Investing in our Shares involves a high degree of risk. You should carefully consider all of the information set out in this prospectus before making an investment in the Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We rely on a limited number of suppliers under fixed term supply agreements to provide us with the pharmaceutical products and medical devices we market, promote and sell. If we cannot renew such agreements or otherwise maintain our relationships with our suppliers, our business, financial condition and results of operations may be materially and adversely affected.

We do not manufacture pharmaceutical products or medical devices, and depend on a limited number of suppliers to provide us with the products we market, promote and sell. Products purchased from our top five suppliers accounted for 97.1%, 96.7%, 94.5% and 92.2% of our total products purchased in 2010, 2011, 2012 and the six months ended 30 June 2013, respectively. Our supply agreements generally contain termination provisions and are generally for fixed terms, which subjects our ability to maintain our marketing, promotion and sales rights and renew our supply agreements upon expiry to a number of factors that may be outside of our control. For example, if we fail to meet the agreed minimum order quantities specified in the relevant supply agreements, our suppliers may elect to terminate and/or not renew our supply agreements and our ability to meet the minimum order quantities is subject to market and competitive conditions for our products, including the prevalence rates of the relevant diseases, the introduction of competitive drugs for our drugs, and the potential reducing demand for our drugs. Moreover, in the event that we are unable to maintain our relationships with our suppliers, they may elect to not renew our supply agreements or otherwise cease to supply us with the products we market, promote and sell. In the event that suppliers terminate or do not renew our supply agreements after we have successfully established the distribution network and promoted their products, we may not be able to recoup our costs and expenses or realise our anticipated profits. In addition, the overseas healthcare industry is subject to continual consolidation and the acquisition of one of our suppliers by a third party could adversely impact our relationship with that supplier, particularly where the acquiring party has the ability to market and promote its products independently or has a relationship with other service providers. In the event we do not continue to have access to the supply of products from our suppliers, particularly our top suppliers, due to a deterioration of our relationship with our suppliers or otherwise, our business, financial condition and results of operations may be materially and adversely affected.

Furthermore, our rights to market, promote and sell Alcon's ophthalmic pharmaceutical products, Alfa Wasserman's Fluxum and Neoton and Polichem's Polimod, Macmiror Complex and Macmiror products are not exclusive. Sales of these products accounted for 80.9% and 78.7% of our revenue in 2012 and the six months ended 30 June 2013. Although none of these suppliers has appointed any other service provider in China or our designated territories in respect of these products, they have the contractual right to do so. In the event that these suppliers elected to appoint additional service providers, it could materially and adversely affect our business, financial condition and results of operations.

We depend on the sale of Alcon products for a substantial portion of our revenue and may have limited bargaining power in negotiating the terms of our supply agreement with Alcon. If we fail to maintain the rights for Alcon products or our relationship with Alcon, or the market demand for Alcon products declines, our business, financial condition and results of operations may be materially and adversely affected.

A substantial portion of our revenue is generated from the sale of the ophthalmic pharmaceutical products of Alcon, our largest supplier, in China. In 2010, 2011, 2012 and the six months ended 30 June 2013, our sale of Alcon products in aggregate amounted to RMB400.1 million, RMB523.4 million, RMB635.0 million and RMB351.1 million, respectively, representing 70.1%, 72.9%, 66.2% and 63.7% of our revenue for the respective period. In 2010, 2011, 2012 and the six months ended 30 June 2013, our gross profit from the sale of Alcon products in aggregate amounted to RMB72.2 million, RMB90.7 million, RMB104.2 million and RMB56.9 million, respectively, representing 43.5%, 46.3%, 34.0% and 34.8% of our gross profit for the respective period. We expect that our business will continue to depend on the sale of Alcon products. However, our ability to continue to derive revenue from the sale of Alcon products is dependent on a number of factors, including our ability to maintain our rights to provide co-promotion and channel management services for Alcon products and our relationship with Alcon, as well as the market demand for Alcon products.

We have had an uninterrupted business relationship with Alcon since 1996 and our current supply agreement with Alcon has a term expiring on 31 December 2018. However, the supply agreement may be terminated without cause by either party at any time upon giving a 90 days' written notice to the other party, or under certain other circumstances specified in the agreement. We are therefore exposed to the risk that Alcon terminates or decides not to renew our supply agreement and we may have limited bargaining power in negotiating the terms of any such renewal including with respect to pricing, territory, sales target and other contractual terms.

Additionally, because of our dependency on Alcon products for a substantial portion of our revenue, our business is particularly sensitive to the sales volumes, pricing levels and margins of Alcon products. Market demand, and therefore sales volumes, for Alcon products may decline as a result of a number of factors, which may be outside of our control. For example, competing products may become available in China at more attractive prices or with improved quality or may be included in the Insurance Catalogues, or we may fail to continue to effectively provide co-promotion and channel management services for Alcon products.

Furthermore, during the Track Record Period, Alcon has raised the selling prices of its products to us. Although we have been able to partially pass on the price increases to our customers and increase our sales volumes of Alcon products over the Track Record Period, our gross profit margin from the sale of Alcon products has decreased from 18.0% in 2010 to 17.3% in 2011, 16.4% in 2012 and 16.2% in the six months ended 30 June 2013. There can be no assurance that Alcon will not continue to raise the selling prices of its products to us or that our margins from the sale of Alcon products will not continue to decline. If we are unable to maintain our current sales volumes or profit margins from the sale of Alcon products, our business, financial condition and results of operations may be materially and adversely affected.

The majority of the pharmaceutical products we market, promote and sell are subject to government price controls that may adversely affect our margins.

A majority of our pharmaceutical products, primarily those included in the Insurance Catalogues, are subject to price controls in the form of maximum retail prices. From time to time, the

PRC government authorities publish and update a list of pharmaceutical products that are subject to price controls, either at the national level or at the provincial level. As of the Latest Practicable Date, 16 of our products were subject to price controls at the national level and 13 additional products were subject to price controls at the provincial level. Sales of the 16 products subject to price controls at the national level accounted for 71.4%, 71.1%, 68.7% and 66.4% of our revenue for 2010, 2011, 2012 and the six months ended 30 June 2013, respectively. Sales of the additional 13 products subject to price controls at the provincial level accounted for 17.1%, 22.3%, 24.0% and 21.3% of our revenue for 2010, 2011, 2012 and the six months ended 30 June 2013, respectively. In addition, seven of the 14 additional prescription pharmaceutical products in our product pipeline will be subject to price controls if the current price control measures remain unchanged when the sale of such products commences in China.

