group, which are mainly determined based on the volume of products distributed by the Group.

The Group's customer base is diversified and no individual customer had transactions which exceeded 10% of the Group's revenue during the years ended December 31, 2008, 2009 and 2010. The Group has early adopted the amendment to paragraph 34 of HKFRS 8 in making such disclosure in respect of reliance on major customers and the centers for disease control in different designated geographical regions in the PRC are treated as different customers for this purpose. Details of concentrations of credit risks are set out in note 25(a).

Further details regarding the Group's principal activities are disclosed in note 10.

3 Other revenue

	Years ended December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Bank interest income	1,722	1,186	619
Government grants (note 22)	45,980	—	—
Subsidy income	348	6,076	25,267
Sundry income	146	408	2,812
	48,196	7,670	28,698

Subsidy income represents government subsidies received by certain subsidiaries of the Group which operate in the PRC in accordance with the subsidy policies of the local government authorities during the years ended December 31, 2008, 2009 and 2010.

4 Other net (loss)/income

	Years ended December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Net (loss)/gain on disposal of property, plant and equipment	(20,259)	(619)	527
Loss on disposal of interests in leasehold land held for own use under operating leases	(16,493)	—	—
Net exchange (loss)/gain	(7,559)	(1,120)	7,621
	(44,311)	(1,739)	8,148

5 Profit before taxation

Profit before taxation is arrived at after charging:

	Years ended December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
(a) Finance costs:			
Interest on bank advances and other borrowings wholly repayable within five years	14,259	12,980	36,801
Bank charges	2,325	5,507	9,181
Total borrowing costs	16,584	18,487	45,982
Less: borrowing costs capitalized into construction in progress *	(2,307)	(1,359)	(603)
	14,277	17,128	45,379

* The borrowing costs have been capitalized at a rate of 6.14% - 8.22%, 5.35% - 8.22% and 5.35% - 5.84% per annum during the years ended December 31, 2008, 2009 and 2010 respectively.

	Years ended December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
(b) Staff costs:			
Contributions to defined contribution retirement plans	7,248	10,921	19,973
Salaries, wages and other benefits	49,409	73,977	109,967
Equity-settled share-based payment expenses	—	4,116	24,806
	56,657	89,014	154,746

Pursuant to the relevant labor rules and regulations in the PRC, the Group participates in defined contribution retirement schemes ("the Schemes") organized by the relevant local authorities whereby the Group is required to make contributions to the Schemes at rates which ranged from 10% to 22% of the eligible employees' salaries during the Relevant Period. The relevant local government authorities are responsible for the entire pension obligations payable to retired employees.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement

plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the MPF scheme vest immediately.

Save for the above schemes, the Group has no other material obligation for the payment of pension benefits associated with those schemes beyond the annual contributions described above.

	Years ended December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
(c) Other items:			
Amortization of interests in leasehold land held for own use under operating leases	324	324	360
Amortization of intangible assets	4,595	4,117	4,393
Depreciation	6,096	4,864	12,671
Auditors' remuneration	551	539	671
Operating lease charges: minimum lease payments - property rentals	8,071	8,443	8,327
Cost of inventories (note 14(b))	1,163,757	1,912,316	1,982,422

6 Income tax in the combined income statements

(a) Income tax in the combined income statements represents:

	Years ended December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Current tax - Hong Kong Profits Tax			
Provision for the year	—	3,750	11,891
Current tax - PRC Income Tax			
Provision for the year	19,277	55,204	70,221
Under-provision in respect of prior years	176	923	87
	19,453	56,127	70,308
Deferred tax			
Origination and reversal of temporary differences	429	(1,790)	(1,451)
Effect of change in tax rates on deferred tax balances	268	—	—
	697	(1,790)	(1,451)
	20,150	58,087	80,748

(b) Reconciliation between income tax and profit before taxation at applicable tax rates:

	Years ended December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Profit before taxation	73,413	175,257	210,158
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (notes (i), (ii) and (iii))	19,429	41,228	56,012
Tax effect of non-deductible expenses	6,427	21,895	28,925
Tax effect of non-taxable income	(17)	(1)	—
Tax effect of PRC tax concessions (note (iii))	(9,219)	(5,348)	(7,901)
Tax effect of unused tax losses not recognized	3,086	2,684	4,740
Tax losses not recognized in prior years utilized during the year	—	(3,294)	(1,115)
Under-provision in respect of prior years	176	923	87
Others	268	—	—
Actual income tax	20,150	58,087	80,748

Notes:

(i) Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the BVI.

(ii) No provision for Hong Kong Profits Tax was made for the Hong Kong companies for 2008 as they sustained tax losses during the year. The provision for Hong Kong Profits Tax for 2009 and 2010 is calculated at 16.5% of the estimated assessable profits for those years. The payments of dividends by Hong Kong companies are not subject to withholding tax.

(iii) The Group's PRC subsidiaries are subject to income tax at 33% prior to January 1, 2008 and 25% effective from January 1, 2008 unless otherwise specified.

Suzhou First Pharmaceutical Co., Ltd. ("Suzhou First Pharma"), being a production-type foreign investment enterprise ("FIE") that was established in the Suzhou Industrial Park, was subject to income tax at 15% prior to January 1, 2008 and entitled to a tax holiday of a two-year exemption followed by a three-year 50% reduction starting from the first profit-making year from a PRC tax perspective. Suzhou First Pharma started its tax holiday in 2006. As such, it was tax exempted for 2007.

Further, Hainan NT Biologicals Co., Ltd. ("Hainan Bio"), being an FIE established on Hainan Island, was subject to income tax at a reduced rate of 15% prior to January 1, 2008. In addition, NT Pharma (SH) Co., Ltd. and NT Tongzhou Pharma Consulting (SH) Co., Ltd. being FIEs established in Shanghai Pudong New Area were also subject to income tax at a reduced rate of 15% prior to January 1, 2008.

On March 16, 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("New Tax Law") which became effective on January 1, 2008. The New Tax Law revised the standard PRC Corporate Income Tax rate to 25%.

The New Tax Law and its relevant regulations provide for a five-year transition period from January 1, 2008 for those companies which were entitled to preferential lower tax rates under the then effective tax laws and regulations, as well as grandfathering certain tax holidays. The transitional tax rates are 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 onwards, respectively. Suzhou First Pharma is entitled to both the transitional rates and to continue its tax holiday until expiry. As such, Suzhou First Pharma is subject to income tax at 9%, 10%, 11%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 onwards, respectively. Hainan Bio, NT Pharma (SH) Co., Ltd. and NT Tongzhou Pharma Consulting (SH) Co., Ltd. are entitled to the transitional rates and therefore are subject to tax based on the abovementioned transitional tax rates since 2008.

(iv) According to the New Tax Law and its implementation rules, dividends receivable by non-PRC-resident corporate investors from PRC-resident enterprises are subject to withholding tax at 10%, unless reduced by tax treaties or arrangements, for profits earned since January 1, 2008. Under the Arrangement between the Mainland of China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and the relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds a 25% equity interest or more of a PRC enterprise is entitled to a reduced withholding tax rate of 5%.

Since the Group can control the quantum and timing of distribution of profits of the Group's subsidiaries in the PRC, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

7 Directors' remuneration

Details of directors' remuneration are set out below:

	Year ended December 31, 2008					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment expenses (note)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Ng Tit	—	5,436	—	11	—	5,447
Ng Yuk Keung	—	—	—	—	—	—
Non-executive directors						
Chin Yu	—	215	—	3	—	218
Qian Wei	—	—	—	—	—	—
Stephen Cheuk Kin Law	—	—	—	—	—	—
Independent non-executive directors						
Patrick Sun	—	—	—	—	—	—
Yue Nien Martin Tang	—	—	—	—	—	—
Lap-Chee Tsui	—	—	—	—	—	—
Total	—	5,651	—	14	—	5,665

	Year ended December 31, 2009					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment expenses (note)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Ng Tit	—	2,997	—	11	—	3,008
Ng Yuk Keung	—	—	—	—	—	—
Non-executive directors						
Chin Yu	—	—	—	—	—	—
Qian Wei	—	—	—	—	—	—
Stephen Cheuk Kin Law	—	—	—	—	—	—
Independent non-executive directors						
Patrick Sun	—	—	—	—	—	—
Yue Nien Martin Tang	—	—	—	—	—	—
Lap-Chee Tsui	—	—	—	—	—	—
Total	—	2,997	—	11	—	3,008

	Year ended December 31, 2010					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment expenses (note)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Ng Tit	—	3,135	—	10	—	3,145
Ng Yuk Keung	601	931	—	9	2,702	4,243
Non-executive directors						
Chin Yu	—	—	—	—	—	—
Qian Wei	—	—	—	—	—	—
Stephen Cheuk Kin Law	—	—	—	—	—	—
Independent non-executive directors						
Patrick Sun	181	—	—	—	—	181
Yue Nien Martin Tang	181	—	—	—	—	181
Lap-Chee Tsui	163	—	—	—	—	163
Total	1,126	4,066	—	19	2,702	7,913

Note: These represent the estimated value of share options granted to the directors. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(p)(ii).

During the Relevant Period, no amount was paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 8 below as an inducement to join or upon joining the Group or as compensation for loss of office.

8 Individuals with highest emoluments

The five highest paid individuals of the Group during the Relevant Period include one, one and two director(s) for the years ended December 31, 2008, 2009 and 2010 respectively, whose emoluments are disclosed in note 7. The emoluments in respect of the remaining individuals are as follows:

	Years ended December 31		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Salaries and other emoluments	2,221	2,894	2,021
Retirement scheme contributions	139	118	121
Equity-settled share-based payment expenses	—	1,331	5,285
	2,360	4,343	7,427
Number of senior management	4	4	3

The above individuals' emoluments are within the following bands:

	Years ended December 31,		
	2008	2009	2010
	Number of individuals	Number of individuals	Number of individuals
HK$Nil to HK$1,000,000	4	—	—
HK$1,000,001 to HK$1,500,000	—	4	—
HK$2,500,001 to HK$3,000,000	—	—	2
HK$3,000,001 to HK$3,500,000	—	—	1

9 Earnings per share

Earnings per share information is not presented as its inclusion for the purpose of this report is not considered meaningful due to the Reorganization and the preparation of the results of the Group for the Relevant Period on a combined basis as disclosed in Section A.

10 Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Vaccine supply chain: this segment derives turnover from supply chain services for vaccine products manufactured by the Group's suppliers, which are purchased from suppliers and then sold through the Group's network.
- Vaccine promotion and sales: this segment derives turnover from selling and marketing vaccine products to customers, including promotion and ancillary supply chain services.
- Pharmaceutical promotion and sales: this segment derives turnover from selling and marketing pharmaceutical products to customers, including promotion and ancillary supply chain services.
- Other pharmaceutical: this segment derives turnover from supply chain services for pharmaceutical products sold through the Group's supply chain network and from the sale of generic pharmaceutical products manufactured by the Group.

The Group's revenue and profit/loss were derived from sales in the PRC and the principal assets employed by the Group were located in the PRC during the Relevant Period. Accordingly, no analysis by geographical segments has been provided for the Relevant Period. In addition, no information on segment assets and liabilities was prepared for review by the Group's most senior executive management for the Relevant Period for the purposes of resource allocation and performance assessment.

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The measure used for reporting segment operating profit/loss is "operating profit/loss" which is profit/loss from operations adjusted for items not specifically attributed to individual segments, such as other revenue, other net income/loss, directors' and auditors' remuneration and other head office or corporate administration costs.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the Relevant Period is set out below.

	Years ended December 31,														
	Vaccine supply chain			Vaccine promotion and sales			Pharmaceutical promotion and sales			Other pharmaceutical			Total		
	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment revenue	841,334	1,230,340	1,167,767	89,093	249,447	356,788	184,059	625,493	838,562	299,499	289,758	304,861	1,413,985	2,395,038	2,667,978
Cost of sales	(770,613)	(1,151,063)	(1,081,478)	(68,981)	(159,090)	(220,917)	(76,915)	(355,457)	(439,919)	(262,395)	(249,557)	(262,461)	(1,178,904)	(1,915,167)	(2,004,775)
Reportable segment gross profit	70,721	79,277	86,289	20,112	90,357	135,871	107,144	270,036	398,643	37,104	40,201	42,400	235,081	479,871	663,203
Reportable segment operating profit	40,626	47,100	44,970	9,771	60,216	64,888	46,220	103,399	194,741	12,862	13,119	10,255	109,479	223,834	314,854
Depreciation and amortization for the year	162	173	300	153	177	278	5,874	4,628	7,421	2,916	2,002	4,026	9,105	6,980	12,025

(b) Reconciliations of reportable segment revenues and profit or loss

	Years ended December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Revenue			
Reportable segment revenue and combined revenue	1,413,985	2,395,038	2,667,978
Profit			
Reportable segment operating profit	109,479	223,834	314,854
Unallocated head office and corporate expenses	(25,674)	(37,380)	(96,163)
Other revenue	48,196	7,670	28,698
Other net (loss)/income	(44,311)	(1,739)	8,148
Finance costs	(14,277)	(17,128)	(45,379)
Combined profit before taxation	73,413	175,257	210,158

11 Fixed assets

	Buildings held for own use	Plant and machinery	Furniture and fixtures	Leasehold improvements	Office equipment	Motor vehicles	Construction in progress	Sub-total	Interests in leasehold land held for own use under operating leases	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:										
At January 1, 2008	21,324	22,510	152	5,457	3,869	3,926	14,435	71,673	33,554	105,227
Exchange adjustments	—	—	(9)	(81)	(19)	(65)	—	(174)	—	(174)
Additions	—	947	—	5,040	391	644	53,592	60,614	—	60,614
Disposals	(18,472)	(12,800)	—	—	—	(127)	—	(31,399)	(17,376)	(48,775)
At December 31, 2008	2,852	10,657	143	10,416	4,241	4,378	68,027	100,714	16,178	116,892
Accumulated depreciation and amortization:										
At January 1, 2008	3,443	6,245	27	4,314	1,893	1,660	—	17,582	1,104	18,686
Exchange adjustments	—	—	(2)	(15)	(11)	(40)	—	(68)	—	(68)
Charge for the year	1,437	2,430	29	853	715	632	—	6,096	324	6,420
Written back on disposal . .	(4,376)	(5,072)	—	—	—	(114)	—	(9,562)	(883)	(10,445)
At December 31, 2008	504	3,603	54	5,152	2,597	2,138	—	14,048	545	14,593
Net book value:										
At December 31, 2008	2,348	7,054	89	5,264	1,644	2,240	68,027	86,666	15,633	102,299

	Buildings held for own use	Plant and machinery	Furniture and fixtures	Leasehold improvements	Office equipment	Motor vehicles	Construction in progress	Sub-total	Interests in leasehold land held for own use under operating leases	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:										
At January 1, 2009	2,852	10,657	143	10,416	4,241	4,378	68,027	100,714	16,178	116,892
Exchange adjustments	—	—	—	1	—	1	—	2	—	2
Additions	—	2,202	67	1,818	1,951	103	76,398	82,539	—	82,539
Disposals	—	—	(12)	(1,173)	(651)	(78)	—	(1,914)	—	(1,914)
Transfers	93,445	15,558	—	—	—	—	(109,003)	—	—	—
At December 31, 2009	96,297	28,417	198	11,062	5,541	4,404	35,422	181,341	16,178	197,519
Accumulated depreciation and amortization:										
At January 1, 2009	504	3,603	54	5,152	2,597	2,138	—	14,048	545	14,593
Charge for the year	132	1,375	29	1,920	731	677	—	4,864	324	5,188
Written back on disposal	—	—	(5)	(642)	(345)	(48)	—	(1,040)	—	(1,040)
At December 31, 2009	636	4,978	78	6,430	2,983	2,767	—	17,872	869	18,741
Net book value:										
At December 31, 2009	95,661	23,439	120	4,632	2,558	1,637	35,422	163,469	15,309	178,778

	Buildings held for own use	Plant and machinery	Furniture and fixtures	Leasehold improvements	Office equipment	Motor vehicles	Construction in progress	Sub-total	Interests in leasehold land held for own use under operating leases	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:										
At January 1, 2010	96,297	28,417	198	11,062	5,541	4,404	35,422	181,341	16,178	197,519
Exchange adjustments	—	—	(6)	(38)	(12)	(52)	—	(108)	—	(108)
Additions	4,088	1,636	387	1,957	1,570	3,179	48,027	60,844	17,528	78,372
Disposals	(2,851)	—	(367)	—	(32)	(701)	—	(3,951)	—	(3,951)
Transfers	46,307	13,699	—	—	—	—	(60,006)	—	—	—
At December 31, 2010	143,841	43,752	212	12,981	7,067	6,830	23,443	238,126	33,706	271,832
Accumulated depreciation and amortization:										
At January 1, 2010	636	4,978	78	6,430	2,983	2,767	—	17,872	869	18,741
Exchange adjustments	—	—	(3)	(6)	(8)	(28)	—	(45)	—	(45)
Charge for the year	5,209	3,451	40	2,036	769	1,166	—	12,671	360	13,031
Written back on disposal	(649)	—	—	—	(6)	(576)	—	(1,231)	—	(1,231)
At December 31, 2010	5,196	8,429	115	8,460	3,738	3,329	—	29,267	1,229	30,496
Net book value:										
At December 31, 2010	138,645	35,323	97	4,521	3,329	3,501	23,443	208,859	32,477	241,336

(a) Interests in leasehold land held for own use under operating leases represent land use rights under medium-term leases in the PRC. As at December 31, 2010, the remaining periods of the land use rights ranged from 40 to 47 years.

(b) As at December 31, 2008, 2009 and 2010, certain banking facilities of the Group were secured by the Group's buildings, interests in leasehold land held for own use under operating leases, plant and machinery and construction in progress amounting to a total of RMB73,583,000, RMB130,826,000 and RMB186,372,000 respectively.

(c) As at December 31, 2009 and 2010, the Group was applying for certificates of ownership for certain buildings and interests in leasehold land held for own use under operating leases, with net book value of RMB93,445,000 and RMB156,136,000 respectively, from the relevant PRC government authorities.

12 Intangible assets

	Trade-marks	New medicine protection rights	GSP license	Exclusive agency right	Club member-ships	Computer software	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At January 1, 2008	7,283	9,330	7,030	—	496	2,663	26,802
Exchange adjustments	—	—	—	—	(32)	—	(32)
Additions	—	—	—	30,000	—	87	30,087
At December 31, 2008	7,283	9,330	7,030	30,000	464	2,750	56,857
Accumulated amortization:							
At January 1, 2008	1,456	6,998	—	—	—	900	9,354
Charge for the year	728	2,332	—	1,000	—	535	4,595
At December 31, 2008	2,184	9,330	—	1,000	—	1,435	13,949
Net book value:							
At December 31, 2008	5,099	—	7,030	29,000	464	1,315	42,908

	Trade-marks	New medicine protection rights	GSP license	Exclusive agency right	Club member-ships	Computer software	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At January 1, 2009	7,283	9,330	7,030	30,000	464	2,750	56,857
Additions	—	—	—	—	760	353	1,113
At December 31, 2009	7,283	9,330	7,030	30,000	1,224	3,103	57,970
Accumulated amortization:							
At January 1, 2009	2,184	9,330	—	1,000	—	1,435	13,949
Charge for the year	728	—	—	3,000	—	389	4,117
At December 31, 2009	2,912	9,330	—	4,000	—	1,824	18,066
Net book value:							
At December 31, 2009	4,371	—	7,030	26,000	1,224	1,279	39,904

	Trade-marks	New medicine protection rights	GSP license	Exclusive agency right	Club member-ships	Computer software	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At January 1, 2010	7,283	9,330	7,030	30,000	1,224	3,103	57,970
Exchange adjustments	—	—	—	—	(17)	—	(17)
Additions	—	—	—	—	—	1,680	1,680
At December 31, 2010	7,283	9,330	7,030	30,000	1,207	4,783	59,633
Accumulated amortization:							
At January 1, 2010	2,912	9,330	—	4,000	—	1,824	18,066
Charge for the year	728	—	—	3,000	—	665	4,393
At December 31, 2010	3,640	9,330	—	7,000	—	2,489	22,459
Net book value:							
At December 31, 2010	3,643	—	7,030	23,000	1,207	2,294	37,174

(a) The Group reassessed the useful life of the GSP license at December 31, 2008, 2009 and 2010 and reached a conclusion that the GSP license continued to be regarded as having an indefinite useful life.

The Group has performed annual impairment tests for the GSP license by comparing the recoverable amount of the cash-generating unit ("CGU") to which it belongs to its carrying amounts and concluded that there is no impairment as at December 31, 2008, 2009 and 2010. The recoverable amount of the CGU is determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on a five-year financial budget approved by management and the directors. Discount rates of 15.6%, 16.2%, and 14.2% have been used in discounting the projected cash flows for the impairment tests as at December 31, 2008, 2009 and 2010 respectively.

