OVERVIEW

We are one of the largest comprehensive marketing, promotion and channel management service providers dedicated to imported pharmaceutical products and medical devices in China. We have a 17-year operating history, and, according to the Frost & Sullivan Report, we were the second largest marketing and promotion service provider for pharmaceutical products in China based on wholesale value of products sold, accounting for 9.4% of the market in 2012. As is customary for pharmaceutical marketing, promotion and channel management service providers in China, we purchase our products from our suppliers and onward sell such products primarily to our distributors to generate revenue. Under this business model, the level of services we provide in respect of our suppliers' products is reflected in the prices we are able to obtain through our onward sale of their products primarily to our distributors as compared to our suppliers' pricing of their products, rather than through the direct payment of marketing, promotion or service fees by our suppliers. Please see the section headed "Industry Overview — Pharmaceutical Marketing, Promotion and Channel Management Services Industry in China — Overview" of this prospectus.

We provide comprehensive marketing, promotion and channel management services to small- and medium-sized overseas suppliers that lack the critical mass or ability to independently market their products in the rapidly growing Chinese healthcare market. We provide co-promotion and channel management services to Alcon, the world's largest eye care products company. In 2010, 2011, 2012 and the six months ended 30 June 2013, our revenue generated from the sale of products for which we provide comprehensive marketing, promotion and channel management services amounted to RMB170.5 million, RMB194.4 million, RMB323.7 million and RMB200.3 million, respectively, representing 29.9%, 27.1%, 33.8% and 36.3% of our revenue for the respective period. In 2010, 2011, 2012 and the six months ended 30 June 2013, our gross profit for such products amounted to RMB93.9 million, RMB105.1 million, RMB202.5 million and RMB106.4 million, respectively, representing 56.5%, 53.7%, 66.0% and 65.2% of our gross profit for the respective period, and our gross profit margin for such products was 55.0%, 54.0%, 62.6% and 53.1% for the respective period. 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.

Our marketing and promotion services include formulating marketing and promotion strategies, educating individual physicians on the clinical uses and benefits of our products, organising academic conferences, seminars, symposiums and other promotional activities, and appointing and supervising third-party promotion partners (who are responsible for most of the day-to-day marketing and promotional activities). When required by the suppliers, we also manage the product registration process that is necessary to enable the sale of imported pharmaceutical products and medical devices in China.

As of 30 June 2013, we had 219 in-house marketing and promotion employees and 967 third-party promotion partners. Our in-house team is primarily responsible for formulating our marketing and promotion strategies, conducting selected marketing programmes, and appointing, training and supervising our promotion partners. Our in-house team typically conducts pilot marketing programmes for new products in selected regions. Based on the pilot programmes, our third-party promotion partners implement our marketing plans across the country. Our promotion partners are experienced in promoting pharmaceutical products and medical devices in their respective target markets and conduct

their activities under the supervision of our in-house team. Our marketing and promotion model allows us to extend our geographic coverage, maintain operational flexibility, reduce fixed costs and lower our overall marketing and promotion costs.

Our channel management services focus on customs clearance and warehousing, participating in tender processes that are a requirement for selling pharmaceutical products and medical devices to public hospitals and medical institutions, appointing and managing distributors (who primarily process purchase orders, deliver products and collect payments), managing and optimising inventory levels at distributors and hospitals, and collecting, integrating and analysing sales data.

For the six months ended 30 June 2013, we sold our products through our nationwide marketing, promotion and channel management service network to a total of 21,589 hospitals and other medical institutions (including 1,092, or 67.2% of Class III hospitals nationwide, 2,658, or 40.5% of Class II hospitals nationwide, and 17,839 Class I hospitals and other medical institutions), and 85,420 pharmacies, across 31 provinces, municipalities and autonomous regions in China. We had a product portfolio of 32 pharmaceutical products (substantially all of which are prescription products), covering ophthalmology, pain management, cardiovascular, respiratory, gastroenterology, immunology and other therapeutic areas, and medical devices covering four medical specialties, as of the Latest Practicable Date. We had also secured marketing, promotion and sales rights for 14 additional prescription pharmaceutical products and 21 additional medical devices, and are in the process of registering them or preparing for their registration with the CFDA for their import for sale in China, as of the Latest Practicable Date. Please see "— Our Products — Product Pipeline" below for further details of our product pipeline.

Our current product portfolio includes a number of products manufactured by small- and medium-sized overseas suppliers, sales of which experienced high growth rate during the Track Record Period. These products address unmet medical needs or have superior clinical profiles, improved quality or formulations, or relatively limited competition in the Chinese market. For example, in 2004, we secured the marketing, promotion and sales rights in China for Fluxum, one of the fastest-acting heparin products for the treatment and prophylaxis of deep-vein thrombosis, according to the Frost & Sullivan Report. Fluxum is a well-recognised originator brand and has competed favourably and commanded premium pricing in hospital tenders across China over comparable generic products manufactured in China. Fluxum was the fourth most popular low molecular weight heparin product in China in 2012, with an 8% market share, according to the Frost & Sullivan Report. From 2010 to 2012, our revenue and gross profit from the sale of Fluxum grew at a CAGR of 55.2% and 86.4%, respectively. In 1997, we secured the exclusive marketing, promotion and sales rights in China for Difene, an anti-inflammation pain-relief drug featuring a unique dual-release formulation with enhanced safety profile. Difene was the second most popular oral diclofenac sodium product in China in 2012, with a market share of approximately 14%, according to the Frost & Sullivan Report. From 2010 to 2012, our revenue and gross profit from the sale of Difene grew at a CAGR of 17.6% and 22.0%, respectively.