During the Track Record Period, the NDRC lowered the maximum retail prices of certain of our pharmaceutical products in March 2011, June 2011, October 2012 and February 2013, respectively. Please see the section headed "Business — Pricing" of this prospectus for further details of the NDRC price adjustments. During the Track Record Period, the lowering of the maximum retail prices for those products had only a limited impact on the overall average selling prices, revenue and gross profit margins of our products because we were able to partially pass on the price adjustments to our distributors and suppliers and provide the product to hospitals and pharmacies through our distributors at prices that allow a profit margin for the hospitals and pharmacies. However, controls over and adjustments to retail prices of pharmaceutical products, if significant, could have a corresponding impact on the prices at which we sell such products to our distributors or directly to hospitals and pharmacies and therefore our gross profits and gross profit margins. In recent years, the NDRC has faced increasing pressure to reduce the prices of pharmaceutical products in China, and the NDRC and other PRC government authorities have more frequently initiated inquiries and investigations into pricing and other business practices of pharmaceutical enterprises. We expect the PRC government to continue to reduce the prices of pharmaceutical products. We cannot assure you that the selling prices of our products will not be adversely affected should the PRC government further lower the maximum retail prices of our products that are subject to price controls. If we have to lower the prices at which we sell our products due to the impact of the price controls, it may adversely affect our margins, as a result of which, our business, financial condition and results of operations may be materially and adversely affected.

In addition, the price controls may limit our ability to commercially respond to price increases by our suppliers, which may occur when they renew the supply agreements with us or otherwise in accordance with the terms of the supply agreements. In the event that we experience significant price increases from our suppliers that cannot be passed on to our customers, it could materially and adversely affect our business, financial condition and results of operations.

Our employees, suppliers, promotion partners and distributors could act contrary to our interest and instructions, engage in corrupt or other improper practices and harm our reputation, sales and business prospects.

Our employees, promotion partners and distributors may fail to comply with our guidelines and authorisations, engage in illegal practices, provide information that is contrary to information we provide or otherwise provide inaccurate, misleading or incomplete information about our products. As a result, hospitals, physicians or patients may misunderstand or misuse our products, and we or our products may be exposed to negative publicity, unfavourable consumer perceptions or liability. If our employees, promotion partners or distributors engage in behaviours that are contrary to our policies, our reputation may be harmed, and our sales and business prospects may suffer and our products may be seized, any of which could adversely affect our reputation, sales and business prospects.

In the pharmaceutical product and medical device industries, corrupt practices include, among others, acceptance of kickbacks, bribes or other illegal gains or benefits by healthcare institutions or healthcare practitioners from suppliers, promoters, distributors or service providers in connection with the procurement or prescription of certain pharmaceutical products. Although our company policies prohibit our employees, and our agreements with promotion partners prohibit the promotion partners, from engaging in unlawful conduct, we may not be able to effectively control the conduct of our employees, promotion partners and distributors. If our employees, promotion partners and distributors engage in unlawful conduct such as violating applicable anti-corruption laws, we could be required to pay damages or fines, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, we could be held liable for actions taken by our employees, promotion partners or distributors, including any violations of applicable law in connection with the marketing or sale of our products, or anti-corruption laws and regulations of China or other jurisdictions. It is also possible that the PRC government could adopt new or different regulations affecting the way in which pharmaceutical products and medical devices can be sold to address anti-corruption or other concerns.

Furthermore, we could also be held liable for actions taken by our employees, promotion partners and distributors that violate the Foreign Corrupt Practices Act of the United States (the "FCPA"). A non-U.S. company is potentially subject to the FCPA if it acts in furtherance of a corrupt offer, promise or payment while in the territory of the United States. The concept of "in furtherance" is very broad and can arguably reach virtually banking transaction denominated in US dollars. It is also possible that funds raised in the United States could constitute a territorial act in furtherance of a corrupt offer, promise or payment if such funds can be traced to the money used to pay a bribe.

Moreover, PRC laws and regulations relating to incentive payments are not always clear. As a result, we, our employees, suppliers, promotion partners and distributors could make certain payments in connection with the promotion or sale of our products or other activities involving our products which at the time are considered by us or them to be legal but are later deemed impermissible by the PRC government authorities.

Moreover, the PRC government authorities have recently increased their efforts to combat corrupt, illegal or improper business practices in the PRC pharmaceutical industry, which could subject our employees, suppliers, promotion partners and distributors to increased scrutiny. If our employees, suppliers, promotion partners and distributors, either knowingly or unknowingly, engage in improper or illegal conduct to improve sales of our products, our brand and reputation and our sales activities could be materially and adversely affected.

If our promotion partners fail to effectively market and promote our products or our distributors fail to properly and efficiently distribute our products, our business, financial condition and results of operations could be materially and adversely affected.

As of 30 June 2013, we had 967 third-party promotion partners across 31 provinces, municipalities and autonomous regions in China who conduct most of the day-to-day marketing and promotional activities for our products. Therefore, our ability to generate demand for our products and revenue is significantly dependent on our promotion partners' ability to effectively execute our marketing strategies and promote our products to hospitals and pharmacies in China, and there can be no assurances that our promotion partners will continue to do so.

Moreover, we typically enter into agreements with our promotion partners for a term of only one year. Our promotion partners may elect not to renew their agreements with us or otherwise terminate their business relationships with us for various reasons, including when they choose to

promote a competing product. In the event that a significant number of our promotion partners were to decide to terminate their relationships with us, we could experience a loss in sales volumes, and the growth of our business could be impaired as a result of the absence or a reduction in the level of promotional activities for our products in respect of the relevant hospitals and doctors. As a result, we may also become a less attractive service provider to our suppliers who may, in turn, elect to use alternative service providers with a stronger promotion network. In such situations, our business, financial condition and results of operations could be materially and adversely affected.