(b) Club memberships represent the rights granted to use the club facilities over an indefinite period of time, and therefore, the useful life is indefinite. Accordingly, no amortization has been charged to profit or loss during the Relevant Period.

(c) The amortization charges throughout the Relevant Period are included in "distribution costs" and "administrative expenses" in the combined income statements.

13 Goodwill

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Cost and carrying amount:			
At January 1 and December 31	1,250	1,250	1,250

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified as follows:

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
NT Tongzhou (BJ) Pharma Co., Ltd.	769	769	769
NT Tongzhou Pharma (SH) Co., Ltd.	481	481	481
	1,250	1,250	1,250

The Group has performed annual impairment tests for goodwill by comparing the recoverable amounts of the CGUs containing goodwill to the carrying amounts as at December 31, 2008, 2009 and 2010. The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management and the directors covering a five-year period and on the following principal assumptions:

	As at December 31,		
	2008	2009	2010
	%	%	%
NT Tongzhou (BJ) Pharma Co., Ltd.			
- Gross margin	42.0-43.6	42.0-42.9	42.0-42.9
- Growth rate	11.8-210.0	11.8-30.4	11.8-32.4
- Discount rate	15.6	16.2	14.2
NT Tongzhou Pharma (SH) Co., Ltd.			
- Gross margin	17.9-18.8	13.0-16.6	12.6-17.0
- Growth rate	11.8-150.0	15.2-18.0	14.4-18.1
- Discount rate	15.6	16.2	14.2

The recoverable amounts of the respective CGUs exceeded their carrying amounts and the directors considered that there was no impairment of goodwill as at December 31, 2008, 2009 and 2010.

14 Inventories

(a) Inventories in the combined balance sheets comprise:

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Raw materials	2,560	9,899	7,397
Work in progress	2,221	3,472	1,502
Finished goods	120,838	217,591	518,100
Low value consumables	71	54	55
	125,690	231,016	527,054

As at December 31, 2009 and 2010, certain banking facilities of the Group were secured by the Group's inventories amounting to RMB20,845,000 and RMB52,971,000 respectively (see note 19).

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	Years ended December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Carrying amount of inventories sold	1,161,315	1,908,591	1,977,308
Write-down of inventories	2,442	3,725	5,114
	1,163,757	1,912,316	1,982,422

15 Trade and other receivables

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Trade debtors and bills receivable	539,303	1,124,087	1,579,305
Less: allowance for doubtful debts (note 15(b))	(5,030)	(13,268)	(12,595)
	534,273	1,110,819	1,566,710
Deposits, prepayments and other receivables	37,755	99,686	170,837
Amounts due from related companies	3,486	2,531	52
Amounts due from the Controlling Shareholders	—	718	614
	575,514	1,213,754	1,738,213

As at December 31, 2008, 2009 and 2010, the Group's deposits, prepayments and other receivables expected to be recovered or recognized as expenses after more than one year totaled RMB1,720,000, RMB1,576,000 and RMB960,000 respectively. All of the remaining trade and other receivables are expected to be recovered or recognized as expenses within one year.

The amounts due from related companies and the Controlling Shareholders are unsecured, interest free and repayable on demand.

As at December 31, 2008, 2009 and 2010, certain banking facilities of the Group were secured by the Group's trade and other receivables amounting to RMB66,339,000, RMB432,672,000 and RMB366,694,000 respectively (see note 19).

(a) Aging analysis

Included in trade and other receivables are trade debtors and bills receivable (net of allowance for doubtful debts) with the following aging analysis, based on the date of invoice, as of the balance sheet date:

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Within 3 months	413,392	928,286	886,616
More than 3 months but within 6 months	84,392	127,522	319,321
More than 6 months but within 1 year	24,580	44,412	149,300
More than 1 year but within 2 years	7,214	10,517	207,109
More than 2 years	4,695	82	4,364
	534,273	1,110,819	1,566,710

The directors have evaluated the status of all material trade receivables of the Group which are past due and the financial position and creditworthiness of such debtors, and they consider that there are no indications of any deterioration in the creditworthiness of the debtors or disputes with the debtors which may lead to non-payment of the outstanding trade receivables. The Group has also agreed with a majority of the debtors, which have debts aged over 1 year as at December 31, 2010, schedules of repayment of the outstanding debts. Based on the above, the directors are of the view that all the trade receivables which are past due but not impaired are recoverable and no impairment loss on such receivables is required.

Trade debtors are due within 30 to 240 days from the date of billing. Further details of the Group's credit policy are set out in note 25(a).

(b) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly (see note 1(j)(i)).

The movement in the allowance for doubtful debts during the Relevant Period is as follows:

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
At January 1	5,194	5,030	13,268
Impairment loss recognized during the year	—	8,238	3,109
Uncollectible amount written off	(164)	—	(3,782)
At December 31	5,030	13,268	12,595

At December 31, 2008, 2009 and 2010, the Group's trade debtors and bills receivable of RMB5,742,000, RMB14,375,000 and RMB17,541,000 respectively were individually determined to be impaired. The individually impaired receivables related to customers for which management assessed that only a portion of the receivables are expected to be recovered. Consequently, specific allowances for doubtful debts of RMB5,030,000, RMB13,268,000 and RMB12,595,000 were recognized as at December 31, 2008, 2009 and 2010 respectively. The Group does not hold any collateral over these balances.

(c) Trade debtors and bills receivable that are not impaired

The aging analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	438,232	907,760	918,233
Less than 3 months past due	76,877	137,195	298,448
More than 3 months but less than 6 months past due	4,084	43,793	87,997
More than 6 months but less than 1 year past due	3,449	20,713	214,658
Over 1 year past due	10,919	251	42,428
	95,329	201,952	643,531
	533,561	1,109,712	1,561,764

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

16 Pledged bank deposits

The deposits were pledged to the banks to secure certain bank loans and bills payable amounting to a total of RMB48,000,000, RMB96,720,000 and RMB163,712,000 as at December 31, 2008, 2009 and 2010 respectively (see notes 18 and 19).

17 Cash and cash equivalents

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Cash at bank and in hand	67,803	212,240	154,913
Bank overdrafts (note 19)	(869)	—	(5,103)
Cash and cash equivalents in the combined cash flow statements	66,934	212,240	149,810

As at December 31, 2008, 2009 and 2010, cash and bank balances placed with banks in the PRC amounted to RMB67,136,000, RMB195,870,000 and RMB149,785,000 respectively. Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

18 Trade and other payables

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Trade creditors and bills payable	343,070	617,238	781,891
Other payables and accrued charges	36,564	69,623	121,194
Construction payables	—	17,094	18,724
Receipts in advance	3,379	7,559	13,786
Amounts due to related companies	158,824	309,780	422,675
Amounts due to the Controlling Shareholders	21,351	21,363	—
	563,188	1,042,657	1,358,270

All of the trade and other payables are expected to be settled within one year or repayable on demand.

The amounts due to related companies and the Controlling Shareholders are unsecured, interest free and repayable on demand.

Included in trade and other payables are trade creditors and bills payable with the following aging analysis, based on the date of invoice, as of the balance sheet date:

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Within 3 months	305,475	581,580	481,471
More than 3 months but within 6 months	28,438	31,975	224,312
More than 6 months but within 1 year	3,856	2,007	6,332
More than 1 year	5,301	1,676	69,776
	343,070	617,238	781,891

19 Bank loans and overdrafts

As at December 31, 2008, 2009 and 2010, the bank loans and overdrafts were repayable as follows:

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	186,497	440,719	833,687

As at December 31, 2008, 2009 and 2010, the bank loans and overdrafts were secured as follows:

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Bank overdrafts (note 17)			
- secured	869	—	—
- unsecured	—	—	5,103
	869	—	5,103
Bank loans			
- secured	176,628	414,870	310,579
- unsecured	9,000	25,849	518,005
	185,628	440,719	828,584
	186,497	440,719	833,687

At December 31, 2008, 2009 and 2010, the banking facilities of the Group amounting to RMB220,600,000, RMB437,188,000 and RMB646,380,000 respectively, which were utilized to the extent of RMB177,497,000, RMB414,870,000 and RMB310,579,000 respectively, were secured by certain assets of the Group as set out below:

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Fixed assets	73,583	130,826	186,372
Prepayments for fixed assets (non-current)	11,441	6,263	—
Inventories	—	20,845	52,971
Trade and other receivables	66,339	432,672	366,694
Pledged bank deposits	51,262	45,562	25,189
	202,625	636,168	631,226

At December 31, 2008, certain banking facilities of the Group amounting to RMB72,600,000 were secured by properties of Rich Great International Industries Limited ("Rich Great") and the Controlling Shareholders of the Group, an unlimited cross guarantee given by Rich Great and a joint and several personal guarantee given by the Controlling Shareholders of the Group.

At December 31, 2009, certain banking facilities of the Group amounting to RMB181,446,000 were secured by properties of Rich Great and the Controlling Shareholders of the Group, a joint and several personal guarantee given by the Controlling Shareholders of the Group, a corporate guarantee given by NT Pharma (Holdings) Company Limited, the immediate holding company of the Company prior to the Reorganization, a guarantee given by a company controlled by the PRC government, and a guarantee given by the Government of the Hong Kong Special Administrative Region.

At December 31, 2010, certain banking facilities of the Group amounting to RMB587,776,000 were secured by a joint and several personal guarantee given by the Controlling Shareholders of the Group, a corporate guarantee given by NT Pharma (Holdings) Company Limited, a guarantee given by a company controlled by the PRC government, and a guarantee given by the Government of the Hong Kong Special Administrative Region.

Certain of the Group's banking facilities are subject to the fulfillment of covenants as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants.

As at December 31, 2010, covenants in relation to the interest coverage ratios of the Group and a subsidiary in respect of bank loans with carrying value of RMB28,116,000 had been breached. The creditor banks had the right to demand immediate repayment of the loans as a result of a breach of covenants and the management was in discussions with the creditor banks regarding such breaches of covenants. Subsequent to the year end, the creditor banks granted the Group waivers on March 29, 2011 from complying with the aforesaid financial covenants for the year ended December 31, 2010.

Details of the Group's interest rate risk are set out in note 25(c).

20 Other loan

Other loan as at December 31, 2009 represents an entrusted loan from a third party and is unsecured, interest-bearing at 5.35% per annum and repayable on March 25, 2010.

Other loan as at December 31, 2010 represents a loan from an entity controlled by the PRC government and is unsecured and interest-bearing at 4.86% per annum. The loan was subsequently settled on January 17, 2011.

21 Income tax in the combined balance sheets

(a) Current taxation in the combined balance sheets represents:

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Provision for Hong Kong Profits Tax	—	3,750	7,217
Provision for PRC Income Tax	12,823	51,181	44,724
	12,823	54,931	51,941

(b) Deferred tax assets and liabilities recognized:

The components of deferred tax (assets)/liabilities recognized in the combined balance sheets and the movements during the Relevant Period are as follows:

Deferred tax arising from:	Revaluation of assets arising from acquisition of business	Provisions and impairment	Tax losses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2008	3,089	(2,080)	(1,780)	61	(710)
Exchange adjustments	—	—	—	(4)	(4)
(Credited)/charged to profit or loss	(276)	446	584	(57)	697
At December 31, 2008	2,813	(1,634)	(1,196)	—	(17)
At January 1, 2009	2,813	(1,634)	(1,196)	—	(17)
(Credited)/charged to profit or loss	(73)	(2,913)	1,196	—	(1,790)
At December 31, 2009	2,740	(4,547)	—	—	(1,807)
At January 1, 2010	2,740	(4,547)	—	—	(1,807)
Credited to profit or loss	(79)	(1,372)	—	—	(1,451)
At December 31, 2010	2,661	(5,919)	—	—	(3,258)

Reconciliation to the combined balance sheets

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognized in the combined balance sheets	(899)	(3,812)	(5,919)
Net deferred tax liabilities recognized in the combined balance sheets	882	2,005	2,661
	(17)	(1,807)	(3,258)

(c) Deferred tax assets not recognized

In accordance with the accounting policy set out in note 1(q), the Group did not recognize deferred tax assets in respect of unused tax losses of RMB29,428,000, RMB18,689,000 and RMB33,363,000 as at December 31, 2008, 2009 and 2010 respectively. The directors consider it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity.

As at December 31, 2010, tax losses of RMB829,000, RMB6,508,000, RMB6,274,000 and RMB18,967,000 will expire in 2012, 2013, 2014 and 2015 respectively, while the remaining tax losses of RMB785,000 do not expire under the current tax legislation.

(d) Deferred tax liabilities not recognized

No deferred tax liabilities in respect of undistributed profits of PRC subsidiaries have been provided as the Group controls the dividend policy of these subsidiaries and has no plans to distribute profits that were subject to PRC dividend withholding tax in the foreseeable future.

As at December 31, 2008, 2009 and 2010, the aggregate amounts of undistributed profits of the Group's PRC subsidiaries in respect of which the Group did not provide for dividend withholding tax were approximately RMB80,329,000, RMB193,386,000 and RMB389,718,000 respectively.

22 Government grants

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
At January 1	13,255	—	—
Additions	32,725	—	—
Recognized as income (note 3)	(45,980)	—	—
At December 31	—	—	—

Government grants represent the amounts received for compensation of loss on disposal of fixed assets due to the relocation of a factory in the PRC. The government grants totaling RMB45,980,000 were recognized as income during the year ended December 31, 2008 upon the completion of the relocation.

23 Equity-settled share-based transactions

NT Pharma (Holdings) Company Limited ("NT Holdings"), the immediate holding company of the Group prior to the Reorganization, has a share option scheme which was adopted on September 18, 2009. Under the scheme, certain employees of the Group may be granted share options to acquire the shares in NT Holdings. The options vest after one to three years from the date of grant and are exercisable within ten years after the date of grant. Each option gives the holder the right to subscribe for one ordinary share in NT Holdings.

As the share options were granted by NT Holdings to the employees of the Group, compensation expenses for services provided by the employees have been recognized based on the grant date fair value of the share options with a corresponding amount recorded in capital reserve as a capital contribution from NT Holdings.

(a) The terms and conditions of the grants are as follows:

Options granted to employees	Number of instruments	Vesting conditions	Contractual life of options
On September 18, 2009	19,335,933	One year from the date of grant	10 years
On September 18, 2009	19,335,933	Two years from the date of grant	10 years
On September 18, 2009	19,335,933	Three years from the date of grant	10 years
On January 28, 2010	7,582,642	One year from the date of grant	10 years
On January 28, 2010	7,582,641	Two years from the date of grant	10 years
On January 28, 2010	7,582,641	Three years from the date of grant	10 years
On March 1, 2010	1,666,667	One year from the date of grant	10 years
On March 1, 2010	1,666,667	Two years from the date of grant	10 years
On March 1, 2010	1,666,666	Three years from the date of grant	10 years
On July 1, 2010	3,166,667	One year from the date of grant	10 years
On July 1, 2010	3,166,667	Two years from the date of grant	10 years
On July 1, 2010	3,166,666	Three years from the date of grant	10 years
On September 1, 2010	533,333	One year from the date of grant	10 years
On September 1, 2010	533,333	Two years from the date of grant	10 years
On September 1, 2010	533,334	Three years from the date of grant	10 years
On November 1, 2010	666,667	One year from the date of grant	10 years
On November 1, 2010	666,667	Two years from the date of grant	10 years
On November 1, 2010	666,666	Three years from the date of grant	10 years
On December 17, 2010	400,000	One year from the date of grant	10 years
On December 17, 2010	400,000	Two years from the date of grant	10 years
On December 17, 2010	400,000	Three years from the date of grant	10 years
	100,055,723		

(b) The number and weighted average exercise prices of share options are as follows:

	Year ended December 31,	
	2009	2010
	Number of options	Number of options
Outstanding at the beginning of the year	—	58,007,799
Granted during the year	58,007,799	42,047,924
Forfeited during the year	—	(10,141,366)
Outstanding at the end of the year	58,007,799	89,914,357
Exercisable at the end of the year	—	16,412,341

As at December 31, 2009, NT Holdings had 58,007,799 share options issued and outstanding, each of which had an exercise price of US$0.10. As at December 31, 2010, NT Holdings had 88,714,357 share options issued and outstanding, each of which had an exercise price of US$0.10, and another 1,200,000 share options issued and outstanding, each of which had an exercise price being 70% of the offer price at which the Company will offer its shares for subscription in its initial public offering ("the Offer Price"). The options outstanding at December 31, 2009 and 2010 had a weighted average remaining contractual life of 9.7 years and 9.0 years, respectively.

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The fair value of the share options granted is estimated based on the binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

	Options granted on September 18, 2009	Options granted on January 28, 2010	Options granted on March 1, 2010	Options granted on July 1, 2010	Options granted on September 1, 2010	Options granted on November 1, 2010	Options granted on December 17, 2010
Fair value of share options and assumptions							
Fair value at measurement date	US$ 0.07	US$ 0.08	US$ 0.07	US$ 0.11	US$ 0.11	US$ 0.08	US$ 0.09
Estimated share price	US$ 0.12	US$ 0.14	US$ 0.12	US$ 0.17	US$ 0.17	US$ 0.17	US$ 0.17
Exercise price	US$ 0.10	US$ 0.10	US$ 0.10	US$ 0.10	US$ 0.10	US$ 0.10	70% of the Offer Price
Expected volatility	58.46%	58.23%	58.00%	59.51%	58.94%	53.10%	57.19%
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate	4.297%	4.378%	4.293%	4.072%	3.415%	3.241%	3.858%

The expected volatility is based on the historical volatility of listed companies in similar industries (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share options granted.

24 Capital, reserves and dividends

(a) Dividend

No dividend was declared or paid by the Company during the Relevant Period to its equity shareholders.

(b) Share capital

For the purpose of this Financial Information, the share capital in the combined balance sheets as at December 31, 2008 and 2009 represents the share capital of NT Pharma (Group) Co., Ltd., being 2 shares of US$1 each.

The Company was incorporated on March 1, 2010 with an authorized share capital of US$50,100 divided into 626,250,000,000 shares of US$0.00000008 each.

The share capital in the combined balance sheet as at December 31, 2010 represents the aggregate amount of the share capital of the Company and NT Pharma (Group) Co., Ltd., comprising 1 share of US$0.00000008 and 2 shares of US$1 each, respectively.

Upon the completion of the Reorganization on April 8, 2011, the Company became the holding company of the Group.

(c) Nature and purpose of reserves

(i) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of non-PRC entities. The reserve is dealt with in accordance with the accounting policy set out in note 1(u).

(ii) Statutory reserve

Pursuant to applicable PRC regulations, all PRC subsidiaries of the Group are required to appropriate 10% of their after-tax profit (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of the registered capital of each relevant PRC subsidiary. The transfer to the statutory reserve must be made before distribution of dividends to shareholders. The statutory reserve fund can be utilized, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the subsidiary.

(iii) Merger reserve

The merger reserve represents the difference between the net assets of the subsidiaries acquired in 2005 which were under common control of the Controlling Shareholders and the cash consideration paid.

(iv) Capital reserve

The capital reserve represents the portion of the grant date fair value of unexercised share options granted to employees of the Group by NT Holdings that has been recognized in accordance with the accounting policy adopted for share-based payments as set out in note 1(p)(ii).

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors capital with reference to its debt position. The Group's strategy was to maintain the equity and debt in a balanced position and ensure there was adequate working capital to service its debt obligations. The Group's gearing ratio, being the Group's total borrowings over its total assets, at December 31, 2008, 2009 and 2010 was 19.0%, 26.2% and 30.5% respectively.

25 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

(i) Trade and other receivables

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to credit risk are monitored on an ongoing basis.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 240 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 15.

At the balance sheet date, the Group has a certain concentration of credit risk as 9.2%, 7.0% and 5.0% of total trade receivables were due from the Group's largest customer, and 27.0%, 21.0% and 13.8% of total trade receivables were due from the Group's five largest customers as at December 31, 2008, 2009 and 2010 respectively.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the combined balance sheets after deducting any impairment allowance. Except for the financial guarantees given by the Group as set out in note 27, the Group does not provide any other guarantees which would expose the Group to credit risk.

(ii) Cash at banks

The Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit ratings. Given the high credit ratings of the banks, management does not expect any counterparty to fail to meet its obligations.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the management and directors when the borrowing exceeds certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

All non-interest bearing financial liabilities of the Group are carried at amounts not materially different from their contractual undiscounted cash flow as all the financial liabilities are with maturities within one year or repayable on demand at the respective balance sheet date. Other loan is repayable within one year of the balance sheet date.