We currently purchase our products primarily from eight major suppliers based in Europe and North America. We believe we enjoy good business relationships with our suppliers, two of which have been supplying products to us for over 16 years and another two of which have been supplying products to us for around 10 years. We have maintained a supply agreement renewal rate of 100% over the past 10 years for our products, except for our supply agreement for Bestcall, the supplier of which decided to exit the PRC market for the product after the PRC government imposed additional restrictions on antibiotics that significantly impacted the product's sales and profitability. In 2010, 2011, 2012 and the six months ended 30 June 2013, products purchased from our largest supplier, Alcon, accounted for 80.6%, 84.6%, 79.7% and 79.6% of our total products purchased, and products

purchased from our five largest suppliers accounted for 97.1%, 96.7%, 94.5% and 92.2% of our total products purchased, for the respective period.

We provide comprehensive marketing, promotion and channel management services to all of our suppliers other than Alcon, and are generally the sole provider of such services to our suppliers in China for the relevant products. We focus on providing such services to small- and medium-sized overseas suppliers who seek to sell their products in the rapidly growing Chinese healthcare market but lack the critical mass or ability to independently market their products in China.

We provide co-promotion and channel management services to Alcon. We have enjoyed an uninterrupted business relationship with Alcon since 1996. We are the sole provider of channel management services for all of the ophthalmic pharmaceutical products Alcon sells in China. In January 2010, we expanded the scope of services we provide to Alcon to include co-promotion services for six of its ophthalmic pharmaceutical products. Such co-promotion services are targeted at hospitals and pharmacies not covered by Alcon's in-house sales and marketing team. Our revenue generated from the sale of these six products accounted for 65.4%, 61.1%, 60.1% and 59.1% of our total sales of Alcon products in 2010, 2011, 2012 and the six months ended 30 June 2013, respectively. In January 2013, we started providing co-promotion services for one additional product of Alcon. We believe the expansion of collaboration with Alcon substantially strengthens the business relationship between Alcon and us. In October 2013, Alcon extended its supply agreement with us for a further term of five years until 31 December 2018. Please see "— Our Services — Co-Promotion and Channel Management Services — Co-Promotion Services" below for further details of the co-promotion services we provide to Alcon.

We sell the large majority of our products to distributors that onward sell the products to hospitals and pharmacies, either directly or through their sub-distributors. In 2010, 2011, 2012 and the six months ended 30 June 2013, aggregate sales to our five largest customers accounted for 19.9%, 17.6%, 17.5% and 16.4% of our revenue, and sales to our largest customer accounted for 5.7%, 4.1%, 4.3% and 4.0% of our revenue for the respective period. As of the Latest Practicable Date, we had a nationwide network of over 500 distributors located across 31 provinces, municipalities and autonomous regions in China. Our in-house team and third-party promotion partners work closely with our distributors to execute purchase orders and respond to hospitals and pharmacies' demands for our products, in a timely manner. Please see "— Comprehensive Marketing, Promotion and Channel Management Services — Executing Marketing Strategies", "— Co-Promotion and Channel Management Services — Channel Management Services — Appointing and Managing Distributors" and "— Co-Promotion and Channel Management Services — Channel Management Services — Inventory Management" below for further details.

In 2010, 2011 and 2012, our revenue was RMB570.6 million, RMB717.8 million and RMB958.7 million, respectively, representing a CAGR of 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 gross profit in 2010, 2011 and 2012 was RMB166.1 million, RMB195.7 million and RMB306.7 million, respectively, representing a CAGR of 35.9% over the three years, and our gross profit margin for the respective year was 29.1%, 27.3% and 32.0%. Our gross profit increased by 22.3% from RMB133.4 million in the six months ended 30 June 2012 to RMB163.2 million in the six months ended 30 June 2013 and our gross profit margin decreased from 30.8% to 29.6%. Our net profit in 2010, 2011 and 2012 was RMB75.1 million, RMB97.0 million and RMB185.7 million, respectively, representing a CAGR of 57.3% over the three years, and our net profit margin for the respective year was 13.2%, 13.5% and 19.4%. Our net profit increased by 42.2% from RMB78.1 million in the six months ended 30 June 2012 to RMB111.1 million in the six months ended 30 June 2013 and our net profit margin increased from 18.1% to 20.1%.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths differentiate us from our competitors and position us well for future growth:

We are one of the largest comprehensive marketing, promotion and channel management service providers dedicated to imported pharmaceutical products and medical devices in China.

We operate one of the largest marketing, promotion and channel management service networks in China dedicated to imported pharmaceutical products and medical devices in terms of hospital and therapeutic area coverage and the number of third-party promotion partners we engage. Among the marketing and promotion service providers for pharmaceutical products in China, we ranked the second largest based on the wholesale value of products sold, accounting for 9.4% of the market in 2012, according to the Frost & Sullivan Report.