We and, in turn, our suppliers, also rely significantly on our distributors to properly and efficiently deliver our products to hospitals and pharmacies. We had over 500 distributors across China as of the Latest Practicable Date. There can be no assurance that our distributors will continue to provide proper and efficient distribution services for our products. We typically enter into contracts with our distributors for a term of one year. Our distributors might elect not to renew their contracts with us or otherwise terminate their business relationships with us. In the event that any of our major distributors or a significant number of our distributors terminate their relationships with us or fail to properly and efficiently deliver our products to hospitals and pharmacies, we could experience a loss of sales volumes and we may become a less attractive service provider to our suppliers, who may, in turn, elect to use alternative service providers with a stronger distributor network. In such situations, our business, financial condition and results of operations could be materially and adversely affected.

If we are unable to successfully add new products or manage an expanding product portfolio, our business and prospects and our ability to maintain and grow our revenue, profits and margins may be adversely affected.

The continued expansion of our business operations is dependent in part on our ability to continue to expand our product portfolio by obtaining marketing, promotion and sales rights for additional pharmaceutical products and medical devices. The expansion of our product portfolio involves a number of risks, including but not limited to:

- the risk that we are unable to identify suitable products and obtain marketing, promotion and sales rights from suppliers on terms acceptable to us as result of, for example, increasing competition among service providers for attractive products;

- the risk that the products for which we obtain marketing, promotion and sales rights fail to achieve the intended objectives or benefits, or to generate sufficient revenue to recover the costs and expenses. In particular, it takes an increasingly long time to register a pharmaceutical product and bring it to the Chinese market for the first time, while the market and competitive conditions for the relevant product continue to evolve and may become significantly different from what we expected, which makes it increasingly difficult to predict the product's success, as well as its related revenue and expenses. Whether the new products we introduce to the market will ultimately be successful depends on, among other things, the efficacy, quality and price of our products and the preferences of physicians prescribing the products;

- the risk associated with the diversion of resources and management attention from our existing products to new products, which might hinder us from focusing our marketing, promotion and sales efforts on our existing products and enhancing our business relationships with our existing suppliers; and

- the risk that we fail to effectively manage a larger product portfolio and an increasing number of suppliers.

In the event that we fail to address these risks successfully, our business and prospects and our ability to maintain and grow our revenue, profits and margins may be materially and adversely affected.

We may not be able to renew the licences and permits for the import and sale of our existing products or obtain the licences and permits for our new products, which could materially and adversely affect our business, financial condition and results of operations.

The marketing, promotion and sales of pharmaceutical products and medical devices are heavily regulated in China and are subject to various licences, permits and certifications by the PRC government authorities. Among other things, we are required to obtain and maintain a pharmaceutical supply permit, a licence to engage in medical device trading business and a good supply practice (GSP) certificate for our business operations, and we are only allowed to import those pharmaceutical products and medical devices that have been properly registered with the PRC government authorities. Although all the requisite licences, permits and certifications have been obtained for the import and sale of our existing products, these licences, permits and certifications will expire and are subject to periodic renewal. Additionally, each product in our pipeline that is new to the Chinese market is required to be registered before it can be imported and sold in China. Where we handle new product registrations for our suppliers, it is typically done at our own costs and expenses after we have secured the relevant marketing, promotion and sales rights for the product. However, we may lose the marketing, promotion and sales rights if we fail to complete the registration within a specified timeframe. Moreover, in certain circumstances we may not handle the registration or renewal process in respect of our products ourselves, which subjects the registration of our products to additional factors beyond our control. For example, in 2012 our supplier did not timely renew the product registration for its Fleet Phospho-Soda. As a result, we have suspended sales of the product in 2013 pending license renewal, other than its remaining inventory. Sales of Fleet Phospho-Soda accounted for 2.8% of our revenue in 2012.

Applications for the requisite registrations, renewals, licences, permits or certifications are assessed by the relevant government authorities, using standards that may be amended from time to time. We cannot predict how such standards will be amended in the future, and we may not be able to comply with such subsequent modifications or the amended interpretations of the compliance standards at acceptable costs or at all. There can be no assurance that all registrations, licences, permits or certifications currently in place for our products can or will be renewed, or that new registrations, licences, permits or certifications will be received in a timely and cost-effective manner or at all. Our inability to obtain or maintain requisite registrations, licences, permits or certifications could materially and adversely affect our business, financial condition and results of operations.

In particular, the registration certificates for the import into China of two of Alcon's products, namely Tobradex eye drops and Tobradex eye ointment, are due to expire in December 2013. Alcon submitted renewal applications for these registration certificates to the CFDA on 18 June 2013 and currently expects to receive the renewed registration certificates by December 2013. Tobradex eye drops generated 17.7%, 16.5%, 14.3% and 13.0% of our total revenue, and 10.7%, 9.4%, 7.3% and 7.3% of our total gross profit, in 2010, 2011, 2012 and the six months ended 30 June 2013, respectively. Tobradex eye ointment generated 4.4%, 4.9% 4.7% and 4.7% of our total revenue, and 2.8% 3.2%, 2.4% and 3.0% of our total gross profit, in 2010, 2011, 2012 and the six months ended 30 June 2013, respectively. In the event that Alcon fails to obtain the renewed registration certificates prior to their expiry and we have not accumulated inventory sufficient to accommodate sales during any period in which these two products are not registered for import into China, our business, financial condition and results of operations could be materially and adversely affected.

We may not be able to compete successfully in the tender processes for the sale of pharmaceutical products and medical devices to public hospitals and medical institutions, which may materially and adversely affect our business, financial condition and results of operations.