The following tables show the remaining scheduled maturities at the respective balance sheet date of the Group's bank loans if the bank loans are to be repaid over the agreed repayment schedules, which are based on scheduled undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date):

	As at December 31, 2008 Scheduled undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount in the combined balance sheet
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	188,978	—	—	188,978	185,628

	As at December 31, 2009 Scheduled undiscounted cash outflow				Carrying amount in the combined balance sheet
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	434,002	4,183	10,690	448,875	440,719

	As at December 31, 2010 Scheduled undiscounted cash outflow				Carrying amount in the combined balance sheet
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	838,689	3,266	7,528	849,483	828,584

Bank loans scheduled to be repaid after one year from the balance sheet date are classified as current liabilities in the combined balance sheets as they are repayable on demand.

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans, other loan and bank balances. Borrowings at variable rates expose the Group to cash flow interest rate risk. The Group does not use financial derivatives to hedge against the interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's net interest-bearing liabilities (being interest-bearing financial liabilities less pledged bank deposits and cash at bank and in hand) at the balance sheet date:

	As at December 31,					
	2008		2009		2010	
	Effective interest rate	RMB'000	Effective interest rate	RMB'000	Effective interest rate	RMB'000
Net fixed rate borrowings:						
Bank loans	4.86% to 10.46%	129,757	1.06% to 5.91%	365,203	2.05% to 6.12%	690,914
Other loan		—	5.35%	70,000	4.86%	6,500
		129,757		435,203		697,414
Less: Pledged bank deposits		—	0.75%	(42,410)	0.75% to 2.22%	(36,845)
		129,757		392,793		660,569

	As at December 31,					
	2008		2009		2010	
	Effective interest rate	RMB'000	Effective interest rate	RMB'000	Effective interest rate	RMB'000
Net variable rate deposits:						
Bank loans and bank overdrafts	1.70% to 5.18%	56,740	1.95% to 4.75%	75,516	2.11% to 6.39%	142,773
Less: Pledged bank deposits	0.36% to 1.71%	(51,262)	0.36% to 1.71%	(13,580)	0.01% to 1.91%	(10,235)
Cash at bank and in hand	0.13% to 0.36%	(67,803)	0.01% to 0.36%	(212,240)	0.01% to 0.36%	(154,913)
		(62,325)		(150,304)		(22,375)
Total net interest-bearing liabilities		67,432		242,489		638,194

(ii) Sensitivity analysis

At December 31, 2008, 2009 and 2010, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after taxation and retained profits by approximately RMB117,000, RMB282,000 and RMB42,000 for the years ended December 31, 2008, 2009 and 2010 respectively.

The sensitivity analysis above indicates the annualized impact on the Group's interest expense that would arise assuming that the change in interest rates had occurred at the respective balance sheet date and had been applied to floating rate instruments which expose the Group to cash flow interest rate risk at that date. The analysis does not take into account exposure to fair value interest rate risk arising from fixed rate instruments as the Group does not hold any fixed rate instruments which are measured at fair value. This analysis has been performed on the same basis throughout the Relevant Period.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a foreign currency i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("USD") and Great Britain Pounds ("GBP"). In addition, certain bank loans are also denominated in USD. At present, the Group has no hedging policy with respect to its foreign exchange exposure.

(i) Exposure to currency risk

The following table details the Group's major exposure at the balance sheet date to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of non-PRC group entities into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in Renminbi)					
	As at December 31,					
	2008		2009		2010	
	USD	GBP	USD	GBP	USD	GBP
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other receivables	—	—	26,261	—	—	—
Pledged bank deposits	51,262	—	42,409	—	25,119	—
Cash at bank and in hand	5,617	—	40,550	—	5,199	—
Trade and other payables	(34,784)	—	(81,771)	(93,140)	(22,746)	(69,557)
Bank loans	—	—	(92,097)	—	(72,706)	—
	22,095	—	(64,648)	(93,140)	(65,134)	(69,557)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after taxation (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the balance sheet date had changed at that date, assuming all other risk variables remained constant.

	As at December 31,					
	2008		2009		2010	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after taxation and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after taxation and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after taxation and retained profits
		RMB'000		RMB'000		RMB'000
USD	5%	829	5%	(2,424)	5%	(2,443)
	(5)%	(829)	(5)%	2,424	(5)%	2,443
GBP	5%	—	5%	(3,493)	5%	(2,608)
	(5)%	—	(5)%	3,493	(5)%	2,608

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after taxation measured in the respective functional currencies, translated into Renminbi at the exchange rates ruling at the balance sheet date for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date. The analysis excludes differences that would result from the translation of the financial statements of non-PRC incorporated subsidiaries into the Group's presentation currency. The analysis has been performed on the same basis throughout the Relevant Period.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at December 31, 2008, 2009 and 2010.

26 Commitments

(a) Capital commitments outstanding at December 31, 2008, 2009 and 2010 not provided for in the Financial Information were as follows:

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Contracted for	43,353	13,864	10,883
Authorized but not contracted for	12,693	10,184	—
	56,046	24,048	10,883

(b) At December 31, 2008, 2009 and 2010, the total future minimum lease payments under non-cancelable operating leases are payable as follows:

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Within 1 year	7,965	7,456	6,369
After 1 year but within 5 years	9,137	6,831	3,340
	17,102	14,287	9,709

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to three years. None of the leases includes contingent rentals.

27 Contingent liabilities

Financial guarantees issued

At December 31, 2008, the Group has issued a cross guarantee to a bank in respect of banking facilities granted to Rich Great, a related company.

At December 31, 2008, the directors do not consider it probable that a claim will be made against the Group under this guarantee. The maximum liability of the Group at December 31, 2008 under this guarantee is represented by the facilities drawn down by Rich Great amounting to RMB15,401,000. Due to the related party nature of this instrument, the directors consider it is not meaningful and practicable to estimate the fair values of the financial guarantees and therefore they have not been recognized in this Financial Information.

The above cross guarantee to the bank was released during the year ended December 31, 2009.

28 Material related party transactions

During the Relevant Period, transactions with the following parties are considered to be related party transactions:

Name of related party	Relationship with the Group
Mr. Ng Tit and Ms. Chin Yu	Directors and the Controlling Shareholders of the Group
Rich Great International Industries Limited	Controlled by the Controlling Shareholders
NT Pharma (Holdings) Company Limited	The immediate holding company of the Group prior to the Reorganization and controlled by the Controlling Shareholders
Suzhou Pharmaceutical (Group) Co., Ltd. (蘇州醫藥(集團)有限公司) (Note)	Minority shareholder of Suzhou First Pharmaceutical Co., Ltd.
Suzhou No. 4 Pharmaceutical Factory (蘇州第四製藥有限公司) (Note)	Controlled by Suzhou Pharmaceutical (Group) Co., Ltd.

Note: The English translation of the names is for reference only. The official names of these entities are in Chinese.

The Group has entered into the following material related party transactions during the Relevant Period:

(a) Transactions with related parties

	Years ended December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Purchases of goods from Suzhou No. 4 Pharmaceutical Factory	9,873	15,161	13,106

The directors have confirmed that the purchases of goods from Suzhou No.4 Pharmaceutical Factory will continue upon listing of the Company's shares on HKSE. In the opinion of the directors, these related party transactions were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	Years ended December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Short-term employee benefits	9,219	7,814	10,086
Equity-settled share-based payment expenses	—	2,270	13,421
	9,219	10,084	23,507

Total remuneration is disclosed in "staff costs" (see note 5(b)).

(c) Balances with related parties

At December 31, 2008, 2009 and 2010, the Group had the following balances with related parties:

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Amounts due from related companies			
- NT Pharma (Holdings) Company Limited	2,476	2,531	52
- Suzhou No. 4 Pharmaceutical Factory	1,010	—	—
	3,486	2,531	52
Amounts due from the Controlling Shareholders	—	718	614
Amounts due to related companies			
- NT Pharma (Holdings) Company Limited	155,880	307,463	415,955
- Rich Great International Industries Limited	2,886	—	—
- Suzhou No. 4 Pharmaceutical Factory	—	2,259	6,720
- Suzhou Pharmaceutical (Group) Co., Ltd.	58	58	—
	158,824	309,780	422,675
Amounts due to the Controlling Shareholders	21,351	21,363	—

The balances with the related parties and the Controlling Shareholders are unsecured, interest free and repayable on demand.

Amounts due to NT Pharma (Holdings) Company Limited represent cash advances to the Group to finance the Group's operations. The directors of the Company have confirmed that the net balances of amounts due to/from NT Pharma (Holdings) Company Limited have been subsequently settled by the issuance of ordinary shares of the Company prior to the listing of the Company's shares on HKSE.

The amount due to Suzhou No. 4 Pharmaceutical Factory represents payables for purchases of raw material and has a credit term of 60 days from the date of billing.

The amounts due to the Controlling Shareholders were settled on February 10, 2010.

(d) Personal guarantees provided to the Group in respect of banking facilities

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Mr. Ng Tit and Ms. Chin Yu	72,600	141,446	317,775

The directors have confirmed that the guarantees issued by Mr. Ng Tit and Ms. Chin Yu will be released by the creditor banks upon the listing of the Company's shares on HKSE.

(e) Corporate guarantee provided to the Group in respect of banking facilities

	As at December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
NT Pharma (Holdings) Company Limited	—	141,446	242,775

(f) Pledge of assets provided to the Group for banking facilities

As at December 31, 2008 and 2009, certain banking facilities of the Group amounting to RMB72,600,000 and RMB60,314,000 were guaranteed by Rich Great and secured by pledged deposits and properties of Rich Great.

The above guarantee by Rich Great was released and the security of the pledged deposits and properties of Rich Great were discharged during the year ended December 31, 2010.

29 Accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing the Financial Information. The principal accounting policies are set forth in note 1. Notes 12, 13 and 23 contain information about the assumptions and their risk factors relating to impairment of intangible assets and goodwill and the valuation of share options granted. Other key sources of estimation uncertainty in the preparation of the Financial Information are as follows:

(a) Impairment of non-current assets

If circumstances indicate that the carrying value of a non-current asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognized in profit or loss. The carrying amounts of non-current assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable and goodwill is tested for impairment at least annually. When such a decline has occurred, the carrying amount is reduced to the recoverable amount.

The recoverable amount is the greater of the fair value less costs to sell and value in use. It is difficult to precisely estimate fair value because quoted market prices for the Group's assets are not readily available. In determining value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to level of sales volume and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume and amount of operating costs.

(b) Depreciation

Fixed assets are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the fixed assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(c) Impairment of trade receivables

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and estimates allowances for doubtful debts as a result of the inability of the debtors to make required payments. The Group bases the estimates on the aging of the trade receivables balance, credit-worthiness of the customer and historical write-off experience. If the financial condition of the debtors were to deteriorate, actual write-offs would be higher than estimated.

(d) Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of a similar nature. These estimates could change significantly as a result of changes in customer preferences and competitor actions. Management reassesses these estimates at each balance sheet date.

30 Financial information of the Company

The Company was incorporated in the Cayman Islands on March 1, 2010. The issued capital as at the date of incorporation was US$0.00000008. As at December 31, 2010, one share was allotted and issued to NT Pharma (Holdings) Company Limited as part of the Reorganization as detailed in the section headed "Our History and Reorganization" in the Prospectus. The Company has not carried on any business since the date of incorporation to December 31, 2010.

31 List of auditors of the subsidiaries

The list of auditors of the statutory financial statements of the subsidiaries was as follows:

Name of company	Financial period	Statutory auditors
NTP (China) Investment Co., Limited	For the years ended December 31, 2008 and 2009	KPMG
NT Pharma (HK) Limited	For the years ended December 31, 2008 and 2009	KPMG
NT Pharma (SH) Co., Ltd.* (泰凌醫藥貿易(上海)有限公司)	For the years ended December 31, 2008 and 2009	Shanghai Chenghui Certified Public Accountants Co., Ltd.* (上海誠滙會計師事務所有限公司)
NT Tongzhou (BJ) Pharma Co., Ltd.* (泰凌同舟(北京)醫藥有限公司)	For the years ended December 31, 2008 and 2009	Beijing Zhong Yan Tong Accountant Office Co., Ltd.* (北京中燕通會計師事務所有限公司)
Guangdong NT Pharma Co., Ltd.* (廣東泰凌醫藥有限公司)	For the years ended December 31, 2008 and 2009	Guangdong Hong Jian Certified Public Accountants Company Limited* (廣東宏建會計師事務所有限公司)
NT Tongzhou Pharma Consulting (SH) Co., Ltd.* (泰凌同舟醫藥諮詢(上海)有限公司)	For the years ended December 31, 2008 and 2009	Shanghai Chenghui Certified Public Accountants Co., Ltd.* (上海誠滙會計師事務所有限公司)
Hainan NT Biologicals Co., Ltd.* (海南泰凌生物製品有限公司)	For the years ended December 31, 2008 and 2009	Hainan Haixin Accountant Affairs Office* (海南海信會計師事務所)
NT Tongzhou Pharma (SH) Co., Ltd.* (泰凌同舟醫藥(上海)有限公司)	For the years ended December 31, 2008 and 2009	Shanghai Chenghui Certified Public Accountants Co., Ltd.* (上海誠滙會計師事務所有限公司)
Suzhou First Pharmaceutical Co., Ltd.* (蘇州第壹製藥有限公司)	For the years ended December 31, 2008 and 2009	Suzhou Jianxin Certified Public Accountants Co., Ltd.* (蘇州建信會計師事務所)

Name of company	Financial period	Statutory auditors
NT Pharma (China) Co., Ltd.* (泰凌醫藥(中國)有限公司)	For the years ended December 31, 2008 and 2009	Suzhou Jianxin Certified Public Accountants Co., Ltd.* (蘇州建信會計師事務所)
NT Pharma (Jiangsu) Co., Ltd.* (泰凌醫藥(江蘇)有限公司)	For the period from May 7, 2009 (date of establishment) to December 31, 2009	Jiangsu Zhongxing Certified Public Accountants Co., Ltd.* (江蘇中興會計師事務所有限公司)
NT Pharma Information Consulting (SH) Co., Ltd.* (泰凌醫藥信息諮詢(上海)有限公司)	For the period from June 26, 2009 (date of establishment) to December 31, 2009	Shanghai Chenghui Certified Public Accountants Co., Ltd.* (上海誠滙會計師事務所有限公司)
NT Pharma (China) Investment Co., Ltd.* (泰凌(中國)醫藥投資有限公司)	For the period from September 7, 2009 (date of establishment) to December 31, 2009	Jiangsu Zhongxing Certified Public Accountants Co., Ltd.* (江蘇中興會計師事務所有限公司)

* The English translation of the names is for reference only. The official names of these entities are in Chinese.

32 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Period

Up to the date of this report, the HKICPA has issued a number of amendments and interpretations and one new standard which are not yet effective for the Relevant Period and which have not been adopted in the Financial Information, except for the amendment to HKFRS 8 "Operating Segments", which has been early adopted by the Group as mentioned in note 1(a) to the Financial Information.

The Group is in the process of making an assessment of what the impact of the following amendments, new standard and new interpretations, which have not been early adopted by the Group, is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

	Effective for accounting periods beginning on or after
Amendments to HKAS12, Income taxes	January 1, 2012
Improvements to HKFRSs 2010	July 1, 2010 or January 1, 2011
HKFRS 9, Financial instruments	January 1, 2013

33 Subsequent events

(a) Group Reorganization

On April 8, 2011, the Group completed the Reorganization to rationalize the Group's structure in preparing for the listing of the Company's shares on HKSE. Further details of the Reorganization are set out in the section headed "Our History and Reorganization" in the Prospectus. As a result of the Reorganization, the Company has become the holding company of the Group.

(b) Price controls

On March 7, 2011, the PRC government, through the National Development and Reform Committee, announced a reduction in the retail price ceilings for certain pharmaceutical products, which became effective on March 28, 2011. Two of the Group's pharmaceutical products, which we promote and sell, were included in this price ceiling reduction. The retail price ceilings for these products were reduced by approximately 29% and 28%, respectively, and such reduction in retail price ceilings may have an adverse impact on the Group's selling prices for these products.

The Group has obtained written confirmations from the suppliers of these products that they will compensate the Group and its customers for any losses incurred from the sale of remaining inventories of such products as of March 27, 2011 as a result of the reduced price ceilings. The management expects that the Group will enter into new or supplemental agreements with these suppliers which will set out the new supply prices for these products after the conclusion of negotiations with such suppliers. Based on the above, the management considers that the subsequent event has no material impact on the realization and recoverability of the Group's inventories and related trade receivables as of December 31, 2010.

D Subsequent financial statements

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period subsequent to December 31, 2010.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set forth below.

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this Prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the Accountants' Report set forth in Appendix I to this Prospectus.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma statement of our adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set forth herein to illustrate the effect of the Global Offering on our net tangible assets as of December 31, 2010 as if the Global Offering had taken place on December 31, 2010.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of our financial position following the Global Offering. It is prepared based on our combined net assets as of December 31, 2010 as derived from our combined financial information set forth in the Accountants' Report in Appendix I, and adjusted as described below.

	Combined net tangible assets attributable to equity shareholders of the Company as of December 31, 2010[1]	Estimated net proceeds from the Global Offering[2]	Unaudited pro forma adjusted combined net tangible assets[3]	Unaudited pro forma adjusted combined net tangible assets per Share[4][5]	
	RMB'000	RMB'000	RMB'000	RMB	HK$[6]
Based on an offer price of HK$4.54 per share	449,543	907,414	1,356,957	1.25	1.47
Based on an offer price of HK$6.00 per share	449,543	1,229,966	1,679,509	1.55	1.82

Notes:

(1) The combined net tangible assets attributable to equity shareholders of the Company as of December 31, 2010 is compiled based on the combined financial information included in the Accountants' Report set out in Appendix I to this prospectus, which is based on the combined net assets attributable to equity shareholders of the Company of RMB487,147,000 less goodwill of RMB1,250,000 and intangible assets of RMB37,174,000 and adjusting for the share of intangible assets attributable to non-controlling interests of RMB820,000.

(2) The estimated net proceeds from the Global Offering are based on indicative offer prices of HK$4.54 and HK$6.00 per Share, respectively, after deduction of the underwriting fees and other related expenses payable by the Company and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds have been converted to Renminbi at the rate of HK$1.00 = RMB0.8509 prevailing on December 31, 2010.

(3) The unaudited pro forma adjusted combined net tangible assets do not take into account the effect of the settlement of net balances of amounts due to NT Pharma (Holdings) Company Limited by issuance of ordinary shares prior to the listing of the Company's shares on the Hong Kong Stock Exchange.

(4) The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 1,081,916,500 Shares are in issue assuming that the Global Offering has been completed on December 31, 2010 but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(5) The Group's property interests as at February 28, 2011 have been valued by Vigers Appraisal & Consulting Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix IV "Property Valuation". The above unaudited pro forma statement of adjusted combined net tangible assets does not take into account the surplus attributable to the equity shareholders of the Company arising from the revaluation of the Group's property interests amounting to approximately RMB19.2 million. The revaluation surplus will not be incorporated in the Group's financial statements for the six months ending June 30, 2011. If the valuation surplus had been recorded in the Group's financial statements, additional annual depreciation and amortization of approximately RMB0.3 million would have been charged against the Group's profit.

(6) The unaudited pro forma adjusted combined net tangible assets per Share is converted into Hong Kong dollar at the rate of HK$1.00 = RMB0.8509 prevailing on December 31, 2010.

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per Share have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on January 1, 2011. This unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial results of the Group for the six months ending June 30, 2011 or any future period.

For the six months ending June 30, 2011

Forecast combined profit attributable to equity shareholders of the Company[(1)(3)]	Not less than RMB6.5 million (HK$7.6 million)
Unaudited pro forma forecast earnings per Share[(2)(3)]	Not less than RMB0.0060 (HK$0.0071)

Notes:

(1) The forecast combined profit attributable to equity shareholders of the Company for the six months ending June 30, 2011 is extracted from the section headed "Financial Information — Profit Forecast" in this prospectus. The bases and assumptions on which the above profit forecast has been prepared are set out in Appendix III to this prospectus.

(2) The calculation of the unaudited pro forma forecast earnings per Share for the six months ending June 30, 2011 is based on the above forecast combined net profit attributable to equity shareholders for the six months ending June 30, 2011 assuming that a total of 1,081,916,500 Shares were in issue during the entire period, without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma forecast earnings per Share is converted into Hong Kong dollar at the rate of HK$1.00 = RMB0.8509 prevailing on December 31, 2010.