- We are one of a few companies capable of providing comprehensive marketing, promotion and channel management services for imported pharmaceutical products and medical devices in China, according to the Frost & Sullivan Report. We focus on providing comprehensive services to overseas suppliers, especially small- and medium-sized suppliers, who seek to sell their products in the rapidly growing Chinese healthcare market but lack the critical mass or ability to independently market their products in China. Our marketing and promotion services include formulating marketing and promotion strategies, educating individual physicians, organising academic conferences, seminars, symposiums and other promotional activities and appointing and supervising third-party promotion partners. Our channel management services focus on customs clearance and warehousing, participating in the tender processes that are a requirement for selling pharmaceutical products and medical devices to public hospitals and medical institutions, appointing and managing distributors, managing and optimising inventory levels at distributors and hospitals, and collecting, integrating and analysing sales data.

- For the six months ended 30 June 2013, we sold our products through our nationwide marketing, promotion and channel management service network to a total of 21,589 hospitals and other medical institutions (including 1,092, or 67.2% of Class III hospitals nationwide, 2,658, or 40.5% of Class II hospitals nationwide, and 17,839 Class I hospitals and other medical institutions), and 85,420 pharmacies, across 31 provinces, municipalities and autonomous regions in China.

- We have also established a network of over 1,200 key opinion leaders, whose views on our products help lend credibility to our marketing and promotion efforts. Key opinion leaders are typically medical doctors specialising in various therapeutic areas and respected authorities in the medical industry. We believe our interaction with these key opinion leaders helps improve our product branding and corporate image.

We have historically strategically targeted the highly attractive segments of the fast-growing healthcare market in China and gained experience in servicing this market segment.

We have strategically focused on providing marketing, promotion and channel management services for imported pharmaceutical products and medical devices in China. According to the Frost & Sullivan Report, the market for imported pharmaceutical products grew from RMB26.8 billion in 2008

to RMB60.3 billion in 2012, representing a CAGR of 22.5% from 2008 to 2012, and is expected to continue to grow at a CAGR of 21.1% and reach RMB159.6 billion in 2017; the market for imported medical devices grew from RMB31.4 billion in 2008 to RMB72.2 billion in 2012, representing a CAGR of 23.2% from 2008 to 2012, and is expected to continue to grow at a CAGR of 20.5% and reach RMB177.0 billion in 2017.

The strong growth of the imported pharmaceutical product and medical device market in China is primarily driven by the increasing prevalence of chronic diseases due to an ageing population, lifestyle changes and environmental problems, as well as the increasing affordability of these products due to the rising disposable income of Chinese consumers and the increasing coverage of government-sponsored health insurance. Imported pharmaceutical products and medical devices are generally perceived to be of superior quality compared to locally manufactured products and have become more affordable in China. We provide comprehensive marketing, promotion and channel management services to small- and medium-sized overseas suppliers that lack the critical mass or ability to independently market their products in China. Imported healthcare products manufactured by small- and medium-sized overseas manufacturers are generally sold at more affordable prices in China than similar products manufactured by large international companies. As such, these products fulfil a distinct and rapidly growing market need in China and account for over 40.0% of the total imported pharmaceutical product and medical device market in China in 2012, according to the Frost & Sullivan Report. From 2013 to 2017, imported pharmaceutical products manufactured by small- and medium-overseas manufacturers are expected to grow at a CAGR of 21.8% and imported medical devices manufactured by small- and medium-overseas manufacturers are expected to grow at a CAGR of 22.6%.

We focus in particular on those imported pharmaceutical products and medical devices that address unmet medical needs or have superior clinical profiles, improved quality or formulations, or have relatively limited competition in the Chinese market. For example, in 2004, we secured the marketing, promotion and sales rights in China for Fluxum, one of the fastest-acting heparin products for treatment and prophylaxis of deep-vein thrombosis, according to the Frost & Sullivan Report. Fluxum is a well-recognised originator brand and has competed favourably against comparable generic products manufactured in China and commanded a premium pricing in hospital tenders across China. Fluxum was the fourth most popular low molecular weight heparin product in China in 2012, with an 8% market share, according to the Frost & Sullivan Report. From 2010 to 2012, our revenue and gross profit from the sale of Fluxum grew at a CAGR of 55.2% and 86.4%, respectively. In 1997, we secured the exclusive marketing, promotion and sales rights in China for Difene, an anti-inflammation pain-relief drug featuring a unique dual-release formulation with enhanced safety profile. Difene was the second most popular oral dicolfenac sodium product in China in 2012, with a 14% market share, according to the Frost & Sullivan Report. From 2010 to 2012, our revenue and gross profit from the sale of Difene grew at a CAGR of 17.6% and 22.0%, respectively. We believe our strategic focus on the attractive segments of the Chinese healthcare market has enabled us to enjoy strong growth in revenue and profitability during the Track Record Period. Our team has gained significant experience in servicing suppliers in this segment, and is well-positioned to attract new suppliers or new products that present growth potential for our Group.