We derive substantially all of our revenue indirectly from public hospitals and medical institutions in China that are required to select pharmaceutical products and medical devices through a national or provincial collective tender process in order for them to be purchased by public hospitals and medical institutions in the applicable region. The selection of the winning bidder is based on a number of factors including bid price, quality, clinical effectiveness, and the supplier's reputation and service quality. If we fail to maintain a team that is experienced in tender processes across the country and adopt successful bidding strategies by correctly assessing the product's characteristics, comparable products, local physicians' preferences, price controls and all other relevant factors properly, we may not be successful in these bidding processes. If we cannot compete successfully in the collective tender process in any province or city, we will not be able to generate revenue from the sale of the affected products to the public hospitals and medical institutions in the relevant province or city until the products are selected in a future tender process. Additionally, if we do not compete successfully in the tender processes generally, it could cause us to become a less attractive service provider to our suppliers and distributors and materially and adversely affect our business, financial condition and results of operations.

If any of our existing products do not remain in, or new products which we market, promote and sell are not admitted to, the Insurance Catalogues, our sales volumes for those products would be materially and adversely affected.

Under applicable PRC laws and regulations, patients purchasing pharmaceutical products included in the Insurance Catalogues are entitled to reimbursement of the whole or a portion of their purchase costs from the basic medical insurance fund or the work injury insurance fund. The PRC MHRSS and other government departments at a provincial level determine which pharmaceutical products are admitted to the Insurance Catalogues by considering treatment needs, frequency of use, therapeutic effectiveness, price levels and other relevant factors. In China, pharmaceutical products listed in the Insurance Catalogues are generally sold on higher volumes because patients purchasing such products are eligible for a full or partial reimbursement under the national and provincial medical insurance programmes. As a result, the inclusion of our products in the Insurance Catalogues tends to substantially increase our sales volume of that product. In 2012 and the six months ended 30 June 2013, we generated 68.7% and 66.4% of our revenue from products included in the National Insurance Catalogue. However, we cannot assure you that our existing products will continue to be included in the Insurance Catalogues, or that any new product we market, promote and sell will be included in the Insurance Catalogues. The removal of any of our existing products from the Insurance Catalogues or the failure of our new products to be admitted to the Insurance Catalogues would materially and adversely affect their sales volumes.

The market demand for our products is subject to change, and the potential reducing market demand for our products could affect our business, financial condition and results of operations materially and adversely.

The market demand for our pharmaceutical products and medical devices is subject to change depending on a variety of factors that may be out of our control. A majority of our key products have been sold in China for years. The pharmaceutical product and medical device market is competitive, and new products are constantly developed, tested and launched. The market demand for our products could be adversely affected in the event that, for example, other pharmaceutical companies produce similar products or products that have comparable or better efficacy or that may be used as direct or

indirect substitutes for our products, and such products are launched in the PRC market at prices comparable to, or lower than, our prices. If the market demand for our existing key products decreases over time and we are unable to successfully add new products, our business, financial condition and results of operations could be materially and adversely affected.

We had net current liabilities as of 30 June 2013 and have made additional borrowings subsequent to the Track Record Period.

Although we had net current assets of RMB158.8 million, RMB163.5 million and RMB151.2 million as of 31 December 2010, 2011 and 2012, respectively, we had net current liabilities of RMB76.6 million as of 30 June 2013. The principal reason for the net current liabilities as of 30 June 2013 was RMB209.2 million in payables to Pioneer Pharma, which consisted of RMB92.7 million in dividends payable and RMB116.5 million in payables in respect of the consideration for Pioneer Pharma's transfer of its business of marketing, promotion and sale of pharmaceutical products and medical devices to us as part of the Reorganisation. Subsequent to 30 June 2013, we made additional borrowings of RMB50.2 million and US$8.0 million from Independent Third Parties for the purpose of paying down the amounts due to Pioneer Pharma as of 30 June 2013. The RMB50.2 million loan consists of four separate borrowings made in July and August 2013, each of which has a term of one year and bears interest at the rate of 6.0% per annum. The US$8.0 million loan was borrowed in September 2013, and has a term of two years and bears interest at the rate of 3.5% per annum. As of 31 August 2013, we had net current liabilities of RMB42.1 million, which included the remaining balance of RMB98.6 million that was due to Pioneer Pharma as at 30 June 2013. We expect to settle the remaining balance prior to Listing, which we expect to fund by our cash on hand, cash from operations and additional borrowings, which may cause our net current liability position to increase. A net current liability position, or any increase in that position, may cause us to utilise a greater portion of our cash flow or incur additional borrowings in order to meet our short-term obligations, and there can be no assurances that we will be able to do so. Moreover, if we are unable to meet our debt and interest repayment obligations on our existing or future debt obligations, our creditors could choose to demand immediate repayment or pursue other available remedies, the result of which could materially and adversely affect our business, financial condition and results of operations.

We may experience delays or disruptions in the supply of our products, which may adversely affect our business, financial condition and results of operations.

We purchase substantially all of our pharmaceutical products and medical devices from overseas suppliers. We may experience unexpected interruptions in the supply of such products for a number of reasons, such as regulatory changes, import restrictions, loss of certifications or licences, disruptions in raw materials supply or product manufacturing, unexpected fluctuations of market demand, disruptions in logistics or product delivery, natural disasters, acts of terror or other third party interference, or significant deteriorations of China's diplomatic relationships with the suppliers' countries. In addition, because substantially all of the products we sold throughout the Track Record Period were purchased from our top five suppliers, we may be particularly sensitive to the factors that affect one or more of these suppliers, which may materially and adversely affect our business, financial condition and results of operations.

We may lose the value of our investments in our suppliers.

We have invested and may invest in selected suppliers primarily to enhance our chance of securing the marketing, promotion and sales rights for their products. However, there is no assurance that we will be able to secure the marketing, promotion and sales rights from such suppliers on terms favourable to us or at all, or that we will be able to generate the economic returns we expected from such marketing, promotion and sales rights. Such economic returns can be affected by a number of

factors, such as market and competitive conditions, that are beyond our control. The business, financial condition and results of operations of these suppliers are subject to various risks and uncertainties and we could lose part or all of the value of our investments in the suppliers. Furthermore, such investments may also divert resources from our existing businesses, and we may not be able to continue to identify suitable investments or finance such investments. As of the Latest Practicable Date, we have made minority investments in our suppliers NovaBay and Q3, the holding company of QualiMed. Please see the section headed "History and Reorganisation — Corporate History — Overseas Equity Investments" of this prospectus for further details of these investments.