C. COMFORT LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report prepared for the purpose of incorporation in this prospectus, received from the reporting accountants of the Company, KPMG, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information for the purpose of incorporation in this prospectus.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

April 8, 2011

The Directors
China NT Pharma Group Company Limited

Dear Sirs,

We report on the unaudited pro forma financial information ("the Pro Forma Financial Information") of China NT Pharma Group Company Limited ("the Company") and its subsidiaries ("the Group") set out in Parts A and B of Appendix II to the prospectus dated April 8, 2011 ("the Prospectus"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the Global Offering might have affected the financial information presented. The basis of preparation of the unaudited Pro Forma Financial Information is set out in Parts A and B of Appendix II to the Prospectus.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the unaudited Pro Forma Financial Information in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review performed in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA and, accordingly, we do not express any such audit or review assurance on the unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Company and that the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our procedures on the unaudited Pro Forma Financial Information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States), and, accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at December 31, 2010 or any future date; or
- the earnings per share of the Group for the six months ending June 30, 2011 or any future periods.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described under "Future Plans and Use of Proceeds" set out in the Prospectus.

Opinion

In our opinion:

a) the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Company, and

c) the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

A. OVERVIEW

Our forecast combined profit attributable to equity shareholders of the Company for six months ending June 30, 2011 is set out in the section headed "Financial Information — Profit Forecast for the Six Months Ending June 30, 2011" of this prospectus.

B. BASES

Our forecast of the combined profit attributable to equity shareholders of the Company for the six months ending June 30, 2011 (the "**Profit Forecast**") has been prepared based on our unaudited combined financial results shown in our management accounts for the two months ended February 28, 2011 and a forecast of our combined financial results for the remaining four months ending June 30, 2011.

The principal accounting policies adopted in the preparation of the Profit Forecast are consistent in all material respects with those adopted by our Group as set out in the accountant's report of our Company included in Appendix I of this prospectus.

C. ASSUMPTIONS

We have made the following principal assumptions in the preparation of our profit forecast.

- There will be no material changes in the existing political, legal, fiscal, market or economic conditions in the PRC, Hong Kong or any other countries or territories in which we currently operate or which are otherwise material to our business;
- There will be no changes in legislation, regulations or rules in the PRC, Hong Kong or any other countries or territories in which we operate or with which we have arrangements or agreements, which may materially and adversely affect our business or operations;
- There will be no material changes in the taxation system and relevant tax bases or tax rates or duties applied to our Group in the PRC, Hong Kong or any of the countries or territories in which our Group operates;
- There will be no material changes in inflation and interest rates from those currently prevailing in the countries where our customers and suppliers operate during the period covered by the forecasts.

3. LETTER FROM THE REPORTING ACCOUNTANTS ON THE PROFIT FORECAST

The following is the text of a letter, prepared for inclusion in this prospectus, received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the forecast of the combined profit attributable to our equity shareholders for the six months ending June 30, 2011.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

April 8, 2011

The Directors
China NT Pharma Group Company Limited

UBS AG, Hong Kong Branch

Dear Sirs

We have reviewed, in accordance with the Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants, the accounting policies adopted and calculations made in arriving at the forecast of the combined profit attributable to equity shareholders of China NT Pharma Group Company Limited ("the Company") for the six months ending June 30, 2011 ("the Profit Forecast"), for which the directors of the Company are solely responsible, as set forth in the section headed "Financial Information" in the prospectus of the Company dated April 8, 2011 ("the Prospectus").

The Profit Forecast has been prepared by the directors of the Company based on the unaudited combined financial results shown in the unaudited management accounts of the Company and its subsidiaries (collectively referred to as "the Group") for the two months ended February 28, 2011 and a forecast of the combined financial results of the Group for the remaining four months ending June 30, 2011.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the assumptions made by the directors as set out in Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated April 8, 2011, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

4. LETTER FROM THE SOLE SPONSOR

The following is the text of a letter, prepared for inclusion in this prospectus, received by our Directors from the Sole Sponsor in connection with the forecast of the consolidated profit attributable to our equity holders for the six months ending June 30, 2011 .

UBS

April 8, 2011

The Directors
China NT Pharma Group Company Limited

Dear Sirs

We refer to the combined profit forecast of China NT Pharma Group Company Limited (the "Company") and its subsidiaries (together the "Group") for six months ending June 30, 2011 (the "Profit Forecast") as set out in the paragraph headed "Profit Forecast" under the section headed "Financial Information" in the prospectus issued by the Company dated April 8, 2011.

The Profit Forecast, for which the Directors are solely responsible, has been prepared by them based on the unaudited combined results of the Group for the two months ended February 28, 2011 and a forecast of the combined results of the Group for the remaining four months ending June 30, 2011.

We have discussed with you the bases and assumptions upon which the Profit Forecast has been made. We have also considered the letter dated April 8, 2011 addressed to you and us from KPMG regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the information comprising the Profit Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by KPMG, we are of the opinion that the Profit Forecast, for which you as the Directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully
For and on behalf of
UBS AG, Hong Kong Branch

Name: Ronald Tam
Title: Executive Director

Name: Frank Sun
Title: Executive Director

The following is the text of a letter with the summary of valuation and valuation certificates received from Vigers Appraisal & Consulting Limited, an independent property valuer, prepared for the purpose of incorporation in the prospectus, in connection with their valuation as at February 28, 2011 of all the property interests of the Group.

Vigers Appraisal & Consulting Limited
International Asset Appraisal Consultants
10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

April 8, 2011

The Directors
China NT Pharma Group Company Limited
Units 2301-3, 23rd Floor
Henley Building,
No. 5 Queen's Road Central
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests held by China NT Pharma Group Company Limited (the "Company") and its subsidiaries (together referred to as the "Group") in the People's Republic of China (the "PRC") and the Hong Kong Special Administrative Region of the PRC ("Hong Kong"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at February 28, 2011 (the "date of valuation") for the purpose of incorporation into the prospectus.

Our valuation is our opinion of the market value of the property interest which we would define market value as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property interests in Group I, we have adopted a combination of the market and depreciated replacement cost approach in assessing the land portion of the property and the buildings and structures standing on the land respectively. Hence, the sum of the two results represents the market value of the property as a whole. In the valuation of the land portion, reference has been made to the standard land price and the sales evidence as available to us in the locality. As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement costs. The depreciated replacement cost approach considers the current cost of replacement (reproduction) of the buildings

and improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost approach generally furnishes the most reliable indication of value for property in the absence of a known market based on comparable sales. The approach is subject to adequate potential profitability of the business.

For property interests in Groups II and III which are rented by the Group in the PRC and Hong Kong, we have assigned no commercial value to them mainly due to the prohibition against assignment or sub-letting, the lack of substantial profit rents or the short term nature of such interests.

Our valuation has been made on the assumption that the owner sells the property interests on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property interests. In addition, no forced sale situation in any manner is assumed in our valuation.

We have not caused title searches to be made for the property interests at the relevant government bureau in the PRC. For the property interest in Hong Kong, we have caused searches to be made at the Land Registry. We have been provided with certain extracts of title documents relating to the property interests in the PRC. However, we have not inspected the original documents to verify the ownership, encumbrances or existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interests in the PRC, we have relied on the legal opinions provided by the Group's PRC legal advisor, King & Wood PRC Lawyers (the "PRC legal opinion").

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us by the Group on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, site and floor areas and in the identification of the property and other relevant matter. We have also been advised by the Group that no material facts had been concealed or omitted in the information provided to us. All documents have been used for reference only.

All dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are approximations only. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the properties are free from defect. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Our valuation is prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all money amounts stated are in Renminbi (RMB). The exchange rate used in valuing the properties in the PRC as at February 28, 2011 was HK$1=RMB0.844. There has been no significant fluctuation in the exchange rate for RMB against Hong Kong Dollars (HK$) between that date and the date of this letter.

We enclose herewith a summary of valuation and the valuation certificates.

Yours faithfully,
For and on behalf of
Vigers Appraisal & Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor
MRICS MHKIS MSc(e-com)
Managing Director

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), has over twenty-four years' experiences in undertaking valuations of properties in Hong Kong and has over seventeen years' experiences in valuations of properties in the PRC.

SUMMARY OF VALUATION

	Property	Market Value in existing state as at February 28, 2011	Interest attributable to the Group	Market Value in existing state attributable to the Group as at February 28, 2011
Group I — Property interests owned and occupied by the Group in the PRC				
1.	An industrial complex located at No. 1 Hualing Street, Suzhou Industrial Park, Suzhou City, Jiangsu Province, the PRC	RMB16,500,000 (equivalent to HK$19,550,000)	80%	RMB13,200,000 (equivalent to HK$15,640,000)
2.	An industrial complex located at the eastern side of Xinghua Street, Suzhou Industrial Park, Suzhou City, Jiangsu Province, the PRC	RMB19,260,000 (equivalent to HK$22,820,000)	100%	RMB19,260,000 (equivalent to HK$22,820,000)
	Sub-total:	**RMB35,760,000 (equivalent to HK$42,370,000)**		**RMB32,460,000 (equivalent to HK$38,460,000)**

	Property	Market Value in existing state as at February 28, 2011	Interest attributable to the Group	Market Value in existing state attributable to the Group as at February 28, 2011
Group II — Property interests rented and occupied by the Group in the PRC				
3.	Portion of Level 10 and a car parking space, Asia Pacific Enterprise Building, No. 333 Zhaojiabang Road, Xuhui District, Shanghai City, the PRC	No commercial value	100%	Nil
4.	Unit 105, Block 2, No. 888 Gangcheng Road, Pudong New District, Shanghai City, the PRC	No commercial value	100%	Nil
5.	Unit 503, Block 16, No. 600 Minsheng Road, Pudong New District, Shanghai City, the PRC	No commercial value	100%	Nil
6.	Northeastern Portion of Level 1, No. 78 Jiatai Road, Waigaoqiao Free Trade Zone, Pudong New District, Shanghai City, the PRC	No commercial value	100%	Nil
7.	Southeastern Portion of Level 1, No. 78 Jiatai Road, Waigaoqiao Free Trade Zone, Pudong New District, Shanghai City, the PRC	No commercial value	100%	Nil
8.	A building located at No. 289 Xiuyan Road, Kangqiao Industrial Zone, Pudong New District, Shanghai City, the PRC	No commercial value	100%	Nil

	Property	Market Value in existing state as at February 28, 2011	Interest attributable to the Group	Market Value in existing state attributable to the Group as at February 28, 2011
9.	Units 402-404, Level 4, No. 8 Yaocheng Avenue, Taizhou Medical High-tech Industry Park, Taizhou City, Jiangsu Province, the PRC	No commercial value	100%	Nil
10.	Unit 3611, Yao Zhong Plaza, No. 3-15 Linhe West Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC	No commercial value	100%	Nil
11.	Level 1, Warehouse Block C, Xia Mao Storage Centre, Baiyun District, Guangzhou City, Guangdong Province, the PRC	No commercial value	100%	Nil
12.	Portion of Level 1, Block East of Warehouse C, Xia Mao Logistics Centre, Baiyun District, Guangzhou City, Guangdong Province, the PRC	No commercial value	100%	Nil
13.	Unit B on Level 2 and Unit H1 on Level 5, Jin Ma Building, Jin Pan Industrial Zone, Haikou City, Hainan Province, the PRC	No commercial value	100%	Nil
14.	Levels 1 and 2, Block 2, Guanglian Industrial Zone Phase II, No. 2 Kechuang Fifth Road, Zhongguancun Science Park, Beijing City, the PRC	No commercial value	100%	Nil

	Property	Market Value in existing state as at February 28, 2011	Interest attributable to the Group	Market Value in existing state attributable to the Group as at February 28, 2011
15.	Unit 910, Building No. 16, China Central Place Apartment, No. 89 Jianguo Road, Chaoyang District, Beijing City, the PRC	No commercial value	100%	Nil
16.	Portion of No. 1 Yaocheng Avenue, Taizhou Medical High-tech Industry Park, Taizhou City, Jiangsu Province, the PRC	No commercial value	100%	Nil
17.	Unit 303, No. 1 Yaocheng Avenue, Taizhou Medical High-tech Industry Park, Taizhou City, Jiangsu Province, the PRC	No commercial value	100%	Nil
18.	Unit 101, Block 1, Shi Hui Fang Lin Li Centre, Suzhou Industrial Park, Suzhou City, Jiangsu Province, the PRC	No commercial value	100%	Nil
19.	Unit 2508, South Tower of Block C, Fu Hao Garden, No. 16 Yusha Road, Haikou City, Hainan Province, the PRC	No commercial value	100%	Nil

	Property	Market Value in existing state as at February 28, 2011	Interest attributable to the Group	Market Value in existing state attributable to the Group as at February 28, 2011
20.	Unit 2506, South Tower of Block C, Fu Hao Garden, No. 16 Yusha Road, Haikou City, Hainan Province, the PRC	No commercial value	100%	Nil
	Sub-total :	**Nil**		**Nil**
Group III — Property interest rented and occupied by the Group in Hong Kong				
21.	Units 2301-3 23rd Floor, Henley Building, No. 5 Queen's Road Central, Central, Hong Kong	No commercial value	100%	Nil
	Sub-total :	**Nil**		**Nil**
	Grand total :	**RMB35,760,000 (equivalent to HK$42,370,000)**		**RMB32,460,000 (equivalent to HK$38,460,000)**

VALUATION CERTIFICATES

Group I — Property interests owned and occupied by the Group in the PRC

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at February 28, 2011
1.	An industrial complex located at No. 1 Hualing Street, Suzhou Industrial Park, Suzhou City, Jiangsu Province, the PRC	The property comprises a parcel of land with a site area of approximately 49,998.98 sq.m. together with 3 buildings erected thereon. The buildings include an office building, a workshop and a gatehouse having a total gross floor area of approximately 20,447.2 sq.m. completed in 2009. The land use rights of the property have been granted for a term expiring on May 17, 2056 for industrial use.	The property is currently occupied by the Group for production, storage and office uses.	RMB16,500,000 (equivalent to HK$19,550,000) **Interest attributable to the Group** 80% **Market Value in existing state attributable to the Group as at February 28, 2011** RMB13,200,000 (equivalent to HK$15,640,000)

Notes:

1. According to a State-Owned Land Use Right Grant Contract (Document No.:110443) entered into between Chinese-Singapore Suzhou Industrial Park Development Co., Ltd. ("Party A") and Suzhou First Pharmaceutical Co., Ltd. (蘇州第壹製藥有限公司) ("Party B") dated May 18, 2006, Party A agreed to grant the land use rights of the property with a site area of approximately 49,998.98 sq.m. to Party B for industrial use at a consideration of RMB 4,499,908.20.
2. According to a State-owned Land Use Rights Certificate (Document No.: Su Gong Yuan Guo Yong (2006) No. 01074), the land use rights of the property having a site area of approximately 49,998.98 sq.m. have been granted to Suzhou First Pharmaceutical Co., Ltd. for a term expiring on May 17, 2056 for industrial use.
3. According to a Construction Land Use Planning Permit (Document No.: C20060011-01) issued by Suzhou Industrial Park Planning and Construction Bureau on September 1, 2006, the property with a site area of approximately 4.9999 hectares was permitted to be developed by Suzhou First Pharmaceutical Co., Ltd.
4. According to a Construction Works Planning Permit (Document No. Jian Zi No. 20081725) issued by Suzhou Industrial Park Planning and Construction Bureau on June 12, 2008, the construction works of the property with a total gross floor area of 28,285 sq.m. are in compliance with the urban construction requirements and are approved.
5. According to a Construction Works Commencement Permit (Document No. 320594200807010101) issued by Suzhou Industrial Park Planning and Construction Bureau on July 1, 2008, the construction works of the property with a gross floor area of 7,323 sq.m. are in compliance with the requirements for works commencement and are approved.

According to a Construction Works Commencement Permit (Document No. 320594200809230101) issued by Suzhou Industrial Park Planning and Construction Bureau on September 23, 2008, the construction works of the property with a gross floor area of 11,988 sq.m. are in compliance with the requirements for works commencement and are approved.

6. In the valuation of the property, we have attributed no commercial value to the office building, the workshop and the gatehouse which have not obtained Building Ownership Certificates. However, for reference purposes, we are of the opinion that the depreciated replacement cost of the buildings as at the date of valuation would be RMB106,500,000 (equivalent to approximately HK$126,180,000) (80% interest attributable to the Group: RMB85,200,000 (equivalent to approximately HK$100,940,000) assuming relevant title ownership certificates have been obtained and they could be freely transferred.

7. Suzhou First Pharmaceutical Co., Ltd. is an indirect 80% owned subsidiary of the Company.

8. The PRC legal opinion states, inter alia, the following:

   (i) Suzhou First Pharmaceutical Co., Ltd. has obtained the land use rights of the property.

   (ii) Suzhou First Pharmaceutical Co., Ltd. has applied for the completion certificates of the buildings. After obtaining the completion certificates and complying with all the required legal procedures, there is no legal impediment for Suzhou First Pharmaceutical Co., Ltd. to obtain the Building Ownership Certificates for the buildings.

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at February 28, 2011
2.	An industrial complex located at the eastern side of Xinghua Street, Suzhou Industrial Park, Suzhou City, Jiangsu Province, the PRC	The property comprises a parcel of land with a site area of approximately 57,921.06 sq.m. together with 3 buildings erected thereon. The buildings include a power generation center, a warehouse and a gatehouse having a total gross floor area of approximately 6,584.02 sq.m. completed in various stages between 2009 and 2010. The land use rights of the property have been granted for a term expiring on July 29, 2057 for industrial use.	The property is currently occupied by the Group for further development.	RMB19,260,000 (equivalent to HK$22,820,000) **Interest attributable to the Group** 100% **Market Value in existing state attributable to the Group as at February 28, 2011** RMB19,260,000 (equivalent to HK$22,820,000)

Notes:

1. According to a State-Owned Land Use Right Grant Contract (Document No.:110537) entered into between Chinese-Singapore Suzhou Industrial Park Development Co., Ltd. ("Party A") and NT Pharmaceutical (Suzhou) Co., Ltd. ("Party B") dated July 30, 2007, Party A agreed to grant the land use rights of the property with a site area of approximately 57,921.06 sq.m. to Party B for industrial use at a consideration of RMB 11,676,885.70.
2. According to a State-owned Land Use Rights Certificate (Document No.: Su Gong Yuan Guo Yong (2009) No. 00090), the land use rights of the property having a site area of approximately 57,921.06 sq.m. have been granted to NT Pharma (China) Co., Ltd. (泰凌醫藥(中國)有限公司) for a term expiring on July 29, 2057 for industrial use.
3. According to a Construction Land Use Planning Permit (Document No.: C20070015-01) issued by Suzhou Industrial Park Planning and Construction Bureau on December 20, 2007, the property with a site area of approximately 5.792 hectares was permitted to be developed by NT Pharmaceutical (Suzhou) Co., Ltd. (now known as NT Pharma (China) Co., Ltd.).
4. According to the Construction Works Planning Permit (Document No. Jian Zi No. 20091347) issued by Suzhou Industrial Park Planning and Construction Bureau on July 8, 2009, the construction works of the property with a total gross floor area of 5,194 sq.m. are in compliance with the urban construction requirements and are approved.
5. According to a Construction Works Commencement Permit (Document No.: 320594200807070301) issued by Suzhou Industrial Park Planning and Construction Bureau on July 7, 2008, the construction works of the property with a gross floor area of 1,313 sq.m. are in compliance with the requirements for works commencement and are approved.
6. According to a Construction Works Commencement Permit (Document No. 820594200912180101) issued by Suzhou Industrial Park Planning and Construction Bureau on December 18, 2009, the construction works of the property with a gross floor area of 5,239.5 sq.m. are in compliance with the requirements for works commencement and are approved.
7. The property is subject to a mortgage in favor of China Merchants Bank Co., Ltd. Suzhou Xiangcheng Branch at bank borrowing amount of RMB35,000,000 for a term expiring on May 20, 2011.

8. In the valuation of the property, we have attributed no commercial value to the buildings which has not obtained the Building Ownership Certificates. However, for reference purposes, we are of the opinion that the depreciated replacement cost of the buildings as at the date of valuation would be RMB31,400,000 (equivalent to approximately HK$37,200,000) assuming relevant title ownership certificates have been obtained and they could be freely transferred.

9. NT Pharma (China) Co., Ltd. is an indirect wholly-owned subsidiary of the Company.

10. The PRC legal opinion states, inter alia, the following:

    (i) NT Pharma (China) Co., Ltd. has obtained the land use rights of the property.

    (ii) After complying with all the required legal procedures, there is no legal impediment for NT Pharma (China) Co., Ltd. to obtain the Building Ownership Certificates for the buildings.