We have a track record in identifying, and securing the marketing, promotion and sales rights to, imported products that contribute to our growth and improving profit margin.

We have designed a systematic product sourcing and screening model for identifying overseas products with strong potential in the Chinese market. We select products from a large pool of prospective product candidates based on our database and research, referrals from our suppliers and business partners, and our management's contacts in the medical and pharmaceutical industry. Once

we identify a prospective product candidate, we focus on evaluating the following aspects of the product: clinical features (priority is typically given to those products with superior clinical profiles, improved quality or formulations and higher imitation barriers), marketing considerations (priority is typically given to those products that have relatively limited competition, complement our product portfolio, leverage our existing marketing and promotion network and capabilities, have solid sales records in other markets and are attractive in the Chinese market), regulatory environment (priority is typically given to those products that have fulfilled regulatory requirements for marketing in China or have lower product registration costs and risks, and products that are less impacted by price controls and tender process requirements), and supplier profile (priority is typically given to those suppliers located in Europe and North America whose regulatory control systems and product quality are generally perceived favourably by Chinese consumers and products from leading small- and medium-sized suppliers in a particular therapeutic area). After identifying a satisfactory product candidate, we aim to leverage our experience in introducing and marketing new products in China and our ability to provide one-stop service solutions in negotiations with the supplier to procure the exclusive marketing, promotion and sales rights in China.

During the Track Record Period, we expanded our portfolio of pharmaceutical products (substantially all of which are prescription products) from 25, covering six therapeutic areas, to 32, covering eight therapeutic areas as of the Latest Practicable Date. In 2012, we also expanded our product portfolio to include medical devices that address four medical specialties. In addition, we have secured marketing, promotion and sales rights for 14 additional prescription pharmaceutical products and 21 additional medical devices, and are in the process of registering them or preparing for their registration with the CFDA for their import for sale in China, as of the Latest Practicable Date. Please see "— Our Products — Product Pipeline" below for further details of our product pipeline.

In 2010, 2011 and 2012, our revenue increased at a CAGR of 29.6% and our net profit increased at a CAGR of 57.3%, while our net profit margin improved from 13.2% in 2010 to 19.4% in 2012. For the six months ended 30 June 2013, our net profit margin further increased to 20.1%.

We provide one-stop services and customised service solutions to increase the number of products for which we provide marketing and promotion services.

We believe China represents one of the most attractive healthcare markets in the world. A large number of overseas healthcare companies are interested in marketing their products in China, but lack the market and regulatory understanding to market and promote their products independently. We have demonstrated our ability to effectively bridge the gap by providing one-stop services to overseas manufacturers, especially small- and medium-sized manufacturers, who do not have a significant presence in China, lack local marketing and promotion capabilities, or do not consider it cost-effective to develop their own marketing, promotion and sales capabilities in China.

We can also provide customised solutions to suppliers when competing for marketing and promotion rights, and the higher margins associated with the services we provide pursuant to these rights. For instance, during the past 17 years, we have been providing channel management services for Alcon's ophthalmic pharmaceutical products in China, which are designed to complement Alcon's in-house marketing, promotion and sales efforts by optimising inventory levels of Alcon's products at hospitals and pharmacies. Since January 2010, we have also provided co-promotion services to Alcon targeting those hospitals and pharmacies not covered by Alcon's in-house marketing and promotion team. As of the Latest Practicable Date, we provided co-promotion services for seven of Alcon's ophthalmic pharmaceutical products. Our one-stop and customised service solutions have attracted suppliers who require different marketing, promotion and channel management solutions in China. According to the Frost & Sullivan Report, we are one of a few companies in China that provide such integrated services to overseas healthcare companies.

Our service capabilities have enabled us to develop and maintain long-term business relationships with an expanding number of suppliers. We currently purchase our products primarily from eight major suppliers based in Europe and North America, two of which have been supplying products to us for over 16 years and another two of which have been supplying products to us for around 10 years. During the Track Record Period, we have successfully expanded our portfolio of products for which we provide comprehensive marketing, promotion and channel management services by adding seven pharmaceutical products and a range of medical devices that address four medical specialties.

We have a supply agreement renewal rate of 100% over the past 10 years for our products, except for our supply agreement for Bestcall, the supplier of which decided to exit the PRC market for the product after the PRC government imposed additional restrictions on antibiotics that significantly impacted the product's sales and profitability. Leveraging this track record, we have also successfully expanded the scope of our business relationships with certain of our existing suppliers. For example, Alfa Wassermann, the supplier of our Fluxum product since 2004, also granted us the marketing, promotion and sales rights in 2012 for a second product, Neoton, targeting designated hospitals in certain provinces, municipalities and autonomous regions in China. Furthermore, we have also maintained an uninterrupted business relationship with Alcon since 1996. Since 1 January 1997, we have added 10 Alcon products and currently have 20 Alcon products in our portfolio. In October 2013, Alcon extended its supply agreement with us for a further term of five years until 31 December 2018. We believe these facts attest to our suppliers' satisfaction with our marketing, promotion and channel management services and reflect the value we bring to them.