If there are product liability claims, product recalls or complaints against our products, our business, reputation, results of operations and financial condition could be materially and adversely affected.

We are exposed to risks associated with product liability, product recalls and complaints as a result of marketing, promoting and selling pharmaceutical products and medical devices in the PRC. Under PRC law, we may be liable to product liability claims from the consumers of our products. We do not currently carry any product liability insurance. If any of our products are alleged or proven to be harmful, demand for and sales of our products could also decline significantly. In addition, we may be required to recall such products, suspend sales or cease sales. Any such claims, recalls, suspensions or cessations could materially and adversely affect our business, reputation, results of operations and financial condition, regardless of whether or not such claims have merit. If we are required to defend any litigation related to product liability claims or product recalls, it may require significant financial resources and the time and attention of our management. Our rights to seek compensation from our suppliers in respect of claims may be contractually restricted; for example, certain of our supply agreements, including our supply agreement with Alcon, provide that our sole remedies against the suppliers are limited to replacement or return of the nonconforming products and the suppliers may not be liable for any incidental or consequential damages. Even where we may be contractually entitled to full indemnification from the suppliers of the products for product liability claims, product recalls or complaints, such indemnities may not effectively and fully cover the damages we suffer. Additionally, product liability claims, product recalls or complaints against those of our suppliers' products that are not marketed and sold by us may adversely affect us if customers associate such products with those we purchase from our suppliers.

If we experience a significant reduction in the number of distributors for our products, it may adversely affect our ability to generate revenue and we may be unable to maintain or renew our supply agreements and expand our product portfolio.

We and, in turn, our suppliers, significantly rely on our distributors for sales to hospitals and pharmacies. As a result, a significant reduction in the number of distributors for our products could adversely affect our ability to generate revenue. In 2010, 2011, 2012 and the six months ended 30 June 2013, 139, 136, 213 and 225 distributors ceased the distributorship for our products, and the total number of our distributors was 566, 716, 689 and 556 as of 31 December 2010, 2011 and 2012 and 30 June 2013, respectively. While the decrease in the number of distributors for our products primarily related to consolidation in the pharmaceutical distribution industry, changes in our product mix and decisions not to renew our contracts with distributors for performance-related reasons, there can be no assurance that we will not experience a further decrease in the number of distributors for our products for these or other reasons. We typically enter into contracts with our distributors for a term of one year. Our distributors might elect not to renew their contracts with us or otherwise terminate their business relationships with us for any number of reasons, including to distribute the products of another service provider. In the event that a significant number of our distributors were to terminate their relationships with us, we could experience a decrease in revenue. A loss of a significant number of distributors may

also make us a less attractive service provider to suppliers, who may, in turn, elect to use other service providers with a larger number of distributors, which could impair our ability to maintain or renew our supply agreements and expand our product portfolio. Consequently, loss of a significant number of distributors could 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 products, which could materially and adversely affect our business, results of operations and financial condition.

Our ability to deliver efficient channel management services and provide our distributors and other customers with a timely and adequate supply of products depends on our ability to maintain proper inventories of those products. We aim to hold sufficient inventory to deliver products to our customers in a timely and cost efficient manner, without excess inventory. Our ability to maintain proper inventory levels at any given time is dependent on our accurate estimation of future market demand, the availability of products from our 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. We had inventories of finished goods in the amount of RMB109.6 million, RMB242.6 million, RMB295.9 million and RMB299.7 million as of 31 December 2010, 2011, 2012 and 30 June 2013, respectively, our average inventory turnover days were 101.6 days, 123.1 days, 150.7 days and 140.4 days for 2010, 2011, 2012 and the six months ended 30 June 2013, respectively, and our average inventory turnover days (excluding goods in transit) were 81.6 days, 93.4 days, 107.7 days and 94.2 days for 2010, 2011, 2012 and the six months ended 30 June 2013, respectively. The increases in our inventory levels from 31 December 2010 to 31 December 2011 were primarily due to (i) our intentional accumulation of inventory of products whose registration certificates were due for renewal in order to ensure we held sufficient supply in case the renewal was delayed, (ii) a change in the shipping method of Alcon products from airborne to seaborne as initiated by Alcon to reduce shipping costs, (iii) the overall increase in our business volume, and (iv) a change in 2011 in our inventory policy pursuant to which we increased our overall inventory levels to accommodate the increasing number of hospitals covered by our network. We may not be able to maintain proper inventory levels for our products at all times. 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.

Delays in collecting payment from our customers could adversely affect our cash flow, working capital, financial condition and results of operations.

We typically extend credit to our customers for 30 to 120 days and in limited circumstances up to 180 days for selected customers. As of 31 December 2010, 2011, 2012 and 30 June 2013, our trade receivables were RMB78.6 million, RMB97.6 million, RMB122.2 million and RMB164.9 million, respectively. The average turnover days of our trade receivables in 2010, 2011, 2012 and the six months ended 30 June 2013 were 54.6 days, 44.8 days, 41.8 days and 47.7 days, respectively. If our customers' cash flow, working capital, financial condition or results of operations deteriorates, they may be unable, or they may otherwise be unwilling, to pay trade receivables owed to us promptly or at all. Any substantial defaults or delays may materially and adversely affect our cash flow, working capital, financial condition and results of operations.

Intellectual property infringement claims against us or our suppliers may adversely affect our business and results of operations.

Third parties, including competitors, may make claims or initiate litigation against us or our suppliers seeking to establish their patent, trademark, copyright and other intellectual property rights in products, technologies, trade names and company names. The risk of being subject to intellectual property infringement claims will increase as we continue to expand our operations and diversify our product portfolio. We may be unable to determine whether any of our products, names and other related matters infringe upon the rights of others. Regardless of their merit, any claims would divert management's attention and result in possibly significant legal costs. If such claims are successful, we may be required to obtain licences from, or pay compensation to, the claimants, or discontinue the marketing, promotion and sale of the relevant products.