Group II — Property interests rented and occupied by the Group in the PRC

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
3.	Portion of Level 10 and a car parking space, Asia Pacific Enterprise Building, No. 333 Zhaojiabang Road, Xuhui District, Shanghai City, the PRC	The property comprises the whole of Level 10 and a car parking space an 18-storey building completed in 2001. The property (excluding the car parking space) has a gross floor area of approximately 1,753.52 sq.m.	The property is leased to NT Tongzhou Pharma (SH) Co., Ltd. (泰凌同舟醫藥(上海)有限公司) by Shanghai Chengkai (Group) Co., Ltd. (上海城開(集團)有限公司), an independent third party, for a term from July 11, 2008 to July 10, 2011 at a monthly rent of RMB225,812.18. Portion of the property having a gross floor area of approximately 453.71 sq.m. is subleased to NT Pharma Information Consulting (SH) Co., Ltd. (泰凌醫藥信息咨詢(上海)有限公司) for a term from January 11, 2009 to July 10, 2011 at a monthly rent of RMB57,961.45. The property is currently occupied by the Group for office and car parking uses.	No commercial value

Notes:

1. NT Tongzhou Pharma (SH) Co., Ltd. is an indirect wholly-owned subsidiary of the Company.
2. NT Pharma Information Consulting (SH) Co., Ltd. (泰凌醫藥信息咨詢(上海)有限公司) is an indirect wholly-owned subsidiary of the Company.
3. The PRC legal opinion states, inter alia, the following:
   (i) The property is owned by the lessor.
   (ii) The lessor has consented NT Tongzhou Pharma (SH) Co., Ltd. to sublease the property to NT Pharma Information Consulting (SH) Co., Ltd. (泰凌醫藥信息咨詢(上海)有限公司).
   (iii) NT Tongzhou Pharma (SH) Co., Ltd. and NT Pharma Information Consulting (SH) Co., Ltd. (泰凌醫藥信息咨詢(上海)有限公司) have the rights to occupy and use the property during the term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
4.	Unit 105, Block 2, No. 888 Gangcheng Road, Pudong New District, Shanghai City, the PRC	The property comprises an office unit on the Level 2 of a 2-storey building completed in 1994. The property has a gross floor area of approximately 30 sq.m.	The property is leased to NT Tongzhou Pharma (SH) Co., Ltd. (泰凌同舟醫藥(上海)有限公司) by Shanghai Pudong Gaojiang Construction Decoration Co., Ltd. (上海浦東高江建築裝潢有限公司), an independent third party, for a term from July 15, 2008 to July 14, 2011 at a monthly rent of RMB1,000. The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. NT Tongzhou Pharma (SH) Co., Ltd. is an indirect wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, inter alia, the following:
   (i) The property is owned by the lessor.
   (ii) As the nature of the land use right of the property is collective land, NT Tongzhou Pharma (SH) Co., Ltd. may not have the rights to lease the property.

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
5.	Unit 503, Block 16, No. 600 Minsheng Road, Pudong New District, Shanghai City, the PRC	The property comprises an office unit on Level 5 of an 18-storey office building completed in 2005. The property has a gross floor area of approximately 30 sq.m.	The property is leased to NT Tongzhou Pharma Consulting (SH) Co., Ltd. (泰淩同舟醫藥諮詢(上海)有限公司) by Shanghai Lu Fan Marine Services Co., Ltd. (上海陸帆海事服務有限公司), an independent third party, for a term of 3 years from January 11, 2010 to January 10, 2013 at an annual rent of RMB12,000. The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. NT Tongzhou Pharma Consulting (SH) Co., Ltd. (泰淩同舟醫藥諮詢(上海)有限公司) is an indirect wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, inter alia, the following:
   (i) The property is owned by the lessor.
   (ii) NT Tongzhou Pharma Consulting (SH) Co., Ltd. (泰淩同舟醫藥諮詢(上海)有限公司) has the rights to occupy and use the property during the term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
6.	Northeastern Portion of Level 1 No. 78 Jiatai Road, Waigaoqiao Free Trade Zone, Pudong New District, Shanghai City, the PRC	The property comprises a portion of a single storey building completed in 2000. The property has a gross floor area of approximately 1,026 sq.m.	The property is leased to NT Pharma (SH) Co., Ltd. (泰凌醫藥貿易(上海)有限公司) by Shanghai Waigaoqiao Free Trade Zone Jiuyi Resources Trading Co., Ltd. (上海外高橋保稅區玖益物資貿易有限公司), an independent third party, for a term from June 18, 2010 to June 17, 2011 at a monthly rent of RMB36,799.54. The property is currently occupied by the Group for storage use.	No commercial value

Notes:

1. NT Pharma (SH) Co., Ltd. is an indirect wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, inter alia, the following:
   (i) The property is owned by the lessor.
   (ii) NT Pharma (SH) Co., Ltd. has the rights to occupy and use the property during the term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
7.	Southeastern Portion of Level 1, No. 78 Jiatai Road, Waigaoqiao Free Trade Zone, Pudong New District, Shanghai City, the PRC	The property comprises a portion of a single storey building completed in 2000. The property has a gross floor area of approximately 300 sq.m.	The property is leased to NT Tongzhou Pharma Consulting (SH) Co., Ltd. (泰凌同舟醫藥諮詢(上海)有限公司) by Shanghai Waigaoqiao Free Trade Zone Jiuyi Resources Trading Co., Ltd. (上海外高橋保税區玖益物資貿易有限公司), an independent third party, for a term from June 18, 2010 to June 17, 2011 at a monthly rent of RMB10,760.1. The property is subleased to NT Tongzhou Pharma (SH) Co., Ltd. for a term from June 18, 2010 to June 17, 2011 at a monthly rent of RMB10,760.1. The property is currently occupied by the Group for storage use.	No commercial value

Notes:

1. NT Tongzhou Pharma Consulting (SH) Co., Ltd. (泰凌同舟醫藥諮詢(上海)有限公司) is an indirect wholly-owned subsidiary of the Company.
2. NT Tongzhou Pharma (SH) Co., Ltd. is an indirect wholly-owned subsidiary of the Company.
3. The PRC legal opinion states, inter alia, the following:
   (i) The property is owned by the lessor.
   (ii) The lessor has consented NT Tongzhou Pharma Consulting (SH) Co., Ltd. to sublease the property to NT Tongzhou Pharma (SH) Co., Ltd.
   (iii) NT Tongzhou Pharma Consulting (SH) Co., Ltd. (泰凌同舟醫藥諮詢(上海)有限公司) and NT Tongzhou Pharma (SH) Co. Ltd. have the rights to occupy and use the property during the term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
8.	A building located at No. 289 Xiuyan Road, Kangqiao Industrial Zone, Pudong New District, Shanghai City, the PRC	The property comprises a 2-storey building completed in 2004. The property has a gross floor area of approximately 1,910 sq.m.	The property is leased to NT Tongzhou Pharma (SH) Co., Ltd. (泰凌同舟醫藥(上海)有限公司) by Shanghai Qiangzi Trading Co., Ltd. (上海薔斯貿易有限公司), an independent third party, for a term from February 9, 2011 to February 8, 2014 at a semi-annual rent of RMB326,610. The property is currently occupied by the Group for storage use.	No commercial value

Notes:

1. NT Tongzhou Pharma (SH) Co., Ltd. (泰凌同舟醫藥(上海)有限公司) is an indirect wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, inter alia, the following:
   (i) The property is owned by the lessor.
   (ii) NT Tongzhou Pharma (SH) Co., Ltd. (泰凌同舟醫藥(上海)有限公司) has the rights to occupy and use the property during the term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
9.	Units 402-404, Level 4, No. 8 Yaocheng Avenue, Taizhou Medical High-tech Industry Park, Taizhou City, Jiangsu Province, the PRC	The property comprises 3 office units on the Level 4 of an 8-storey building completed in 2007. The property has a total gross floor area of approximately 241 sq.m.	The property is leased to NT Pharma (Jiangsu) Co., Ltd. (泰凌醫藥(江蘇)有限公司) by Taizhou Huaxin Pharma Investment Co., Ltd. (泰州華信藥業投資有限公司), an independent third party, for a term from September 15, 2009 to September 14, 2011 at an annual rent of RMB96,400. The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. NT Pharma (Jiangsu) Co., Ltd. (泰凌醫藥(江蘇)有限公司) is an indirect wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, inter alia, the following:
   (i) The property is owned by the lessor.
   (ii) NT Pharma (Jiangsu) Co., Ltd. (泰凌醫藥(江蘇)有限公司) has the rights to occupy and use the property during the term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
10.	Unit 3611, Yao Zhong Plaza, No. 3-15 Linhe West Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC	The property comprises an office unit on the Level 36 of a 43-storey building completed in 2007. The property has a gross floor area of approximately 211.22 sq.m.	The property is leased to Guangdong NT Pharma Co., Ltd. (廣東泰淩醫藥有限公司) by Guangzhou Yaozhong Real Estate Development Co., Ltd. (廣州耀中房地產發展有限公司), an independent third party, for a term from August 15, 2010 to August 14, 2011 at a monthly rent of RMB28,937. The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. Guangdong NT Pharma Co., Ltd. (廣東泰淩醫藥有限公司) is an indirect wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, inter alia, the following:
   (i) The property is owned by the lessor.
   (ii) Guangdong NT Pharma Co., Ltd. (廣東泰淩醫藥有限公司) has the rights to occupy and use the property during the term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
11.	Level 1, Warehouse Block C, Xia Mao Storage Centre, Baiyun District, Guangzhou City, Guangdong Province, the PRC	The property comprises the whole of the Level 1 of a 5-storey building completed in 1980. The property has a gross floor area of approximately 690 sq.m.	The property is leased to Guangdong NT Pharma Co., Ltd. (廣東泰淩醫藥有限公司) by Zhongjie Communication Co., Ltd. (中捷通信有限公司), an independent third party, for a term expiring on October 31, 2011 at a monthly rent of RMB17,940. The property is currently occupied by the Group for storage use.	No commercial value

Notes:

1. Guangdong NT Pharma Co., Ltd. (廣東泰淩醫藥有限公司) is an indirect wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, inter alia, the following:
   (i) The property is owned by the lessor.
   (ii) Guangdong NT Pharma Co., Ltd. (廣東泰淩醫藥有限公司) has the rights to occupy and use the property during the term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
12.	Portion of Level 1, Block East of Warehouse C, Xia Mao Logistics Centre, Baiyun District, Guangzhou City, Guangdong Province, the PRC	The property comprises a portion of the Level 1 of a 5-storey building completed in 1980. The property has a gross floor area of approximately 50 sq.m.	The property is leased to Guangdong NT Pharma Co., Ltd. (廣東泰淩醫藥有限公司) by Zhongjie Communication Co., Ltd. (中捷通信有限公司), an independent third party, for a term from January 1, 2011 to October 31, 2011 at a monthly rent of RMB1,150. The property is currently occupied by the Group for storage and office uses.	No commercial value

Notes:

1. Guangdong NT Pharma Co., Ltd. (廣東泰淩醫藥有限公司) is an indirect wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, inter alia, the following:
   (i) The property is owned by the lessor.
   (ii) Guangdong NT Pharma Co., Ltd. (廣東泰淩醫藥有限公司) has the rights to occupy and use the property during the term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
13.	Unit B on Level 2 and Unit H1 on Level 5, Jin Ma Building, Jin Pan Industrial Zone, Haikou City, Hainan Province, the PRC	The property comprises two units on the Levels 2 and 5 of a 6-storey building completed in 1985. The property has a total gross floor area of approximately 1,043.61 sq.m.	The property is leased to Hainan NT Biologicals Co., Ltd. (海南泰凌生物製品有限公司) by Haima Investment Group Co., Ltd. (海馬投資集團股份有限公司), an independent third party, for a term from August 1, 2010 to July 31, 2011 at a monthly rent of RMB8,348.88. The property is currently occupied by the Group for storage use.	No commercial value

Notes:

1. Hainan NT Biologicals Co., Ltd. (海南泰凌生物製品有限公司) is an indirect wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, inter alia, the following:
   (i) The lessor cannot provide the Building Ownership Certificate of the property.
   (ii) If the lessor does not own the property, Hainan NT Biologicals Co., Ltd. (海南泰凌生物製品有限公司) may not have the rights to lease the property.

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
14.	Levels 1 and 2, Block 2, Guanglian Industrial Zone Phase II, No. 2 Kechuang Fifth Road, Zhongguancun Science Park, Beijing City, the PRC	The property comprises the whole of the Levels 1 and 2 of a 4-storey building completed in 2006. The property has a total gross floor area of approximately 2,759.3 sq.m.	The property is leased to NT Tongzhou (BJ) Pharma Co., Ltd. (泰凌同舟(北京)醫藥有限公司) by Beijing Guanglian Investment Management Co., Ltd. (北京光聯投資管理有限公司), an independent third party, for a term from February 1, 2008 to January 31, 2013 at a current annual rent of RMB844,345.8. The property is currently occupied by the Group for office and storage uses.	No commercial value

Notes:

1. NT Tongzhou (BJ) Pharma Co., Ltd. (泰凌同舟(北京)醫藥有限公司) is an indirect wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, inter alia, the following:
   (i) The property is owned by the lessor.
   (ii) NT Tongzhou (BJ) Pharma Co., Ltd. (泰凌同舟(北京)醫藥有限公司) has the rights to occupy and use the property during the term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
15.	Unit 910, Building No. 16, China Central Place Apartment, No. 89 Jianguo Road, Chaoyang District, Beijing City, the PRC	The property comprises an office unit on the Level 9 of a 12-storey building completed in 2005. The property has a gross floor area of approximately 311.7 sq.m.	The property is leased to NT Tongzhou (BJ) Pharma Co., Ltd. (泰凌同舟(北京)醫藥有限公司) by Beijing Guohua Real-estate Co., Ltd., an independent third party, for a term from March 25, 2010 to March 24, 2012 at a monthly rent of RMB45,000. The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. NT Tongzhou (BJ) Pharma Co., Ltd. (泰凌同舟(北京)醫藥有限公司) is an indirect wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, inter alia, the following:
   (i) The property is owned by the lessor.
   (ii) NT Tongzhou (BJ) Pharma Co., Ltd. (泰凌同舟(北京)醫藥有限公司) has the rights to occupy and use the property during the term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
16.	Portion of No. 1 Yaocheng Avenue, Taizhou Medical High-tech Industry Park, Taizhou City, Jiangsu Province, the PRC	The property comprises a portion of an 8-storey building completed in 2006. The property has a gross floor area of approximately 80 sq.m.	The property is leased to NT Pharma (China) Investment Co., Ltd. (泰凌(中國)醫藥投資有限公司) by Taizhou Huaxin Pharma Investment Co., Ltd. (泰州華信藥業投資有限公司), an independent third party, for a term of 3 years commencing from August 30, 2009 at an annual rent of RMB60,000. The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. NT Pharma (China) Investment Co., Ltd. (泰凌(中國)醫藥投資有限公司) is an indirect wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, inter alia, the following:
   (i) The property is owned by the lessor.
   (ii) NT Pharma (China) Investment Co., Ltd. (泰凌(中國)醫藥投資有限公司) has the rights to occupy and use the property during the term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
17.	Unit 303, No. 1 Yaocheng Avenue, Taizhou Medical High-tech Industry Park, Taizhou City, Jiangsu Province, the PRC	The property comprises a unit on the Level 3 of an 8-storey building completed in 2006. The property has a gross floor area of approximately 80 sq.m.	The property is leased to NT Pharma (Jiangsu) Co., Ltd. (泰凌醫藥(江蘇)有限公司) by Taizhou Huaxin Pharma Investment Co., Ltd. (泰州華信藥業投資有限公司), an independent third party, for a term of 3 years commencing from March 20, 2009 at an annual rent of RMB30,000. The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. NT Pharma (Jiangsu) Co., Ltd. (泰凌醫藥(江蘇)有限公司) is an indirect wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, inter alia, the following:
   (i) The property is owned by the lessor.
   (ii) NT Pharma (Jiangsu) Co., Ltd. (泰凌醫藥(江蘇)有限公司) has the rights to occupy and use the property during the term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
18.	Unit 101, Block 1, Shi Hui Fang Lin Li Centre, Suzhou Industrial Park, Suzhou City, Jiangsu Province, the PRC	The property comprises an office unit of a 3-storey building completed in 2003. The property has a gross floor area of approximately 673.1 sq.m.	The property is leased to NT Pharma (China) Co., Ltd. (泰凌醫藥(中國)有限公司) by Shanghai Pudong Development Bank Suzhou Branch Industrial Park Sub-branch (上海浦東發展銀行蘇州分行工業園區支行), an independent third party, for a term from January 20, 2007 to December 31, 2011 at an annual rent of RMB10,000. The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. NT Pharma (China) Co., Ltd. (泰凌醫藥(中國)有限公司) is an indirect wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, inter alia, the following:
   (i) The property is owned by the lessor.
   (ii) NT Pharma (China) Co., Ltd. (泰凌醫藥(中國)有限公司) has the rights to occupy and use the property during the term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
19.	Unit 2508, South Tower of Block C, Fu Hao Garden, No. 16 Yusha Road, Haikou City, Hainan Province, the PRC	The property comprises a unit on Level 25 of a 28-storey building completed in 2001. The property has a gross floor area of approximately 134.04 sq.m.	The property is leased to Hainan NT Biologicals Co., Ltd. (海南泰淩生物製品有限公司) by Li Jie (李婕), an independent third party, for a term of 3 years from January 1, 2010 to December 31, 2012 at a monthly rent of RMB2,400. The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. Hainan NT Biologicals Co., Ltd. (海南泰淩生物製品有限公司) is an indirect wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, inter alia, the following:
   (i) The property is owned by the lessor.
   (ii) Hainan NT Biologicals Co., Ltd. (海南泰淩生物製品有限公司) has the rights to occupy and use the property during the term of the tenancy agreement.

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
20.	Unit 2506, South Tower of Block C, Fu Hao Garden, No. 16 Yusha Road, Haikou City, Hainan Province, the PRC	The property comprises a unit on Level 25 of a 28-storey building completed in 2001. The property has a gross floor area of approximately 143.54 sq.m.	The property is leased to Hainan NT Biologicals Co., Ltd. (海南泰淩生物製品有限公司) by Sun Ding Zhong (孫定忠), an independent third party, for a term of 3 years from January 1, 2010 to December 31, 2012 at a monthly rent of RMB2,500. The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. Hainan NT Biologicals Co., Ltd. (海南泰淩生物製品有限公司) is an indirect wholly-owned subsidiary of the Company.
2. The PRC legal opinion states, inter alia, the following:
   (i) The property is owned by the lessor.
   (ii) Hainan NT Biologicals Co., Ltd. (海南泰淩生物製品有限公司) has the rights to occupy and use the property during the term of the tenancy agreement.

Group III — Property interest rented and occupied by the Group in Hong Kong

	Property	Description	Particulars of occupancy	Market Value in existing state as at February 28, 2011
21.	Units 2301-3 23rd Floor, Henley Building, No. 5 Queen's Road Central, Central, Hong Kong	The property comprises 3 office units on the 23rd Floor of a 32-storey commercial building completed in 1997. The property has a total gross floor area of approximately 2,893 sq.ft. (268.77 sq.m.).	The property is leased to NT Pharma (HK) Limited by Holita Company Limited, an independent third party, for a term of three years from October 15, 2009 to October 14, 2012 at a monthly rent of HK$173,580, exclusive of management fee, rates and other outgoings. The property is occupied by the Group for office use.	No commercial value

Notes:

1. According to the Land Registry record, the current registered owner of the property is the lessor, Holita Company Limited.
2. The property is subject to a mortgage in favor of Hang Seng Bank Limited dated June 27, 1997 vide memorial no. UB7179997.
3. The property is subject to a further charge in favor of Hang Seng Bank Limited dated July 7, 2005 vide memorial no. 05071402060275.
4. NT Pharma (HK) Limited is an indirect wholly-owned subsidiary of the Company.

This Appendix V sets out the details of TPG's special rights in NT Holdings prior to the completion of the Global Offering. All of these special rights will terminate upon the completion of the Global Offering following which TPG will not enjoy any special rights in the Company as compared with other shareholders.