We employ a cost-effective and flexible marketing and promotion service model supported by a highly-qualified and experienced marketing and promotion team.

We have 219 in-house marketing and promotion employees and 967 third-party promotion partners as of 30 June 2013. Our marketing and promotion model allows us to extend our geographic coverage, maintain our operational flexibility and reduce fixed and overall marketing and promotion costs.

Our highly qualified and experienced in-house marketing and promotion team is led by our senior management members, who have an average of 13 years of industry experience. Our team members have accumulated deep knowledge of the relevant products and a thorough understanding of physicians' practices and treatment protocols for the relevant diseases in China. The majority of our in-house team members also have professional qualifications, tertiary degrees, or diplomas in healthcare related disciplines.

Our in-house team is primarily responsible for formulating our marketing and promotion strategies, conducting selected marketing programmes, and appointing, training and supervising our promotion partners, who are responsible for most of the day-to-day marketing and promotional activities for our products. After we formulate marketing and promotion strategies for our products, our in-house team typically conducts pilot marketing programmes for new products in one or a few selected regions, and trains our promotion partners to implement our marketing plans across the country based on the experience of the pilot programmes. We screen and select our third-party promotion partners based on their expertise, track record of promoting similar products and coverage of target hospitals and physicians. We have developed a system to efficiently manage and monitor our network of promotion partners.

We provide training on a regular basis to our in-house team and promotion partners to ensure that they are equipped with the necessary product knowledge to effectively promote our products and

to ensure that accurate and consistent messages are delivered to physicians. We monitor the performance of our promotion partners by tracking the purchases by their covered hospitals. We may terminate or choose not to renew our contracts with those promotion partners who consistently fail to meet their performance targets or other performance criteria.

Our marketing and promotion model leverages the broad experience and geographic reach of our promotion partners and enables us to market and promote a diverse range of healthcare products across different regions in China. During the Track Record Period, we expanded our portfolio of pharmaceutical products (substantially all of which are prescription products) from 25, covering six therapeutic areas, to 32, covering eight therapeutic areas as of the Latest Practicable Date. In 2012, we also expanded our product portfolio to include medical devices that address four medical specialties. For the six months ended 30 June 2013, we sell our products through our nationwide marketing, promotion and channel management service network to a total of 21,589 hospitals and other medical institutions (including 1,092, or 67.2% of Class III hospitals nationwide, 2,658, or 40.5% of Class II hospitals nationwide, and 17,839 Class I hospitals and other medical institutions) and 85,420 pharmacies across 31 provinces, municipalities and autonomous regions in China. During the Track Record Period, we organised more than 35 national and provincial medical or pharmaceutical conferences and over 1,000 symposiums and product seminars.

We have an experienced, dedicated and entrepreneurial management team.

Our senior management team has extensive knowledge of and experience in the healthcare industry in China. Under their leadership, we have achieved a strong and consistent track record of sales growth and profitability. Our management team is led by our founder, chairman, executive Director and chief executive officer, Mr. Li Xinzhou, and comprises the other executive Director and senior managers referred to in the section headed "Directors and Senior Management" in this prospectus. Mr. Li has over 17 years of experience in the pharmaceutical services industry, and over 20 years of experience in international trading and management. Mr. Li has been responsible for our Group's strategies, planning and overall management of operations. Under his leadership, we have received numerous awards and recognitions and achieved strong growth during the Track Record Period. Mr. Zhu Mengjun, our executive Director, deputy general manager and chief financial officer, has over 17 years of experience in accounting and corporate finance and has been with our Group since 1998. Mr. Zhu was appointed as our chief financial officer in January 2002 and has been responsible for our financial and accounting management. The other five members of our senior management team, including Ms. Huang Wenfei, Mr. Liu Xuefeng, Mr. Shi Gang, Mr. Wang Tao and Ms. Yang Xiuyan, have received qualifications in medicine or pharmacy, have an average of approximately 13 years of experience in sales, marketing and business development (ranging from over nine years to over 20 years) in the Chinese healthcare industry, and have been employed by us throughout the Track Record Period. We have benefited from our management team's deep understanding of China's healthcare market and strong experience in managing our operations and executing our expansion plans. We believe our experienced, dedicated and entrepreneurial senior management team will continue to drive our business forward to achieve long-term growth.

OUR STRATEGIES

We aim to strengthen our position as a leading marketing, promotion and channel management service provider focused on imported pharmaceutical products and medical devices in China through the following strategies:

Continue to increase penetration of the Chinese healthcare market by broadening our marketing, promotion and channel management service network.

We intend to expand our marketing, promotion and channel management service network by penetrating additional hospitals, local community health centres and pharmacies, and cross-selling our products to additional departments within the hospitals and health centres that we cover. We also plan to continue to expand our marketing, promotion and channel management network by adding promotion partners and distributors in areas where we have limited or no presence. We aim to recruit 100 additional in-house sales and marketing professionals over the next two years. We plan to establish additional regional offices in strategic locations in China, such as Beijing and Guangzhou. We will continue to monitor our in-house team and third-party promotion partners, tailor our marketing plans to target hospitals and target markets, and fine tune the division of coverage among our in-house team and promotion partners, in order to maximise our market penetration and enhance the effectiveness of our marketing and promotional activities.