We are subject to a number of risks associated with sales of counterfeit pharmaceutical products in China, and the failure of our suppliers or us to maintain trademark registrations for the relevant products in China may impair our ability to protect ourselves from such risks.

The counterfeit pharmaceutical product control and enforcement system in China may be inadequate to eliminate the production and sale of counterfeit pharmaceutical products imitating our products, which may or may not have the same chemical composition of our products. Consequently, such counterfeit sales would expose us to a number of risks, including a loss of sales, negative publicity, fines and other administrative penalties, and may even result in litigation against us, particularly where the use of such counterfeit products result in adverse side effects to consumers. Moreover, in the event we or our suppliers fail to maintain valid trademark registrations for the relevant products in China, it may limit our ability to successfully pursue legal action that may otherwise be brought against counterfeiters. As a result, we cannot assure you that we will not be adversely affected by the activities of third party counterfeiters, or that we will have adequate recourse against such parties.

We depend on our key senior management members, and our business and growth may be disrupted if we lose their services.

Our business and growth depends upon the continued service of our key executives and other senior managers. In particular, we are highly dependent on our executive Directors and senior management team to manage our business and operations. Our executive Directors and senior management have worked with us for many years. If we lose the services of any member of our senior management, we may be unable to locate a suitable or qualified replacement and may incur additional expense to recruit and train new personnel, which could disrupt our business and growth. Furthermore, as we expect to continue expanding our operations and product portfolio, we will need to continue attracting and retaining experienced management personnel. Competition for experienced personnel in the pharmaceutical industry is intense, and the availability of suitable and qualified candidates in China is limited. Competition for these individuals could cause us to offer higher compensation and other benefits in order to attract and retain them, which would increase our operating costs. We may be unable to attract or retain the personnel required to achieve our business objectives, and failure to do so could disrupt our business and growth.

We depend on the continued service of, and on the ability to attract, motivate and retain a sufficient number of qualified marketing, promotion and sales staff in order to grow our business and deliver effective service to our suppliers.

Our ability to continue to grow our marketing, promotion and channel management business and deliver effective service to our suppliers depends on our ability to attract and retain qualified and

professional employees in our marketing, and promotion and sales team that are, among other things, able to communicate effectively with physicians and other medical professionals. However, competition for experienced marketing, promotion and sales personnel for pharmaceutical products and medical devices is intense; we cannot assure you that we will be able to attract, hire and retain a sufficient number of qualified and professional marketing, promotion and sales personnel to continue to expand our business in the manner we contemplate and deliver effective service to our suppliers. In addition, competition for these individuals could cause us to offer higher compensation and other benefits in order to attract and retain them, which would increase our operational costs.

We may be unable to manage our future growth efficiently or cost effectively, which may materially and adversely affect our business prospects.

Our revenue grew from RMB570.6 million in 2010 to RMB717.8 million in 2011 and to RMB958.7 million in 2012, representing a CAGR of approximately 29.6% over the three years. Our revenue increased by 27.4% from RMB432.7 million in the six months ended 30 June 2012 to RMB551.3 million in the six months ended 30 June 2013. Our current growth strategy involves, among other things, continuing to increase our penetration into the Chinese healthcare market by broadening our marketing, promotion and channel management service network, expanding our product portfolio, establishing strategic relationships with suppliers, enhancing our service capabilities in Southeast Asia, and upgrading and investing in our information management systems. There can be no assurance that we will be able to execute these strategies as we expect or that we will be able to manage our growth efficiently. As we continue to grow, our management and administrative systems and our marketing and promotion resources might become overstretched, and we might face challenges managing and monitoring an expanding network of promotion partners and distributors. Our growth also depends on whether the products we introduce to the market are well received, which in turn depends on efficacy, quality and price of our products and the preferences of physicians prescribing the products. In addition, as we expand into new markets, we may be subject to regulatory regimes that we are less familiar with. As a result, we may not be able to manage our growth efficiently or our cost effectively, which could jeopardise our ability to grow continuously and thus materially and adversely affect our business prospects.

Any system failure or deficiencies in our information management systems may have an adverse effect on our business, financial condition and results of operations.

We rely on computerised information management systems to obtain, process, analyse and manage data in a number of ways that are critical to our business, including data relating to, among other things, our marketing, promotional and sales activities, sales and inventories. This data management is critical to a number of important aspects of our business, including:

- facilitating the replenishment of inventory for our products and delivery of our products to distributors across China;
- monitoring and record the activities of our promotion partners;
- monitoring the operations of our distribution network and supply chain;
- receiving and process orders on a timely basis; and
- managing quality control and logistics.

Any system damage or failure, which increases service time or interrupts data input, retrieval or transmission, could disrupt our normal operations. We cannot assure you that we will be able to handle a failure of our information systems, or that we will be able to restore our operational capacity within a short time frame to avoid disrupting our business. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations and also cause us to become a less attractive service provider to, and harm our business relationships with, our suppliers. In addition, even though these information systems are developed and maintained by us, we may not be able to upgrade these systems in a timely manner to meet the evolving needs of our expanding operations.

Our operations and the operations of our suppliers, promotion partners and distributors are subject to hazards and natural disasters, which may affect our operations and may not be covered by our insurance policies.

Our suppliers, promotion partners, distributors, and our offices and warehousing facilities face a risk of operational breakdowns and interruptions resulting from external factors that are outside of our control or the control of our suppliers, promotion partners and distributors, such as natural disasters (including but not limited to flooding, typhoons, earthquakes, blizzards and snow storms) and acts of terror or other third-party interference. We have very limited insurance coverage. We do not carry business interruption insurance or third-party liability insurance for personal injury or environmental damage arising from accidents at our facilities. 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 financial loss and damage to our reputation and could lose all or a portion of future revenue anticipated to be derived from the relevant facilities. Furthermore, the terms of our agreement with Alcon dictate that we bear the risks of loss while the goods are in transit and we do not always maintain insurance for such deliveries. A material loss during the transit of Alcon products could materially and adversely affect our business, financial condition and results of operations.