TPG's Rights Under the IR Agreement

The following is a description of TPG's special rights under the IR Agreement:

- Each of TPG Star and TPG Biotech has the right to appoint one director, and TPG Star and TPG Biotech jointly have the right to appoint an additional independent director to the board of directors of NT Holdings. TPG Star appointed Mr. Sing Wang as its director on the board of directors of NT Holdings and TPG Biotech appointed Mr. Ken Lin as its director on the board of directors of NT Holdings. Neither TPG Star nor TPG Biotech has any role in the management of the Group during the Track Record Period and will not have any role in the management of the Group after the Listing. Mr. Lin and Mr. Wang will each resign from the board of NT Holdings upon the completion of the Global Offering.
- TPG may appoint a senior advisor and an observer to the board of NT Holdings, who have the right to attend all meetings of the board and all committees and subcommittees of NT Holdings in a non-voting, observer capacity.
- The consent of the holders of a majority of the Series A Preference Shares is required for NT Holdings and its subsidiaries to undertake the reserved matters set forth in the IR Agreement and in NT Holdings' Articles of Association (provided that to the extent certain actions only require the approval of the board of NT Holdings, then the approval of the holders of a majority of the Series A Preference Shares shall be deemed obtained upon the approval of the directors appointed by TPG). The reserved matters include, amongst others, NT Holdings or any of its subsidiaries' plan to (a) sell or encumber all or substantially all of their assets, or merge with another entity (including the purchase of all or substantially all of the assets of another entity and the formation of new joint ventures or partnerships); (b) dispose of or encumber any of their assets outside the ordinary course of business; (c) sell or issue any new equity or debt securities; (d) repurchase or redeem (other than redemption of the Series A Preference Shares) any equity securities of NT Holdings; (e) declare or pay any dividends over the pre-agreed threshold; (f) sell or encumber any ordinary shares of NT Holdings; (g) adopt, terminate or materially amend the terms of any equity incentive plans; (h) engage in, enter into or amend any material terms of any agreement or transaction between any related parties including their shareholders and the Founders; (i) incur debts or capital expenditures over the pre-agreed thresholds; (j) acquire shares or debt securities of another entity above the pre-agreed thresholds; (k) alter the size of the board of directors of NT Holdings and its subsidiaries; (l) materially change their accounting principles and auditors; (m) approve or materially amend any annual business plans; (n) hire or dismiss, and determine the compensation of any senior manager; (o) enter into, terminate or materially amend any material business agreements or constitutional documents of NT Holdings' subsidiaries.

- TPG is entitled to exercise (a) three demand registration rights at any time following the earlier of the date of the closing of a Qualified Public Offering (as defined below) and July 25, 2013, subject to certain requirements regarding the minimum amount of securities to be registered pursuant to such demand registration, and (b) piggyback registration rights with respect to any public equity offerings by NT Holdings. NT Holdings has also agreed to indemnify TPG against certain liabilities in connection with such registered offerings under (a) and (b), including those liabilities arising out of, or based upon, certain material misstatements or omissions in the offering documents.
- NT Holdings cannot issue any additional shares to any other persons unless it has offered its existing shareholders the right in proportion to their shareholdings in NT Holdings to purchase such new shares on the same terms. If an existing shareholder elects to waive its pre-emptive right to purchase new shares, then the remaining existing shareholders may purchase that shareholder's entitlements in proportion to their shareholdings.
- TPG is entitled to receive (a) consolidated audited financial statements of NT Holdings and its subsidiaries within 90 days after the end of each fiscal year, (b) unaudited financial statements of NT Holdings and its subsidiaries within 30 days after the end of each fiscal quarter, (c) unaudited financial statements of NT Holdings and its subsidiaries within 15 days after the end of each month, and (d) annual budgets of NT Holdings and its subsidiaries. TPG may also inspect the books and accounts of NT Holdings and its subsidiaries upon request.
- The Founders gave an undertaking to TPG that as long as TPG remain as shareholders in NT Holdings, they shall not, and shall procure certain persons within their control not to, set up a business that competes with NT Holdings or its subsidiaries or solicit any suppliers, customers or employees of NT Holdings or its subsidiaries to terminate their relationships with NT Holdings or its subsidiaries. This undertaking will be superseded by the Non-competition Undertaking following completion of the Global Offering. For further information on the Non-competition Undertaking, see section headed "Relationship with Our Controlling Shareholders and Connected Transactions — Non-competition undertaking".
- The Founders may not sell their shares in NT Holdings (the "**NT Holding Shares**") to a third party without the written consent of TPG. In addition, each of TPG and the Founders has a right of first refusal to purchase the NT Holding Shares owned by the other party in the event that the other party wishes to sell their NT Holding Shares to a third party.
- If TPG elect not to exercise their right of first refusal as described above, they may sell up to such number of NT Holding Shares to the person offering to purchase the Founders' NT Holding Shares equal to (on a fully converted basis) the product obtained by multiplying (i) the aggregate number of the NT Holding Shares being transferred by the Founders by (ii) a fraction, the numerator of which is the number of NT Holding Shares held by TPG on the date of the proposed transfer and the denominator of which is the total number of NT Holding Shares held by the Founders and TPG on the date of the proposed transfer, provided that if, following a proposed transfer, the Founders would hold less than 50.1% of the NT Holding Shares (on a fully-diluted basis) or would otherwise no longer control NT Holdings, TPG may elect to sell up to all of the NT Holding Shares then held by them.
- If the completion of an initial public offering of NT Holdings on a qualified exchange which values NT Holdings at no less than US$500 million immediately after the initial public offering and results in gross proceeds to NT Holdings of not less than US$125 million (a "**Qualified**

Public Offering") has not occurred on or prior to July 25, 2013, and if TPG receive a legally binding offer to acquire at least fifty percent (50%) of NT Holding Shares or assets of NT Holdings, TPG has the right to require the Founders to approve and participate in such sale.

The other terms of the IR Agreement included:

- TPG agreed that upon request by the underwriters managing a Qualified Public Offering, they will enter into a mutually agreeable form of lock-up or similar agreement with such managing underwriter with a term commencing from the effective date of the registration statement covering the Qualified Public Offering or the pricing date of a Qualified Public Offering as may be requested by the underwriters. The term of such lock up arrangement shall in no event exceed 180 days. This shall not apply in the case of the sale of any Shares to an underwriter pursuant to any underwriting agreement or any offering after a Qualified Public Offering, and shall only be applicable to TPG if NT Holdings and all officers, directors and holders of one percent (1%) or more of NT Holding's outstanding share capital enter into similar agreements. If NT Holdings or any underwriter releases any officer, director or holder of one percent (1%) or more of NT Holding's outstanding share capital from his, her or its sale restrictions so undertaken, then TPG shall be simultaneously released to the same proportional extent. NT Holdings shall require all purchasers of the NT Holding Shares prior to a Qualified Public Offering to execute a market stand-off agreement containing substantially similar provisions.
- On July 25, 2008, Golden Base granted a charge over its 7268 ordinary shares (equivalent to 908,500,000 ordinary shares after the share sub-division) in NT Holdings in favor of TPG to secure the performance of certain obligations of NT Holdings under the SPA. The secured obligations include the payment of any money due under the indemnities given by NT Holdings, its subsidiaries and the Founders to TPG under the SPA and the obligations of the abovementioned parties to purchase NT Holdings' shares from TPG pursuant to the exercise of the TPG Put Option (as defined in the section headed "— TPG's Other Rights" below) by TPG and TPG's right to redeem the Series A Preference Shares. This charge will be released upon the completion of the Global Offering.
- NT Holdings granted TPG a charge over certain bank accounts of NT Holdings to secure the performance of certain obligations of NT Holdings under the SPA, First Supplemental Agreement and Second Supplemental Agreement. These bank accounts were used by NT Holdings to receive the proceeds paid by TPG for their investments in NT Holdings. The secured obligations include the payment and discharge of all moneys, obligations and liabilities due, owing or incurred by any of NT Holdings, its subsidiaries, Golden Base and the Founders to TPG arising under the SPA, the Supplemental Agreement and TPG's right to redeem the Series A Preference Shares. This charge will be released upon the completion of the Global Offering.

TPG's Rights as a Series A Preference Shareholder

The following is a description of TPG's special rights as holders of Series A Preference Shares under the articles of association of NT Holdings. Following our Reorganization, TPG will hold ordinary Shares in our Company. Accordingly, these special rights shall not be applicable upon completion of the Global Offering:

- Pursuant to the Articles of NT Holdings, TPG may require NT Holdings to redeem the Series A Preference Shares if (1) a Qualified Public Offering of NT Holdings has not occurred before

July 25, 2013, (2) NT Holdings fails to meet certain targets with respect to 2009 revenues (which has been satisfied), or (3) NT Holdings or the Founders commit a material breach under the IR Agreement. The redemption price for the occurrence of event (1) is 125% of the original purchase price plus any accrued and unpaid dividends. The redemption price for the occurrence of events (2) and (3) is the lesser of (a) 125% of the original purchase price plus any accrued and unpaid dividends or (b) 100% of the original purchase price plus an annual return of 12.5% calculated from the date of the purchase of the shares up to the date of payment of the redeemed amount. None of the above described conditions occurred as of the Latest Practicable Date. These rights shall terminate upon completion of the Global Offering.

- TPG may convert their Series A Preference Shares into the number of ordinary shares in NT Holdings based on the applicable conversion price (the "**Series A Conversion Price**"). The original Series A Conversion Price was equivalent to the price per share at which the Series A Preference Shares were purchased, meaning that one Series A Preference Share was initially convertible into one ordinary share of NT Holdings. The conversion rate may be adjusted (i.e. TPG would receive more than one ordinary share for each Series A Preference Share) if NT Holdings fails to meet the NPAT target for 2010 (which we had met) or the NPAT target for 2011. The Series A Conversion Price may be adjusted in the following manner:
  - upon the occurrence of an event such as NT Holdings sub-dividing or consolidating its share capital, the Series A Conversion Price shall be adjusted proportionately. Upon the occurrence of an issuance of new shares in NT Holdings at a discount to the then effective Series A Conversion Price, the Series A Conversion Price shall be adjusted downward on a weighted average basis
  - if NT Holdings' NPAT between January 1 and December 31, 2010 is less than RMB 165 million, then the Series A Conversion Price shall be adjusted downward so that the number of ordinary shares in NT Holdings to be received by TPG upon the conversion shall represent the following percentage of the total share capital of NT Holdings on a fully diluted basis (such calculation shall exclude the Series A Preference Shares purchased by TPG and ordinary shares purchased by the Founders pursuant to the exercise of their respective call options):
    - percentage of total share capital of NT Holdings = [the purchase price for the Series A Preference Shares paid by TPG under the SPA plus any additional amounts contributed to the capital of NT Holdings by TPG (the "**Total Invested Amount**") / (Actual NPAT for 2010 x B)] x 100%
    - Where "***B***" = (RMB612,320,000 + Total Invested Amount) / RMB165,000,000
  - if NT Holdings' NPAT between January 1, to December 31, 2011 is less than RMB250 million, then the Series A Conversion Price shall be adjusted so that the number of ordinary shares in NT Holdings to be received by TPG upon the conversion shall represent the following percentage of the total share capital of NT Holdings on a fully diluted basis (such calculation shall exclude the Series A Preference Shares purchased by TPG and ordinary shares purchased by the Founders pursuant to the exercise of their respective call options):
    - percentage of total share capital of NT Holdings = [Total Invested Amount / (Actual NPAT for 2011 x B)] x 100%
    - Where "***B***" = (RMB612,320,000 + Total Invested Amount) / RMB250 million

- TPG is entitled to receive an annual management fee from NT Holdings in an amount equal to one percent (1%) of the aggregate amount paid by TPG in consideration for the purchase of the Series A Preference Shares as at each date on which such annual management fee becomes due and payable. During the Track Record Period, the total amount of management fees payable by NT Holdings was US$1,142,877, of which, US$586,576 remained unpaid as at the Latest Practicable Date.
- TPG is entitled to the following cumulative dividend payments on their Series A Preference Shares (payable semi-annually on each June 30 and December 31): (a) at a rate of 2% of the total amount paid by TPG for their Series A Preference Shares for the time period between July 25, 2008 and July 25, 2010; and (b) at a rate of 5% of the total amount paid by TPG for their Series A Preference Shares for the time period after July 25, 2010. In addition, TPG is entitled to share all dividends payable by NT Holdings on all of its ordinary shares as if their Series A Preference Shares have been converted into ordinary shares of NT Holdings. Under the First Supplemental Agreement, the total amount of dividends which all ordinary shareholders of NT Holdings can receive each year must not exceed RMB 4 million. During the Track Record Period, the total amount of dividends payable by NT Holdings was US$3,067,123, of which, US$1,954,621 remained unpaid as at the Latest Practicable Date.

TPG's Other Special Rights

Below is a description of other special rights which TPG are entitled to pursuant to the SPA, First Supplemental Agreement and Second Supplemental Agreement:

- If NT Holdings grants rights to any new shareholder that are more favorable than the terms granted to TPG in connection with the Series A Preference Shares, NT Holdings shall, and the Founders shall cause NT Holdings to, extend all such most favored terms to TPG. This special right will terminate at the completion of the Global Offering.
- TPG have a put option (the "**TPG Put Option**") to sell all the Series A Preference Shares to NT Holdings if the Global Offering is not completed before January 25, 2011 (being 30 months from the closing date of the purchase of the first tranche of the Series A Preference Shares). The put price shall equal to 125% of the sum of (a) the total purchase price and (b) additional capital contributions made by TPG in respect of the Series A Preference Shares acquired by TPG at the closing of such transaction, plus any and all accrued but unpaid dividends payable to TPG.
- The directors of NT Holdings appointed by TPG have entered into separate indemnification agreements on July 25, 2008 with NT Holdings, pursuant to which NT Holdings agreed to indemnify these directors against certain potential losses arising from them holding directorships in NT Holdings. These agreements will terminate upon the completion of the Global Offering. However, NT Holdings is still required to indemnify these directors for any claims brought against them based on actions arising before their resignation from the board of NT Holdings.
- The Founders and NT Holdings agreed to use their reasonable best efforts to negotiate with the vaccine and pharmaceutical suppliers to improve certain commercial terms under the relevant agreements between the relevant subsidiary of the Group and the suppliers. The Founders and NT Holdings also agreed to ensure the aggregate gross profit margin obtained by the Group for the sale of certain vaccine products be greater than a specified percentage. The Group has achieved this target.

Pursuant to the SPA and First Supplemental Agreement, the Group has adopted a Foreign Corrupt Practices Act and Anti-Corruption Policy as well as a Code of Conduct. Each of the key employees and the regional sales managers of the Group has executed and delivered undertakings to comply with the Code of Conduct.

Share Adjustments

The following is a description of the steps and calculations involved to determine the number of Shares to be transferred from Golden Base to TPG under the Third Supplemental Agreement.

2010 NPAT Adjustments

No 2010 NPAT adjustment is needed given the Company had met the specified NPAT target.

2011 NPAT Adjustments

Step 1: Determination of the number of Shares TPG would have owned on an as-converted basis as a result of the Company's failure to achieve the 2011 NPAT Target (the "**2011 TPG Notional Shareholding**"):

$$\text{2011 TPG Notional Shareholding} = [A + (0.0176 \times \frac{1}{0.36/A})] \times \text{Total Company Share Capital}$$

Where:

$$\mathbf{A} = \frac{\text{RMB344,000,000}}{\text{B} \times 3.82528}$$

B = Actual 2011 NPAT of the Company

Total Company Share Capital = the total share capital of the Company on a fully diluted basis immediately prior to the Global Offering

Step 2: Determination of the number of Shares to be transferred from Golden Base to TPG (the "**2011 Top Up Shares**"):

2011 Top Up Shares = 2011 TPG Notional Shareholding - TPG Post Conversion Shareholding

TPG Post Conversion Shareholding means the number of Shares owned by TPG as a result of conversion of the Series A Preference Shares or in the Reorganization immediately prior to the Global Offering

Step 3: TPG Biotech and TPG Star shall be entitled to receive the 2011 Top Up Shares on a pro rata basis (as a percentage of TPG Post Conversion Shareholding).

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on March 1, 2010 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). The Memorandum of Association and the Articles of Association comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum was conditionally adopted on March 26, 2011 and shall become effective from the date of, and conditional upon the listing of Shares on the Hong Kong Stock Exchange. The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on March 26, 2011 and shall become effective from the date of, and conditional upon the listing of Shares on the Hong Kong Stock Exchange. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special

rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with the Company or any of its subsidiaries.

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

(ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 percent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or

(ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to, but not less than one-third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been

longest in office since their last re-election or appointment, but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time-to-time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law; or

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time-to-time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time-to-time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may, subject to the provisions of the Companies Law, reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear Business Days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear Business Days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder, but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)).

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarized financial statements derived from the Company's annual accounts and the Directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarized financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear Business Days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear Business Days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear Business Days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any

other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognize any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members, but no dividend shall be declared in excess of the amount recommended by the Board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the Board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the Board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the Board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the Board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the Board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours on every Business Day by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the Board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarized in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all checks or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy shares in the Company or shares in any subsidiary or holding company.

Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner of purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty (20) years from March 9, 2010.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding up

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix IX. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on March 1, 2010 under the Cayman Companies Law. Our registered address is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. We have registered a place of business in Hong Kong at Unit 2301-3, 23/F, Henley Building, 5 Queen's Road Central, Hong Kong and have been registered as a non-Hong Kong company under Part XI of the Hong Kong Companies Ordinance. Mr. Ng Yuk Keung has been appointed as our agent for the acceptance of service of process and notices in Hong Kong. The address for service of process on the Company in Hong Kong is the same as our registered place of business in Hong Kong set out above. As we are incorporated in the Cayman Islands, our corporate structure, our Memorandum of Association and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of the relevant provisions of our Memorandum of Association and Articles of Association and certain relevant aspects of Cayman Islands company law are set out in Appendix VII to this prospectus.

2. Changes in share capital of our Group

Our Company

As at the date of our incorporation, the authorized share capital of the Company was US$50,100 divided into 626,250,000,000 Shares of par value of US$0.00000008 each.

There has been no alteration in the Company's share capital since the date of our incorporation.

Our subsidiaries

The list of our subsidiaries is set out in the section headed "Appendix I — Accountant's Report" to this prospectus. The following alterations in the share capital (or registered capital, as the case might be) of our subsidiaries have taken place within two years preceding the date of this prospectus:

(a) On March 23, 2009, the registered capital of NT Tongzhou Pharma (SH) Co., Ltd. (泰凌同舟醫藥(上海)有限公司) was increased from RMB5 million to RMB50 million. The registered capital of NT Tongzhou Pharma (SH) Co., Ltd. has been paid up in full; and

(b) On September 16, 2009, NT Holdings sub-divided its share capital. Each ordinary share of nominal value US$0.01 was sub-divided into 125,000 ordinary shares of nominal value US$0.00000008 each. Similarly, each Series A Preference Share of nominal value US$0.01 was also sub-divided into 125,000 Series A Preference Shares of nominal value US$0.00000008 each. As at the completion of the share sub-division, there were 908,500,000 ordinary shares of nominal value US$ 0.00000008 each and 511,125,000 Series A Preference Shares of nominal value US$0.00000008 each on issue; and

(c) On April 22, 2010, the registered capital of NT Pharma (Jiangsu) Co., Ltd. (泰凌醫藥(江蘇)有限公司) was increased from RMB30 million to RMB166.6 million. The registered capital of NT Pharma (Jiangsu) Co., Ltd has been paid up in full.

Save as described above, there has been no other alteration in the share capital of the subsidiaries of the Company in the two years preceding the date of this prospectus.

3. Resolutions of our shareholders

Pursuant to the extraordinary general meeting held on March 26, 2011, our shareholders resolved that:

(a) conditional upon the conditions for completion of the Global Offering being fulfilled, our Company approved and adopted its new Second Amended and Restated Memorandum and Articles of Association, the terms of which are summarized in Appendix VII to this prospectus;

(b) conditional upon: (i) the conditions for completion of the Global Offering being fulfilled; (ii) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; and (iii) the obligations of the Underwriters under the Hong Kong Underwriting Agreement and the International Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Hong Kong Underwriting Agreement and the International Placing Agreement or otherwise, in each case on or before the date falling 30 days after the date of this prospectus:

  (1) the Global Offering and the directors were authorized to allot and issue, and to approve the transfer of, such number of Shares in connection with the Global Offering and any exercise of the Over-allotment Option as they are fit, on and subject to the terms and conditions stated in this prospectus and in the relevant Application Forms;

  (2) a general unconditional mandate was given to the directors to allot, issue and deal with Shares (otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue or pursuant to the exercise of any subscription rights which may be granted under our Pre-IPO Share Option Scheme or any scrip dividend scheme or similar arrangements, any adjustment of rights to subscribe for shares under options and warrants or a special authority granted by our shareholders) with an aggregate nominal value of not more than the sum of:

    — 20% of the aggregate nominal value of our share capital in issue immediately following completion of the Global Offering before any exercise of the Over-allotment Option; and

    — the aggregate nominal value of the share capital of our Company repurchased by us (if any);

  (3) a general unconditional mandate was given to the Directors to exercise all the powers of the Company to repurchase Shares to be listed on the Hong Kong Stock Exchange with a total nominal value of not more than 10% of the aggregate nominal value of the Company's Share capital in issue immediately following completion of the Global Offering before any exercise of the Over-allotment Option; and

  (4) the general unconditional mandate as mentioned in paragraph (2) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and

issued or agreed to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by the Company pursuant to the mandate to repurchases Shares referred to in paragraph (3) above.