We intend to increase our promotional efforts. We aim to increase the number of academic promotion events related to our products that we organise. We are refining our market data collection and analysis process to provide our in-house team and promotion partners with more detailed and up-to-date information on the products we market. We also plan to establish new training and conference centres in selected regions such as Shanghai, in which we will conduct trainings, seminars and other marketing events. We will continue to enhance the management and training of our in-house team and third-party promotion partners.

We believe that by further increasing our marketing and promotion capabilities and expanding our geographic coverage, we will be able to generate more demand for our existing products and secure more marketing, promotion and sales rights for new products.

Continue to expand our product portfolio.

As part of our growth strategy, we intend to further expand our product portfolio by obtaining additional exclusive marketing, promotion and sales rights from overseas manufacturers of pharmaceutical products and medical devices that we find attractive. We will actively seek to identify products that present high growth potential by adhering to our product selection strategy and further leveraging our established marketing, promotion and channel management service network. We intend to continue to target overseas manufacturers, especially small- and medium-sized manufacturers, who do not have a significant presence, lack local marketing and promotion capabilities, and do not consider it cost-effective to develop their own marketing and promotion capabilities in China. Additionally, we will continue to assess the attractiveness of both new products and current products within our suppliers' portfolio. With our reputation and track record, we believe we are well-positioned to continue to replicate our past successes and further expand our product portfolio.

Establish strategic relationships with suppliers to secure long-term marketing, promotion and sales rights for attractive products.

During the Track Record Period, we began to make selective strategic investments in certain overseas suppliers to enhance our business relationships with these suppliers and to improve our

prospects for renewing or extending the rights to market, promote and sell their pharmaceutical products and medical devices. For example, NovaBay, a clinical-stage biotechnology company based in the United States, granted us the exclusive right to market, promote and sell their NeutroPhase wound care products in China and certain Southeast Asia markets in January and September 2012, respectively. To enhance our cooperation with NovaBay, we purchased its common stock and warrants for a total consideration of US$2.5 million in September 2012. In addition, in February 2013, QualiMed, a medical device company based in Germany, granted us the exclusive right to market, promote and sell their TsunaMed products, which are medical devices used for the treatment of vascular diseases, in China and certain Southeast Asia markets. We have purchased equity interests in QualiMed's holding company, Q3, for a total consideration of EUR1.8 million, provided a convertible loan of EUR0.7 million, which we subsequently converted to equity interests, and have agreed to provide convertible loans up to an additional EUR2.5 million. Please see the section headed "History and Reorganisation — Corporate History — Overseas Equity Investments" of this prospectus for further details of these investments. Please also see "— Our Products — Product Pipeline" below for further details of the related products. We plan to further explore opportunities to collaborate with suitable suppliers through strategic alliances or minority investments. We believe this can help enhance our relationship with such suppliers and allow us to tap into potential gains from such upstream investments.

Enhance our service capabilities in selected countries in Southeast Asia to assist our suppliers in developing such markets.

We intend to further enhance our service capabilities in certain countries in Southeast Asia such as Singapore, Malaysia and Vietnam in order to assist our suppliers in developing certain markets in Southeast Asia. We plan to selectively expand our operations in these markets primarily through strategic collaborations with local partners. For example, in August 2012, Asian Strategic Alliance Partners and our Company jointly established Pioneer Medident in Singapore to engage in the sale of medical devices in certain countries in Southeast Asia. We currently have the exclusive rights to market, promote and sell five types of our existing products in certain countries in Southeast Asia. We believe that our expanded service capabilities in Southeast Asia will further enhance our overall value proposition to overseas suppliers, which in turn would make us more competitive when negotiating for the exclusive rights to market, promote and sell their products in China.

Continue to upgrade and invest in our information management systems to improve our operating efficiencies and cost effectiveness.

We plan to upgrade our information management systems to increase the quality of services provided to our suppliers and to improve the management of our promotion partners and distributors. In particular, we intend to deploy approximately 5% of the net proceeds from the Global Offering to upgrade and improve both the hardware and software of our information management systems. We intend to implement a customised, company-wide Enterprise Resource Planning (ERP) system to integrate internal and external management of information across our entire organisation. This centralised ERP system will, among other functions, allow us to better track our marketing, promotion and sales activities, collect data from our distributors and promotion partners on a timely basis and provide our management with an enhanced platform to monitor and co-ordinate our overall business operations. In addition, this system will improve our access to up-to-date data on our academic conferences, seminars, symposiums and other promotional activities, and help us to better monitor our promotion and sales activities. We intend to leverage this ERP platform to improve our data collection and analysis and assist us in developing and reviewing our sales and business plans.

Continue to invest in our logistics facilities to increase capacity, improve cost and operating efficiencies.

As efficient and advanced logistics facilities and processes are critical to our business, we intend to continue to expand and upgrade our warehousing facilities to cater to our future growth. We plan to build an advanced, GSP-certified warehouse in Xiantao City, Hubei Province and upgrade our existing logistics facilities to increase our warehousing capacity. We believe this will further enhance our overall logistics operations by shortening delivery lead-times, increasing responsiveness to customer demands and reducing our overall distribution and selling expenses. In addition, we expect to equip this new facility with market-leading technology and information systems, including full implementation of our proposed ERP.