We are subject to potential changes or termination of the preferential tax treatments and governmental support policies currently applicable to us.

As an enterprise incorporated in the Tibet Autonomous Region, the enterprise income tax rate applicable to Naqu Pioneer is 15% for 2010 pursuant to the Notice Issued by the Government of the Tibet Autonomous Region Regarding Adjusting the Enterprise Income Tax Rate (Zang Zheng Fa [2008] No.78) (西藏自治區人民政府關於調整企業所得稅稅率的通知(藏政發[2008]78號)) which became effective on 31 October 2008.

Pursuant to the Notice of the Government of the Tibet Autonomous Region on the Enterprise Income Tax Rate in the Region (Zang Zheng Fa [2011] No.114) (西藏自治區人民政府關於我區企業所得稅稅率問題的通知(藏政發[2011]114號)) which was issued on 12 January 2011, the applicable enterprise income tax rate for Naqu Pioneer for 10 years from 2011 and 2020 is 15%. In accordance with the Approval Notice of Tax Reduction and Exemption (Jian Zi No. 000035 [2012]) (那國稅那曲地區國稅局直屬稅務分局一所減字[2012]000035號《減免稅批准通知書》) issued by the sub-taxation bureau of Naqu region office, SAT (西藏自治區那曲地區國家稅務局直屬稅務分局) on 20 April 2012, the 15% tax rate applicable to Naqu Pioneer was further reduced by 40% for a period of 10 years from 1 January 2010 to 31 December 2019. As a result of the above approvals, the applicable enterprise income tax rate for Naqu Pioneer was 15% and 9% for 2011 and 2012, respectively, Naqu Pioneer is entitled to a preferential tax rate of 9% until 31 December 2019 and 15% for 2020. Further, according to the local policy, the local government will reimburse Naqu Pioneer each year until 2020 in the form of government grant in an amount equal to the enterprise income tax paid by Naqu Pioneer in the prior year.

Additionally, pursuant to the Provisions of Investment Preferential Policy on the Qinghai-Tibet Railway Naqu Logistics Center (Zang Zheng Fa [2008] No.62) (青藏鐵路那曲物流中心招商引資優惠政策若干規定(藏政發[2008]62號)) issued on 30 June 2008 and its implementation rules (青藏鐵路那曲物流中心優惠政策若干規定實施細則(藏政辦發[2011]52號)) issued on 30 May 2011, where an enterprise incorporated in Naqu logistics centre has an annual payment of value added tax and business tax exceeding RMB200,000, the enterprise is eligible to obtain support fund from the Finance Bureau of Naqu Region for 10 years from the year when the first payment of such support fund was granted or realised. The amount of the support fund is determined by the authority based on the annual amount of value added tax and business tax paid in excess of RMB200,000 and multiplied by a prescribed rate ranging from 15% to 50%. Naqu Pioneer obtained such support fund for the first time in 2012.

However, preferential tax treatment granted to our subsidiaries by governmental authorities, including the return of taxes through government grants, is subject to review and could be adjusted or terminated. If the preferential tax treatments or the governmental support policies enjoyed by Naqu Pioneer expire, are changed, terminated or unavailable for any reason in the future, our financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO OUR INDUSTRY

The marketing, promotion and sale of pharmaceutical products and medical devices in the PRC are highly regulated, and the regulatory framework, requirements and enforcement trends may change from time to time. If we are not able to respond promptly to such changes, our business may be affected.

The marketing, promotion and sale of pharmaceutical products and medical devices in China are highly regulated. We and the products we sell are governed by various local, regional and national regulatory laws, regulations and policies in all aspects of our operations. We cannot assure you that the regulatory framework governing, the licensing and certification requirements of, and enforcement trends in, the marketing, promotion and sale of pharmaceutical products and medical devices in the PRC will not change or that we will be successful in responding to such changes. Such changes may result in increased costs of compliance or otherwise adversely affect our business, financial condition and results of operations. In particular, according to the Frost & Sullivan Report, market barriers of China pharmaceutical market have been increasing due to the market complexity and tighter and non-transparent regulatory environment. For example, CFDA has raised the requirements for new product registration, which require more clinical trials and prolong the product registration time, making it more difficult for overseas pharmaceutical companies, especially small- and medium-sized companies, to enter the Chinese pharmaceutical market.

All enterprises that engage in the sale of pharmaceutical products, certain Class II and/or any Class III medical devices in the PRC are required to obtain permits and licences from various PRC governmental authorities, including GSP certifications for wholesale or retail operations. We have obtained all permits and licences required for our operations, including the GSP certifications. Please see the section headed "Business — Legal Matters and Proceedings" of this prospectus for a list of our key pharmaceutical licences, permits and certificates. These permits and licences are generally valid for a period of three, four or five years and are subject to periodic renewal and reassessment by the relevant PRC governmental authorities, and the standards of such renewal or reassessment may change from time to time. We intend to apply for the renewal of all licences, permits and certifications required for our operations under applicable laws and regulations. Any failure by us to obtain and maintain all licences, permits and certifications necessary to carry on our business at any time could have a material adverse effect on our business, financial condition and results of operations.

Any inability to renew any of the permits, licences and certifications required for our operations could severely disrupt our business and prevent us from continuing to carry on our business. Any changes in the standards used by governmental authorities in considering whether to renew or reassess our business licences, permits and certifications, as well as any enactment of new regulations that may restrict the conduct of our business, may also decrease our revenue or increase our costs, and materially reduce our profitability and prospects. Further, if the interpretation or implementation of existing laws and regulations changes, or if new regulations come into effect requiring us to obtain any additional permits, licences or certifications to operate our existing businesses, we cannot assure you that we will be able to obtain the required permits, licences or certifications in a timely manner or at all.

We are subject to regular inspections, examinations, inquiries and assessments by regulatory authorities as part of the process of maintaining or renewing the various permits, licences and certifications required for the marketing, promotion and sale of pharmaceutical products and medical devices. In the event that any of our products or facilities fails such inspections, our business, profitability and reputation could be adversely affected.