Each of the general mandates referred to in paragraphs (2), (3) and (4) above will remain in effect until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by any applicable law or the Articles of Association of the Company; or (iii) the time when such mandate is revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting.

4. Repurchases of our own Shares

This section includes information relating to the repurchase of our Shares, including information required by the Hong Kong Stock Exchange to be included in this prospectus concerning such repurchase.

(a) Relevant Legal and Regulatory Requirements

The Listing Rules permit our shareholders to grant to our Directors a general mandate to repurchase our Shares that are listed on the Hong Kong Stock Exchange. Such mandate is required to be given by way of an ordinary resolution passed by our shareholders in a general meeting.

(b) Shareholders' Approval

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by ordinary resolutions of our shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

On March 26, 2011, our Directors were granted a general unconditional mandate to repurchase up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering on the Hong Kong Stock Exchange or on any other stock exchange on which our securities may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose before any exercise of the Over-allotment Option. This mandate will expire at the earliest of (i) the conclusion of our next annual shareholders' general meeting, (ii) the date by which our next shareholders' general meeting is required by applicable laws and our Articles of Association to be held, or (iii) such mandate being revoked or varied by ordinary resolutions of our shareholders in a general meeting (the "**Relevant Period**").

(c) Source of Funds

Our repurchase of the Shares listed on the Hong Kong Stock Exchange must be funded from the funds legally available for the purpose in accordance with our Memorandum of Association and Articles of Association and the applicable laws of the Cayman Islands. We may not repurchase our Shares on the Hong Kong Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange. Subject to the above, we may make repurchases with funds which would otherwise be available for dividend or distribution or out of an issue of New Shares for the purpose of the repurchase.

(d) Reasons for Repurchases

Our Directors believe that it is in the Company and our Shareholders' best interests for our Directors to have general authority to execute repurchases of our Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit the Company and our Shareholders.

(e) Funding of Repurchases

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with our Memorandum of Association and Articles of Association, the applicable laws of the Cayman Islands and the Listing Rules.

On the basis of the current financial position of our Company as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors believe that, if the repurchase mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or the gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our directors are from time to time appropriate for us.

(f) Share Capital

The exercise in full of the current repurchase mandate, on the basis of 1,081,916,500 Shares in issue immediately after completion of the Global Offering, could accordingly result in up to 108,191,650 Shares being repurchased by us during the Relevant Period.

(g) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any of our Shares to us or our subsidiaries.

Our Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules, our Memorandum of Association and Articles of Association, the Cayman Islands Companies Law and any other applicable laws of the Cayman Islands.

If, as a result of any repurchase of our Shares, a shareholders' proportionate interest in our voting rights is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers. Accordingly, a shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with rule 26 of the Hong Kong Code on Takeovers and Mergers. Our Directors are not aware of any consequences of repurchases which would arise under the Hong Kong Code on Takeovers and Mergers.

No connected person as defined by the Listing Rules has notified us that he or it has a present intention to sell his or its Shares to us, or has undertaken not to do so, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

(a) a letter agreement dated November 12, 2009 entered into between TPG Star, TPG Biotech, NT Holdings, Ng Tit and Chin Yu, details of which are set out in the section headed "Our History and Reorganization — Share Sub-division and Exercise of Call Options" in this prospectus;

(b) a second supplemental agreement dated December 11, 2009 entered into between NT Holdings, Ng Tit, Chin Yu, TPG Star and TPG Biotech, details of which are set out in the section headed "Our History and Reorganization — Share Sub-division and Exercise of Call Options" in this prospectus;

(c) a third supplemental agreement dated December 23, 2010 entered into between Ng Tit, Chin Yu, Golden Base, TPG Star and TPG Biotech, details of which are set out in the section headed "Our History and Reorganization — Third Supplemental Agreement" in this prospectus;

(d) a non-competition undertaking agreement dated April 4, 2011 entered into between Ng Tit, Chin Yu, Golden Base and our Company, whereby Ng Tit, Chin Yu and Golden Base have given our Company certain non-competition undertakings, details of which are set out in the section headed "Relationship with Our Controlling Shareholders and Connected Transactions — Non-competition undertaking" in this prospectus; and

(e) the Hong Kong Underwriting Agreement.

2. Intellectual property rights

As of the Latest Practicable Date, our Group has registered or has applied for the registration of the following intellectual property rights which are material in relation to our Group's business.

(a) Trademarks

(i) As at the Latest Practicable Date, our Group has registered the following trademarks which are material in relation to our Group's business:

Trademark	Proprietor	Territory of registration	Class	Registration number	Registration date	Expiry date
泰凌	NT Tongzhou Pharma Consulting (SH) Co., Ltd	China	5	4442978	April 7, 2008	April 6, 2018
泰凌	NT Tongzhou Pharma Consulting (SH) Co., Ltd	China	39	4442979	August 28, 2008	August 27, 2018
NT	NT Tongzhou Pharma Consulting (SH) Co., Ltd	China	5	4443037	April 14, 2008	April 13, 2018
NT	NT Tongzhou Pharma Consulting (SH) Co., Ltd	China	39	4443036	August 28, 2008	August 27, 2018
	NT Tongzhou Pharma Consulting (SH) Co., Ltd	China	39	5127793	May 21, 2009	May 20, 2019
凯甫喜	Suzhou First Pharmaceutical Co., Ltd.	China	5	3604945	September 21, 2005	September 20, 2015
凯甫菲	Suzhou First Pharmaceutical Co., Ltd.	China	5	1507779	January 14, 2001	January 13, 2021
YILIANG	Suzhou First Pharmaceutical Co., Ltd.	China	5	685040	April 14, 2004	April 13, 2014
YILIANG	Suzhou First Pharmaceutical Co., Ltd.	China	5	685038	April 14, 2004	April 13, 2014
凯甫生	Suzhou First Pharmaceutical Co., Ltd.	China	5	3605400	September 14, 2005	September 13, 2015
舒思	Suzhou First Pharmaceutical Co., Ltd.	China	5	3111322	May 21, 2003	May 20, 2013
凯甫灵	Suzhou First Pharmaceutical Co., Ltd.	China	5	3604963	September 21, 2005	September 20, 2015
凯甫平	Suzhou First Pharmaceutical Co., Ltd.	China	5	3604947	September 21, 2005	September 20, 2015
凯甫安	Suzhou First Pharmaceutical Co., Ltd.	China	5	3604946	September 21, 2005	September 20, 2015
凯甫欢	Suzhou First Pharmaceutical Co., Ltd.	China	5	3604964	September 21, 2005	September 20, 2015
SFP	Suzhou First Pharmaceutical Co., Ltd.	China	5	553297	May 30, 2001	May 29, 2011

Trademark	Proprietor	Territory of registration	Class	Registration number	Registration date	Expiry date
双甲	Suzhou First Pharmaceutical Co., Ltd.	China	5	1120346	October 21, 2007	October 20, 2017
益赛灵	Suzhou First Pharmaceutical Co., Ltd.	China	5	657116	September 14, 2003	September 13, 2013
第一药	Suzhou First Pharmaceutical Co., Ltd.	China	5	223870	April 15, 2005	April 14, 2015
URO	Suzhou First Pharmaceutical Co., Ltd.	China	5	628664	February 10, 2003	February 9, 2013
NT PHARMA	NT Pharma (Holdings) Company Limited	Hong Kong	5	300862902	May 2, 2007	May 1, 2017
N	NT Tongzhou Pharma Consulting (SH) Co., Ltd	China	39	5127794	January 14, 2011	January 13, 2021

(b) Domain Names

As at the Latest Practicable Date, our Group has registered the following domain names:

Domain Name	Registrant	Expiry Date
ntpharma.hk	NT Tongzhou Pharma Consulting (SH) Co., Ltd	March 12, 2016
ntpharma.cn	NTP (China) Investment Co., Ltd	August 27, 2014
ntpharma.com.cn.	NTP (China) Investment Co., Ltd	August 27, 2014
ntpharma.com	NTP (China) Investment Co., Ltd	October 9, 2013
中國泰凌醫藥.com	NTP (China) Investment Co., Ltd	December 14, 2019
中國泰凌醫藥集團.com . . .	NTP (China) Investment Co., Ltd	December 14, 2019
泰凌醫藥.com	NTP (China) Investment Co., Ltd	December 14, 2019
泰凌醫藥.中國	NTP (China) Investment Co., Ltd	July 27, 2020
中國泰凌醫藥.中國	NTP (China) Investment Co., Ltd	July 15, 2020
中國泰凌醫藥集團.中國 . . .	NTP (China) Investment Co., Ltd	July 27, 2020

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, MANAGEMENT AND STAFF

1. Disclosure of Interests

Immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised), the interests and short positions of our Directors and Chief Executive Officer of our Company in the equity or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 347 of the SFO or the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to us and the Hong Kong Stock Exchange or which will be required pursuant to 352 of the SFO to be entered in the register referred to therein once the Shares are listed, are as follows:

Name of Director / Chief Executive Officer	Nature of interest	Number and class of securities[1]	Approximate percentage of interest in our Company immediately after completion of the Global Offering[2]
Mr. Ng[3]	Interests in a controlled corporation	505,062,500 (L)	46.68%
Ms. Chin [4]	Interest in a controlled corporation	505,062,500 (L)	46.68%

Notes:

(1) The letter "L" denotes the person's long position in such Shares.

(2) Assuming the Over-allotment Option is not exercised.

(3) An aggregate of 505,062,500 Shares (representing approximately 46.68% of the total issued share capital of our Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised) is beneficially owned by Golden Base. Mr. Ng and his wife, Ms. Chin are the controlling shareholders of Golden Base, and, therefore, are deemed or taken to be interested in those Shares for the purposes of the SFO.

(4) An aggregate of 505,062,500 Shares (representing approximately 46.68% of the total issued share capital of our Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised) is beneficially owned by Golden Base. Ms. Chin and her husband, Mr. Ng, are the controlling shareholders of Golden Base, and, therefore, are deemed or taken to be interested in those Shares for the purposes of the SFO.

2. Substantial shareholders

So far as our Directors are aware, and taking no account of any shares which may be taken up under the Global Offering and assuming no exercise of the Over-allotment Option, the following persons will, immediately following the completion of the Global Offering, have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Nature of interest	Number and class of securities[1]	Approximate percentage of interest in our Company immediately after the Global Offering
Golden Base	Beneficial owner	505,062,500 (L)	46.68%
Mr. Ng[2]	Interest in a controlled corporation	505,062,500 (L)	46.68%
Ms. Chin[3]	Interest in a controlled corporation	505,062,500 (L)	46.68%
TPG[4]	Beneficial owner	219,822,000 (L)	20.32%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) An aggregate of 505,062,500 Shares (representing approximately 46.68% of the total issued share capital of our Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised) is beneficially owned by Golden Base. Mr. Ng and his wife, Ms. Chin are the controlling shareholders of Golden Base, and, therefore, are deemed or taken to be interested in those Shares for the purposes of the SFO.

(3) An aggregate of 505,062,500 Shares (representing approximately 46.68% of the total issued share capital of our Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised) is beneficially owned by Golden Base. Ms. Chin and her husband, Mr. Ng, are the controlling shareholders of Golden Base, and, therefore, are deemed or taken to be interested in those Shares for the purposes of the SFO.

(4) The interests deemed to be held by each of David Bonderman and James Coulter consist of 146,549,000 Shares held by TPG Star and 73,273,000 Shares held by TPG Biotech, assuming 306,375,000 Shares are distributed to TPG in the Reorganization based on a conversion ratio of one Series A Preference Share for one ordinary share of NT Holdings. The Reorganization will occur immediately prior to the closing of the Global Offering.

The sole shareholder of TPG Star is TPG Star, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Star GenPar, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Star GenPar Advisors, LLC, a Delaware limited liability company, whose sole member is TPG Holdings I, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Holdings I-A, LLC, a Delaware limited liability company, whose sole member is TPG Group Holdings (SBS), L.P., a Delaware limited partnership, which is managed by its general partner, TPG Group Holdings (SBS) Advisors, Inc., a Delaware company, whose shareholders are David Bonderman and James Coulter.

The sole shareholder of TPG Biotech is TPG Biotechnology Partners III, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Biotechnology GenPar III, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Biotechnology GenPar III Advisors, LLC, a Delaware limited liability company, whose sole member is TPG Holdings I, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Holdings I-A, LLC, a Delaware limited liability company, whose sole member is TPG Group Holdings (SBS), L.P., a Delaware limited partnership, which is managed by its general partner, TPG Group Holdings (SBS) Advisors, Inc., a Delaware company, whose shareholders are David Bonderman and James Coulter.

3. Service contracts

(a) Executive Directors

Each of the executive Directors has entered into a service contract with our Company for an initial term of three years commencing from the Listing Date, unless terminated by not less than three calendar months' notice in writing served by either the executive Director or our Company.

The appointments of the executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

(b) Non-executive Directors and Independent Non-executive Directors

The non-executive Directors and the independent non-executive Directors have signed appointment letters with our Company for terms ranging from one year to three years with effect from their respective date of appointment letter. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

4. Directors' remuneration

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses which were paid to our Directors for the years ended December 31, 2008, 2009 and 2010 was approximately RMB5.7 million, RMB3.0 million and RMB5.2 million, respectively.

It is estimated that remuneration equivalent to approximately RMB7.9 million in aggregate will be paid and granted to our Directors by us in respect of the financial year ending December 31, 2011 under arrangements in force as at the Latest Practicable Date.

5. Fees or commissions received

Save as disclosed in this prospectus, none of the Directors or any of the persons whose names are listed in the paragraph headed "Consents" in this Appendix VIII had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group from our Group within the two years preceding the date of this prospectus.

D. PRE-IPO SHARE OPTION SCHEME

The Company has in place the Pre-IPO Share Option Scheme under which invitations have been made to certain Eligible Persons (as defined below) to subscribe for Shares at the relevant Exercise Price. Such Eligible Persons were not required to pay any consideration on the acceptance of the options granted under the 2009 Plan (as defined below). No grant will be made under this Scheme for more than 10 years after the date on which this Scheme is first approved by the Board and, if applicable, in any event later than the Listing Date. NT Holdings adopted a 2009 Equity Incentive Plan (the "**2009 Plan**") on September 16, 2009 pursuant to which the board of NT Holdings may grant up to 90,614,362 options to the Eligible Persons to purchase ordinary shares of par value US$0.00000008 each of NT Holdings at the relevant Exercise Price. Between September 2009 and December 2010, NT Holdings granted a total of 89,914,357 share options to its executives, employees and outside consultants under the 2009 Plan.

Immediately prior to the completion of the Global Offering, NT Holdings will terminate the 2009 Plan and the participants under the 2009 Plan will exchange their options granted under the 2009 Plan (the "**Outstanding Options**") into new options to purchase Shares pursuant to a new option plan (the "**Pre-IPO Share Option Scheme**"). Each grantee of options under the 2009 Plan was not required to pay any consideration on the exchange of the Pre-IPO Share Option Scheme. Each grantee of options under the 2009 Plan exchanged his/her options under the 2009 Plan for options under the Pre-IPO Share Option Scheme on a 2 for 1 basis, which represents the same value to the grantee before and after such exchange. The exercise price payable by the grantees for each option granted under the Pre-IPO Share Option Scheme is double of the exercise price payable by the grantees for their respective options granted under the 2009 Plan (save for those options which has an exercise price of 70% of the Offer Price). The vesting schedule and other terms attached to the options granted under the Pre-IPO Share Option Scheme are the same as the terms attached to the Outstanding Options being cancelled.

Details of the exercise price and vesting of the options in relation to the Pre-IPO Share Option Scheme are contained in Note 23 of the Accountants Report in Appendix I to this prospectus.

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme which was conditionally approved and adopted by the Shareholders on April 7, 2011 and conditionally adopted by resolution of the Board on April 7, 2011.

Definitions:

"Adoption Date"	means April 7, 2011, the date on which the Pre-IPO Share Option Scheme was conditionally adopted by resolution of the Board;
"Eligible Persons"	means any employee (whether full time or part time), non-employee director, officer and consultant of the Company or any one or more of its subsidiaries; and
"Exercise Price"	means US$0.20 per Share (with respect to 44,357,195 options) or 70% of the Offer Price (with respect to 600,000 options) as specifically set out in the relevant Grantee's Evidence of Award.

(a) Purpose of the Pre-IPO Share Option Scheme

The purpose of the Pre-IPO Share Option Scheme is to attract, motivate and retain the recipients of the options (the "**Grantees**"), to provide them with incentives to stay with the Company and make contributions to the Company in the future, to demonstrate management continuity to potential investors and to provide long-term compensation that is competitive with similarly-situated companies.

(b) Duration and Administration

The Pre-IPO Share Option Scheme was adopted on the Adoption Date and will come into effect immediately after the termination of the 2009 Plan. It is a one-off and close-end scheme.

The Pre-IPO Share Option Scheme is in all respects administered by the Board, which may from time to time delegate all or part of its authority under the Pre-IPO Share Option Scheme to a committee (the "**Committee**") or sub-committee of the Board, including but not limited to matters relating to variation of terms of invitations made or cancellation thereof. The Board's decision, in the absence of manifest error, shall be final and binding upon all parties. The Board (without the necessity of obtaining the prior or subsequent consent of any Grantee) may from time to time amend (either at its own discretion or in order to comply with any applicable laws to) the Pre-IPO Share Option Scheme in whole or in part, provided, however, as long as NT Holdings is the sole shareholder of the Company at such time, any such amendment shall be approved by the board of NT Holdings with the consent of a director appointed by TPG.

(c) Invitation to Eligible Persons

The Board may from time to time and upon such terms and conditions as it may determine, authorize the granting to the Grantees (details of the Grantees are listed below) to participate in the Pre-IPO Share Option Scheme in accordance with the terms of the Pre-IPO Share Option Scheme, and determine the number of Shares to be subscribed for.

When awards are made and accepted, the relevant Grantees may subscribe for the number of Shares (but not less) stated in the relevant Evidence of Award, at the relevant Exercise Price and shall not in any event be less than the nominal value of the Share.

(d) Listing of the Shares

If the Board resolves that listing of the Shares pursuant to the Global Offering shall not proceed, no Shares shall be issued under the Pre-IPO Share Option Scheme and any subscription monies paid shall forthwith be returned to the participant that paid them.

(e) Scheme limit

The overall limit on the number of Shares which may be issued under the Pre-IPO Share Option Scheme shall not exceed an aggregate of 45,307,181 Shares, being approximately 5.3% of the total issued share capital of the Company as of the Adoption Date (assuming all of the options are exercised).

Assuming all the Grantees subscribe for their entitlement, a total of 44,957,195 Shares will be issued representing approximately 4.1% of the total issued share capital of the Company immediately after the completion of the Global Offering, but taking no account of any Shares which may be issued pursuant to an exercise of the Over-allotment Option.

Similar to share option schemes, the awards made under the Pre-IPO Share Option Scheme are treated as "share based payments" for the purpose of the Hong Kong Financial Reporting Standards. The relevant award made will be recognized as expense items in the financial statements of the Company over the vesting period. Once a subscription of Shares is made under an Evidence of Award, the fair value of the Shares will be credited towards the share premium account of the Company. If an award lapses, the amount of the previously recognized expenses will be credited towards the retained profits of the Company.

(f) Exercise period and time of subscription

Each Grantee may exercise their options to purchase the number of Shares in respect of which he or she has been granted under his or her Evidence of Award within the specified exercise period. The options granted shall have an exercise period of not more than 10 years from the date of grant. The option will be exercisable with respect to (a) 33.33% of all unvested Shares on the first anniversary date of the grant date; (b) fifty percent 50% of the remaining unvested Shares on the second anniversary date of the grant date; and (c) 100% of the remaining unvested Shares on the third anniversary date of the grant date.

(g) Exercise price

No subscription monies has been paid by the Grantees as at the Latest Practicable Date. The amount of subscription monies to be paid by each Grantee at the time of subscription shall be equal to the product of the number of Shares issued to that Grantee under the Pre-IPO Share Option Scheme and the relevant Exercise Price.

No shares will be issued as the result of any Grantees exercising his or her options prior to listing of the completion of the Global Offering.

Each Evidence of Award will specify whether the Exercise Price will be payable:

(i) in cash or by cheque acceptable to the Company;

(ii) by tender of a full recourse promissory note having such terms as may be approved by the Committee;

(iii) to the extent authorized by the Committee, by the actual or constructive transfer to the Company of Shares owned by the grantee for at least six months having a value at the time of exercise equal to the total Exercise Price;

(iv) to the extent permitted by the applicable laws, and provided that a public market for the Company's shares exists, through the payment through a "net exercise" such that, without the payment of any funds, the grantee may exercise the options and receive the net number of Shares equal to (i) the number of Shares as to which the option is being exercised, multiplied by (ii) a fraction, the numerator of which is the Fair Market Value per Share (on such date as is determined by the Board) less the Exercise Price per Share, and the denominator of which is such Fair Market Value per Share (the number of net Shares to be received shall be rounded down to the nearest whole number of Shares);

(v) by any combination of the foregoing; or

(vi) by any such other method approved by the Board.