OUR SERVICES

We typically provide one of two categories of services to our suppliers. We provide comprehensive marketing, promotion and channel management services to small- and medium-sized overseas suppliers that lack the critical mass or ability to independently market their products in the rapidly growing Chinese healthcare market. We provide co-promotion and channel management services to Alcon. We are the sole provider of channel management services to all of Alcon's ophthalmic pharmaceutical products in China, and for seven of these products supplied by Alcon, we also provide co-promotion services targeting hospitals and pharmacies not covered by Alcon's in-house marketing and promotion team.

The following table summarises key differences between our two categories of services, namely (i) our comprehensive marketing, promotion and channel management services and (ii) our co-promotion and channel management services:

	Comprehensive Marketing, Promotion and Channel Management Services	Co-Promotion and Channel Management Services
Suppliers receiving the services	We provide comprehensive marketing, promotion and channel management services to all of our suppliers other than Alcon. These suppliers are typically small- and medium-sized overseas manufacturers of healthcare products that lack the critical mass or ability to independently market their products in China.	We currently provide co-promotion and channel management services only to Alcon. Our co-promotion services are provided for seven of Alcon's ophthalmic pharmaceutical products and are designed to complement Alcon's in-house marketing and promotion efforts in China.
Formulating marketing strategies	We are responsible for formulating and implementing marketing strategies and plans with minimal involvement from product suppliers.	Alcon's in-house team is responsible for the overall marketing strategies and plans for its ophthalmic pharmaceutical products in China. We are responsible for formulating and implementing the more detailed strategies and plans to target only pharmacies and hospitals designated by Alcon.
Marketing and promotion personnel	Marketing and promotion activities are carried out by our in-house marketing and promotion team and third-party promotion partners.	The co-promotion services are provided by our in-house marketing and promotion team.

	Comprehensive Marketing, Promotion and Channel Management Services	Co-Promotion and Channel Management Services
Market coverage	We generally have the right to market and promote the products to all hospitals, medical institutions and pharmacies in China or in specified provinces in China in accordance with the supply agreements.	Market coverage for co-promotion services is not dictated by specific regions. We are only authorised to promote Alcon's selected ophthalmic pharmaceutical products to pharmacies and hospitals designated by Alcon and which are not covered by Alcon's in-house marketing and promotion team.
Marketing and promotion activities	Our marketing and promotion services focus on educating physicians on uses, benefits and other clinical aspects of our products and appointing and managing third-party promotion partners. We provide training for the marketing and promotion personnel and provide academic and technical support for their marketing and promotion activities.	Our co-promotion services focus on conducting visits to designated pharmacies and hospitals, visual merchandising and shelf space management at pharmacies. Alcon provides certain training for our in-house team and provides necessary academic and technical support for our co-promotion activities.
Product registration and renewal	We may manage the product registration and renewal process depending on the needs of our suppliers.	We are not required to provide services relating to the registration and renewal process for Alcon's products.
Cost and expense structure	We are responsible, at our own costs and expenses, for the marketing, promotion and sales of these products in China. We bear all the costs and expenses including, for example, administrative overheads, distribution and selling expenses such as marketing and promotion expenses and salaries and benefits for marketing and sales employees, as well as costs and expenses for product registrations and renewals and for academic and technical support for marketing and sales activities.	We bear all the costs and expenses incurred by our in-house marketing and promotion team, including administrative overheads, promotion expenses and other variable costs resulting from the co-promotion and channel management services provided by our in-house team. However, as described above, our in-house team plays a comparatively limited role in the marketing and promotion efforts as our co-promotion serves are designed to complement Alcon's in-house marketing and promotion efforts in China. Alcon is responsible for all the costs and expenses incurred by its in-house marketing and sales team, including administrative overheads, promotion expenses and other variable costs, such as costs and expenses for product registrations and renewals and for academic and technical support.

In each category of services, we generate revenue from selling products purchased from our suppliers onward to our distributors or, on a more limited basis, directly to hospitals or pharmaceutical manufacturers. The level of services we provide in respect of our suppliers' products is reflected in the prices we are able to obtain through our onward sale of their products primarily to our distributors as compared to our suppliers' pricing of their products, rather than through the direct payment of marketing, promotion or service fees by our suppliers. We achieve higher gross profit margins for the products sold via the provision of our comprehensive marketing, promotion and channel management services as compared to products sold via the provision of our co-promotion and channel management services. The differences in gross profit margins reflect the level of services we provide in respect of the particular products. Generally, we provide more value-added services for products sold via the

provision of comprehensive marketing, promotion and channel management services, and the suppliers have minimal involvement in the marketing, promotion and sales of such products in China.