The PRC pharmaceutical product and medical device marketing, promotion and channel management service market is competitive.

We face competition from other marketing, promotion and channel management service providers. The Chinese market for these services is competitive and made up of a number of independent third-party service providers. We compete with other service providers to obtain the rights from overseas healthcare companies to market, promote and sell their products.

Such competitors may have greater brand name recognition, more established distribution networks, larger customer bases or more extensive knowledge of our target markets. As a result, they may be able to devote greater resources to the marketing, promotion and sale of their products or respond more quickly to evolving industry standards and changes in market conditions than we can. In addition, certain of our competitors may adopt low-margin sales strategies and compete against us based on lower prices.

Furthermore, competition is likely to intensify if:

- substitute or similar products become available and have comparable medicinal applications or therapeutic effects that may be used as direct substitutes for our products which are more effective and have prices comparable to or lower than our products, and, as a result, the market demand for our products could decrease; or

- competitors significantly reduce prices due to oversupply of products.

We also compete for market share for our products among competing pharmaceutical products and medical devices in the relevant therapeutical areas. Our competitors may market, promote and sell products that are similar or superior to ours. In addition, in recent years, Chinese local pharmaceutical companies have continuously expanding their research and development efforts and some of them have introduced more high-end innovative products, which may intensify the competition for market share among competing products. The success of our products depends on, among other things, the efficacy, quality and price of our products and the preferences of physicians prescribing the products. There is no assurance that hospitals will continue to stock and prescribe our products over those of our competitors. Failure to adapt to changing market conditions and to compete successfully with existing or new competitors may have a material adverse effect on our financial condition and results of operations.

Our competitors may sell, and other manufacturers may manufacture, products substantially similar to ours, which could materially and adversely affect our sales, financial condition and results of operations.

Our business and prospects depend on our ability to maintain or increase the market share of our products. Some of our products are generic pharmaceutical products based on commonly known ingredients or formulae. Such ingredients and formulae do not constitute confidential information and are not protected by intellectual property law in the PRC. Consequently, other pharmaceutical companies may introduce products that are comparable to our existing products. Further, if other manufacturers in China obtain the required approvals from the CFDA, they may produce similar pharmaceutical products using identical ingredients, formulae and production techniques. If products that are substantially similar to ours are introduced to the Chinese market or even included in the Insurance Catalogues, we will face increased market competition and our sales, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

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

During the Track Record Period, we derived substantially all of our revenue 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 developed countries in a number 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, results of operations and financial condition.

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 sometime 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.

Exchange rate fluctuations of the Renminbi may affect our cash flow, results of operations and financial position.

We purchase a significant portion of our products in foreign currencies, primarily the U.S. dollar and Euro, and all of our sales are denominated in the functional currency of the relevant member of our Group making the sale, primarily the RMB, which exposes us to foreign currency risk. We also have certain bank balances and borrowings denominated in foreign currencies. Furthermore, we will need to convert part of the net proceeds from the Global Offering and future financings in foreign currencies into Renminbi for our operational use in China. Appreciation of Renminbi against the relevant foreign currencies would have a positive effect on the foreign currency amount we are required to pay our overseas suppliers and have an adverse effect on the Renminbi amount we receive following the conversion of our foreign currency bank balances, borrowings and financing proceeds. The exchange rates between Renminbi and the foreign currencies are affected by, among other things, changes in China's political and economic conditions. As a result, we are exposed to foreign exchange fluctuations and movements in the exchange rate of Renminbi, which could adversely affect our financial condition and results of operations. Since July 2005, the Renminbi has not been pegged to the U.S. dollars. The Renminbi may appreciate or depreciate significantly in value against the U.S. dollars in the medium to long term.

Although we have entered into foreign exchange forward contracts and may, as we deem appropriate, enter into further such contracts to hedge against fluctuations in foreign exchange rates, we cannot assure you that we will not suffer any loss due to future fluctuations in foreign exchange rates. 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 Renminbi may have a material and adverse effect on our cash flow, results of operations and financial position.

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

Most of our operating subsidiaries are incorporated in the PRC. 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 our Directors 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 14 July 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.

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 our Company, 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.

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 realised 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 realise 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.

Our Company is 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 may not 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 generally accepted accounting principles. According to applicable PRC laws and regulations, some 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 generally accepted accounting principles, 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.

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

The PRC EIT Law and its implementation regulations issued by the State Council 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 SAT 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 whether: (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 organisations 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.

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 (for ourselves and on behalf of the Option Grantor) and the Sole Global Coordinator (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 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, regulatory developments, relationships with our suppliers, 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 perceived sale or major divestment of Shares by any of our Controlling Shareholders could adversely affect the prevailing market price of our Shares.

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

Facts, forecasts 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, forecasts and statistics in this prospectus related to China, the PRC economy and the industries in which we operate within China are derived from various official government publications and other publications and from a third party report commissioned by us. 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 Option Grantor, the Sole Global Coordinator, the Joint Bookrunners, the Sole Sponsor, the Underwriters or any of our or their respective directors, affiliates or advisers, and therefore we make no representation as to the accuracy of such facts, forecasts 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 contained in this prospectus 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, forecasts and statistics.

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

Our historical dividends may not be indicative of our future dividend policy. We cannot assure you 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 indicate that our operations have been profitable.

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 and assuming the Over-allotment Option is not exercised, approximately 75.0% 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, our Controlling Shareholders 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 our Controlling Shareholders' 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.

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$3.48 per Share assuming an Offer Price of HK$4.55, which is the mid-point of our indicative offer price range, and our existing Shareholders will experience 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 we obtain additional capital in the future through equity offerings.

Due to a gap of up to six Business Days between pricing and trading of the Shares and the fact that our Shares will not commence trading on the Hong Kong Stock Exchange until the Listing Date, the initial trading price of the 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 Price Determination Date, which is expected to be on or about 29 October 2013. However, our Shares will not commence trading on the Hong Kong Stock Exchange until the Listing Date, which is expected to be six 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 allotment and the time trading begins.