"**Fair Market Value**" referred to in paragraph (iv) above means, as of any particular date, the fair market value of one Share of the Company as determined by the Board, in its discretion, subject to the following:

(i) If, on such date, the Share is listed on a national or other regulated securities exchange or market system, the Fair Market Value of a Share shall be the closing price of a Share (or the mean of the closing bid and asked prices of a Share if the Share is so quoted instead) as quoted on the national or regional securities exchange or market system constituting the primary market for the Shares, as reported in such source as the Company deems reliable. If the relevant

date does not fall on a day on which the Share has traded on such securities exchange or market system, the date on which the Fair Market Value shall be established shall be the last day on which the Share was so traded prior to the relevant date, or such other appropriate day as shall be determined by the Board, in its discretion.

(ii) If, on such date, the Share is not listed on a national or regional securities exchange or market system, the Fair Market Value of a Share shall be as determined by the Board in good faith.

(h) Rights attached to the Shares

Shares to be allotted and issued upon the exercise of an option and payment in full of the Exercise Price will be subject to the articles of association of the Company for the time being in force and will rank pari passu in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the **"Exercise Date"**) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an Option shall not carry voting rights until the name of the grantee has been duly entered on the register of members of the Company as the holder thereof.

(i) Transferability

Except as otherwise determined by the Board or specified in the Evidence of Award, no award granted under the Pre-IPO Share Option Scheme shall be transferable by a Grantee other than by will or the laws of descent and distribution. Except as otherwise determined by the Board and permitted by applicable law, Options shall be exercisable during the Grantee's lifetime only by him or her or by his or her guardian or legal representative.

(j) Adjustments

(i) The Board shall make or provide for such adjustments in the number of Shares covered by outstanding options granted hereunder, in the Exercise Price, and in the kind of shares covered thereby, as the Board, in its sole discretion, exercised in good faith, may determine is equitably required to prevent dilution or enlargement of the rights of Grantees that otherwise would result from (a) any share dividend, share split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event, the Board, in its discretion, may provide in substitution for any or all outstanding awards under the Pre-IPO Share Option Scheme such alternative consideration as it, in good faith, may determine to be equitable in the circumstances and may require in connection therewith the surrender of all awards so replaced. The Board shall also make or provide for such adjustments in the total number of Shares available under the Pre-IPO Share Option Scheme as the Board in its sole discretion, exercised in good faith, may determine is appropriate to reflect any transaction or event described in this paragraph.

(ii) Notwithstanding the foregoing,

(A) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company for which such Grantee would have been entitled to subscribe had he or she exercised all the options held by him or her immediately prior to such adjustment;

(B) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

(C) no such adjustment shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any Grantee would have been entitled to subscribe had he exercised all the options held by him or her immediately prior to such adjustment; and

(D) the issue of Shares or other securities of our subsidiaries as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment.

(k) Cancellation of options

Subject to the terms of the Pre-IPO Share Option Scheme and the provisions of any Evidence of Award, any option granted but not exercised may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Board.

(l) Termination

No grant will be made under this Pre-IPO Share Option Scheme for more than 10 years after the date on which this Pre-IPO Share Option Scheme is first approved by the Board and, if applicable, in any event later than the last practicable date prior to the printing of this prospectus. However, all grants made (to the extent not already exercised) on or prior to such termination will continue in effect, valid and exercisable thereafter subject to the terms of the Pre-IPO Share Option Scheme. The Company shall not make any further awards under the Pre-IPO Share Option Scheme during the suspended or terminated period, but shall otherwise continue to administer the Pre-IPO Share Option Scheme in accordance with the terms of the Pre-IPO Share Option Scheme.

(m) Charges related to the Scheme

The Company expects that share-based compensation recorded on its income statement in relation to the Pre-IPO Share Option Scheme granted as of December 31, 2010 will be RMB16.9 million in 2011, RMB6.3 million in 2012 and RMB0.7 million in 2013 (in 2010 the compensation recorded was RMB24.8 million).

(n) Outstanding options under the Pre-IPO Share Option Scheme

Particulars of the outstanding options conditionally granted under the Pre-IPO Share Option Scheme are set out below:

Name of Grantee	Residential Address	Position	No. of shares subject to outstanding options	Exercise Price	Weighted average exercise price	Beneficial shareholding in our Company as at the Latest Practicable Date	Number of options that become exercisable in 2010	Number of options that become exercisable in 2011	Number of options that become exercisable in 2012	Number of options that become exercisable in 2013
Directors and senior management group										
Mr. Ng Yuk Keung	3E, Block 6, Castello, Shatin, Hong Kong	Chief Financial Officer, Executive Director, Company Secretary and Qualified Accountant	5,627,325	US$0.20	US$0.20	Nil	Nil	1,875,775	1,875,775	1,875,775
Mr. Peter Hwang Wing Cheung	Flat 33A , Bella Vista, 3 Ying Fai Terrace, Mid Levels, Hong Kong	Group VP, Corporate Development Director and Chief of Staff	3,900,000	US$0.20	US$0.20	Nil	746,679	1,300,000	1,300,000	553,321
Mr. Zhenyu Xu	Room 1208, No. 9, Lane 1518, Xi Kang Road, Putuo District, Shanghai Municipality	Group VP, Director of Pharmaceutical Department	3,500,000	US$0.20	US$0.20	Nil	1,045,350	1,166,667	1,166,667	121,316
Mr. Liyu Yang	Room 1001, No. 10, Lane 485, E Shan Road, Pudong New Area, Shanghai Municipality	Director of Vaccine Department	3,500,000	US$0.20	US$0.20	Nil	833,333	1,166,667	1,166,667	333,333
Mr. Jinbang Hong	Room 18C, No. 629, Ai He Tower, Lingling Road, Minhang District, Shanghai Municipality	Director of Vaccine Department - Promotion	2,800,046	US$0.20	US$0.20	Nil	500,000	933,348	933,348	433,350
Mr. Weizhong Wu	Room 101, Building 14, Yiyunshuian Residential Quarters, Yangchenghu Road (E), Xiangcheng District, Suzhou, Jiangsu Province	Director of Factory First	2,800,046	US$0.20	US$0.20	Nil	500,000	933,348	933,348	433,350
Mr. Dominic Leung Oi Kin	Room 1302, No. 31, Lane 100, Xuhuitianlin (East) Road, Shanghai Municipality	Group Financial Controller	1,000,000	US$0.20	US$0.20	Nil	Nil	333,333	333,333	333,334
Other grantees with one million or more options										
Mr. Ming Xu	Room 1102, No.9, Lane 500, Anxi Road, Shanghai Municipality	Director of Operations, Procurement and Logistics	3,500,000	US$0.20	US$0.20	833,333	1,166,667	1,166,667	333,333	3,500,000
Mr. Guoqiang Shen	Room 3AA, Block 6, No.458 Wanhangdu Road, Shanghai Municipality	Pharma Regional Sales Director	1,250,000	US$0.20	US$0.20	248,893	416,667	416,667	167,773	1,250,000
Ms. Huiming Chen	Room 501, Block 12 Jiahe Garden, Lane 1995, Luoxiu Road, Shanghai Municipality	Pharma National Commercial Director	1,000,001	US$0.20	US$0.20	149,336	333,334	333,334	183,997	1,000,001
53 Other Grantees (holding options with an Exercise Price of US$0.20)			16,479,777	US$0.20	US$0.20	Nil	3,498,588	5,693,264	5,693,254	2,194,671
One Grantee (holding options with an Exercise Price of 70% of the Offer Price)			600,000	70% of the Offer Price	70%of the Offer Price	Nil	Nil	200,000	200,000	200,000
Total number of options			44,957,195							

The shareholding of the Shareholders of the Company immediately following the Global Offering, assuming that the Over-allotment Option is not exercised, would be diluted by approximately 5% upon the exercise in full of the Pre-IPO Share Options. Assuming that (i) the Company had been listed on the Stock Exchange since January 1, 2010, and (ii) all the pre-IPO options were exercised in full on January 1, 2010, the earnings per Share on a pro forma fully diluted basis would decrease from approximately RMB0.1196 (equivalent to HK0.1406) to approximately RMB0.1148 (equivalent to HK$0.1350) for the year ended December 31, 2010.

Save as disclosed above, no other options have been granted or agreed to be granted by the Company under the Pre-IPO Share Option Scheme as at the date of the prospectus and after listing.

(o) Waivers from compliance with the Companies Ordinance and the Listing Rules

Pursuant to Rule 17.02(1)(b) of the Listing Rules, our Company is required to disclose in the prospectus full details of all outstanding pre-IPO options and their potential dilution effect on the shareholdings upon Listing as well as the impact on the earnings per share arising from the exercise of such outstanding pre-IPO options in respect of the Pre-IPO Share Option Scheme. It is also required in Paragraph 27 of Appendix 1A of the Listing Rules that our Company shall disclose particulars including the consideration for which the options were or will be granted and the price and duration of the options, and the names and addresses of the grantees.

Pursuant to 342(1)(b) and Paragraph 10 of Part I of the Third Schedule to the Companies Ordinance, our Company is required to disclose in the prospectus the names and addresses of the grantees as well as the number of pre-IPO options granted to each grantee under the Pre-IPO Share Scheme and other required particulars such as the exercisable period, the price payable for subscription of shares in our Company under an option, and the consideration given for the grant of an option.

The Directors of the Company believe that full compliance with the abovementioned requirements would be unduly burdensome for the Company for the following reasons:

(i) the Company has granted the pre-IPO options to 64 grantees, among which 57 are not Directors or members of the senior management of the Group but employees of the Group. Fifty-four grantees have received less than one million Pre-IPO options. Due to the large number of grantees involved, strict compliance with the disclosure requirements under the Listing Rules and the Companies Ordinance in setting out full details of all grantees under the Pre-IPO Share Option Scheme would be unduly burdensome on the Company; and

(ii) each of the fifty-four grantees has received less than one million pre-IPO options; the aggregate number of shares to be subscribed pursuant to the exercise of these pre-IPO options was not material in the circumstances of the Company and disclosure of these grantees on an individual basis would therefore be irrelevant.

Our Company has applied to the Hong Kong Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and Paragraph 27 of Appendix 1A to the Listing Rules and the Hong Kong Stock Exchange has granted to our Company a waiver under the Listing Rules on the following conditions:

(i) there will be full disclosure on all pre-IPO options granted to Directors, directors of the subsidiaries, senior management of our Group, connected persons of our Company and employees of the Group who have been granted with more than one million pre-IPO options

on an individual basis all the particulars required by Paragraph 10(d) of the Third Schedule to the Companies Ordinance, Main Board Rule 17.02(1)(b) and Paragraph 27 of Appendix 1A in the paragraph headed "Statutory and General Information — D. Pre-IPO Share Option Scheme" in Appendix VIII to the prospectus;

(ii) for the remaining grantees other than the persons mentioned in paragraph (i) above, disclosure will be made in the prospectus, on an aggregate basis, the following items (1) the aggregate number and the number of Shares underlying the pre-IPO options; (2) the weighted average exercise period of the pre-IPO options; (3) the consideration paid for the pre-IPO options which was nil; and (4) the weighted average exercise price of the pre-IPO options;

(iii) there will also be disclosure in the prospectus for the aggregate number of Shares underlying the pre-IPO options under the Pre-IPO Share Option Scheme and the percentage of our Company's issued share capital represented by them;

(iv) the dilution effect and impact on earnings per Share upon full exercise of the pre-IPO options in the paragraph headed "Statutory and General Information — D. Pre-IPO Share Option Scheme" in Appendix VIII to this prospectus;

(v) a full list of all the grantees who have been granted options to subscribe for Shares under the Pre-IPO Share Option Scheme, containing all the details as required under Rule 17.02(1)(b) and Paragraph 27 of Appendix 1A to the Listing Rules and Paragraph 10 of Part I of the Third Schedule to the Companies Ordinance, will be made available for public inspection in accordance with the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix IX to this prospectus; and

(vi) the grant of a certificate of exemption from strict compliance with the relevant Companies Ordinance requirements by the SFC.

Our Company has applied for a certificate of exemption under Section 342A of the Companies Ordinance from the SFC from strict compliance with the disclosure requirements under Paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance and the SFC has granted to our Company the exemption under the Companies Ordinance on the following conditions:

(i) there will be full disclosure on all pre-IPO options granted to Directors, directors of the subsidiaries, senior management of our Group, connected persons of our Company and employees of the Group who have been granted with more than one million pre-IPO options on an individual basis all the particulars required by Paragraph 10(d) of the Third Schedule to the Companies Ordinance in the paragraph headed "Statutory and General Information — D. Pre-IPO Share Option Scheme" in Appendix VIII to the prospectus;

(ii) for the remaining grantees other than the persons mentioned in paragraph (i) above, disclosure will be made in the prospectus, on an aggregate basis, the following items (1) the aggregate number and the number of Shares underlying the pre-IPO options; (2) the weighted average exercise period of the pre-IPO options; (3) the consideration paid for the pre-IPO options which was nil; and (4) the weighted average exercise price of the pre-IPO options; and

(iii) a full list of all the grantees who have been granted options to subscribe for Shares under the Pre-IPO Share Option Scheme, containing all the details as required in Paragraph 10 of Part I of the Third Schedule to the Companies Ordinance, will be made available for public inspection in accordance with the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix IX to the prospectus.

E. OTHER INFORMATION

1. Estate Duty

Our directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As at the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our directors to be pending or threatened against any member of our Group.

3. Preliminary Expenses

Our estimated preliminary expenses are approximately US$18,000 and are payable by our Company.

4. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Hong Kong Companies Ordinance) who have given their opinions or advice in this prospectus are as follows:

Name	Qualifications
UBS	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	Certified public accountants
Vigers Appraisal & Consulting Limited	Professional property valuer
King & Wood PRC Lawyers	PRC legal advisors
Conyers Dill & Pearman	Cayman Islands attorneys-at-law

5. Consents

Each of UBS, KPMG, Vigers Appraisal & Consulting Limited, Conyers Dill & Pearman and King & Wood PRC Lawyers has given and has not withdrawn its respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

6. Binding Effect

This prospectus shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies Ordinance so far as applicable.

7. Compliance Advisor

We have appointed Access Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any estimate or other information in this prospectus; and
- where the Hong Kong Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

8. Bilingual Prospectus

Pursuant to Rule 11.14 of the Listing Rules and Section 4 of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the English and Chinese language versions of this prospectus are being published separately but are available to the public at the same time.

F. EXEMPTIONS FROM THE COMPANIES ORDINANCE AND WAIVERS FROM THE LISTING RULES

1. Continuing connected transactions

We have applied to the Hong Kong Stock Exchange for a waiver from Listing Rule 14A.34(1) in respect of the non-exempt continuing connected transactions of the Group. For further information please see the section headed "Relationship with our Controlling Shareholder and Connected Transactions — Non-exempt Continuing Connected Transactions — Waiver Application for Non-exempt Continuing Connected Transactions" in this prospectus.

2. Waiver from strict compliance with Rule 17.02(1) (b) and Paragraph 27 of Appendix 1A of the Listing Rules and a Certificate of Exemption from strict compliance with the disclosure requirements under Paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance

Our Company has applied to the Hong Kong Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and Paragraph 27 of Appendix 1A to the Listing Rules and a certificate of exemption under Section 342A of the Companies Ordinance from the SFC from strict compliance with the disclosure requirements under Paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance. For details, see section headed "Pre-IPO Share Option Scheme" in Appendix VIII.

G. SELLING SHAREHOLDERS

Particulars of the shareholders who will be selling shares in the International Placing are as follows:

Name	Description	Address/Registered Office	Number of Sale Shares (assuming no exercise of the Over-allotment Option)	Additional number of Sale Shares to be sold assuming full exercise of the Over-allotment Option
TPG Biotech(1). . . .	Corporation	PO Box 309, Ugland House South Church Street George Town Grand Cayman KY1-1104 Cayman Islands	28,851,830	4,328,000
TPG Star(2)	Corporation	PO Box 309, Ugland House South Church Street George Town Grand Cayman KY1-1104 Cayman Islands	57,701,170	8,654,500

(1) The interests deemed to be held by each of David Bonderman and James Coulter immediately after the Global Offering consist of 73,273,000 Shares held by TPG Biotech, assuming 102,124,830 Shares are distributed to TPG in the Reorganization based on a conversion ratio of one Series A Preference Share for one ordinary share of NT Holdings. The Reorganization will occur immediately prior to the closing of the Global Offering.

The sole shareholder of TPG Biotech is TPG Biotechnology Partners III, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Biotechnology GenPar III, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Biotechnology GenPar III Advisors, LLC, a Delaware limited liability company, whose sole member is TPG Holdings I, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Holdings I-A, LLC, a Delaware limited liability company, whose sole member is TPG Group Holdings (SBS), L.P., a Delaware limited partnership, which is managed by its general partner, TPG Group Holdings (SBS) Advisors, Inc., a Delaware company, whose shareholders are David Bonderman and James Coulter.

(2) The interests deemed to be held by each of David Bonderman and James Coulter immediately after the Global Offering consist of 146,549,000 Shares held by TPG Star, assuming 204,250,170 Shares are distributed to TPG in the Reorganization based on a conversion ratio of one Series A Preference Share for one ordinary share of NT Holdings. The Reorganization will occur immediately prior to the closing of the Global Offering.

The sole shareholder of TPG Star is TPG Star, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Star GenPar, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Star GenPar Advisors, LLC, a Delaware limited liability company, whose sole member is TPG Holdings I, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Holdings I-A, LLC, a Delaware limited liability company, whose sole member is TPG Group Holdings (SBS), L.P., a Delaware limited partnership, which is managed by its general partner, TPG Group Holdings (SBS) Advisors, Inc., a Delaware company, whose shareholders are David Bonderman and James Coulter.

H. MISCELLANEOUS

Save as otherwise disclosed in this prospectus:

(a) none of our Directors nor any of the parties listed in the paragraph headed "Consents" in the section headed "Other Information" of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(b) none of our Directors nor any of the parties listed in the paragraph headed "Consents" in the section headed "Other Information" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;

(c) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(d) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(e) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to the underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares in our Company;

(f) no amount or securities or benefit has been paid or allotted or given within the two years preceding the date of this prospectus to any of our promoters nor is any such securities or amount or benefit intended to be paid or allotted or given; and

(g) 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 in the 12 months immediately preceding the date of this prospectus.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **white**, **yellow** and **green** Application Forms; (ii) copies of each of the material contracts referred to the section headed "Further Information About Our Business" in "Appendix VIII — Statutory and General Information" to this prospectus; (iii) the written consents referred to in the section headed "E. Other Information — 5. Consents" in Appendix VIII to this prospectus; and (iv) a list of the names, addresses and descriptions of the Selling Shareholders.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Freshfields Bruckhaus Deringer at 11th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Articles of Association of the Company;

(b) the accountants' report prepared by KPMG, the text of which is set out in Appendix I;

(c) the audited financial statements of the Group for the three years ended December 31, 2008, 2009 and 2010;

(d) the report in relation to unaudited pro forma financial information, the text of which is set out in Appendix II;

(e) the letters in relation to the profit forecast, the texts of which are set out in Appendix III;

(f) the letter, summary of valuation and valuation certificates relating to our property interests prepared by Vigers Appraisal & Consulting Limited, the texts of which are set out in Appendix IV and the full valuation report (in the English language) of Vigers Appraisal & Consulting Limited referred to in Appendix IV;

(g) the PRC legal opinions issued by King & Wood PRC Lawyers, our legal advisors on PRC law, dated April 8, 2011 in respect of our general matters and property interests of the Group;

(h) the letter prepared by Conyers Dill & Pearman, our legal counsel on Cayman Islands law, summarizing certain aspects of the Cayman Islands company law referred to in Appendix VII;

(i) the Cayman Islands Companies Law;

(j) the material contracts referred to in Part B, paragraph 1 of Appendix VIII;

(k) the written consents referred to in paragraph 5 of Appendix VIII;

(l) the rules of our Pre-IPO Share Option Scheme and the list of all the grantees who have been granted options to subscribe Shares under the Pre-IPO Share Option Scheme;

(m) service contracts entered into between the Company and each of the executive directors; and

(n) statement of particulars of the Selling Shareholders.

China NT Pharma Group Company Limited
中國泰凌醫藥集團有限公司