The following table sets forth our revenue, cost of sales, gross profit and gross profit margin in relation to each category of services for the periods indicated:

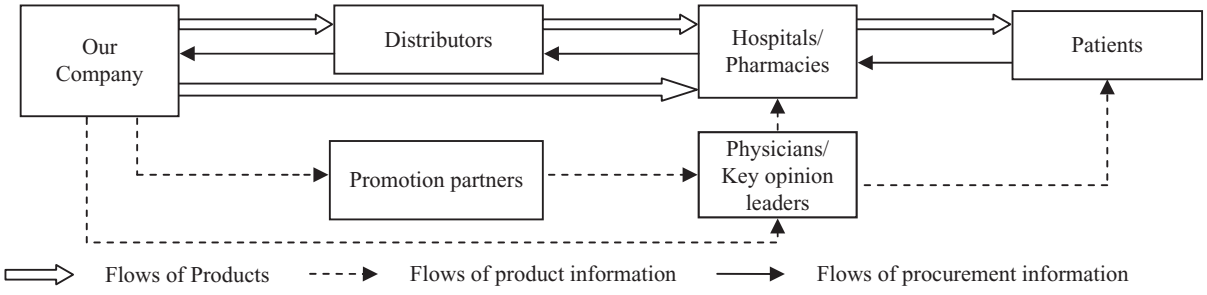
	For the year ended 31 December						For the six months ended 30 June			
	2010		2011		2012		2012		2013	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Revenue										
Products sold via the provision of comprehensive marketing, promotion and channel management services	170,549	29.9	194,437	27.1	323,721	33.8	135,883	31.4	200,257	36.3
Products sold via the provision of co-promotion and channel management services[1]	400,098	70.1	523,394	72.9	635,002	66.2	296,816	68.6	351,073	63.7
Total	570,647	100.0	717,831	100.0	958,723	100.0	432,699	100.0	551,330	100.0
Cost of sales										
Products sold via the provision of comprehensive marketing, promotion and channel management services	76,667	19.0	89,387	17.1	121,173	18.6	50,375	16.8	93,883	24.2
Products sold via the provision of co-promotion and channel management services[1]	327,890	81.0	432,742	82.9	530,805	81.4	248,890	83.2	294,214	75.8
Total	404,557	100.0	522,129	100.0	651,978	100.0	299,265	100.0	388,097	100.0
Gross profit										
Products sold via the provision of comprehensive marketing, promotion and channel management services	93,882	56.5	105,050	53.7	202,548	66.0	85,508	64.1	106,374	65.2
Products sold via the provision of co-promotion and channel management services[1]	72,208	43.5	90,652	46.3	104,197	34.0	47,926	35.9	56,859	34.8
Total	166,090	100.0	195,702	100.0	306,745	100.0	133,434	100.0	163,233	100.0

	For the year ended 31 December			For the six months ended 30 June	
	2010	2011	2012	2012	2013
	%	%	%	% (unaudited)	%
Gross profit margin					
Products sold via the provision of comprehensive marketing, promotion and channel management services	55.0	54.0	62.6	62.9	53.1
Products sold via the provision of co-promotion and channel management services[(1)]	18.0	17.3	16.4	16.1	16.2
Overall	29.1	27.3	32.0	30.8	29.6

Note:

(1) Representing Alcon's ophthalmic pharmaceutical products.

The following diagram illustrates the typical flow of products, product information and procurement information in connection with our services:



Comprehensive Marketing, Promotion and Channel Management Services

We typically provide comprehensive marketing, promotion and channel management services to small- and medium-sized overseas suppliers, and are generally the sole provider of such services in China for the relevant products. Our marketing and promotion services focus on formulating marketing and promotion strategies, educating individual physicians on the clinical uses, benefits, side effects and other clinical aspects of our products, organising academic conferences, seminars, symposiums and other promotional activities, and appointing and managing third-party promotion partners. We also manage the product registration process that is a requirement for selling imported pharmaceutical products and medical devices in China as part of our service offering. Our channel management services focus on customs clearance and warehousing, participating in tender processes that are a requirement for selling pharmaceutical products and medical devices to public hospitals and medical institutions in China, appointing and managing distributors, managing and optimising inventory levels at distributors and hospitals, and collecting, integrating and analysing sales data.

Product Registration and Renewal

Under PRC law, an overseas pharmaceutical product or medical device must be registered with the CFDA before it can be imported and sold in China. Clinical trials are required for the registration

of certain imported pharmaceutical products and medical devices. The registration process for pharmaceutical products typically takes approximately three to five years and costs approximately RMB1.0 million to RMB3.0 million. The registration process for medical devices typically takes approximately one to two years and costs less than RMB1.0 million. Once the product has been successfully registered, the registration certificate remains valid for five years for pharmaceutical products and four years for medical devices. Renewal applications for registered products are required to be filed within six months before the expiry date of their existing term. Please see the sections headed "Regulatory Framework — Import of Pharmaceutical Products" and "Regulatory Framework — Import of Medical Devices" of this prospectus for further details.

We begin the product registration process after we secure the marketing, promotion and sales rights of a new product that has yet to be marketed in China. We manage the product registration process utilising a qualified third-party contract research organisation, or CRO, to execute the registration process. We screen and select CROs based on their reputation, experience and track record in handling similar registrations and ability to complete the registration in a timely and cost-effective manner. We work with the selected CRO in designing and adopting clinical trial protocols and closely monitor the CRO in implementing the protocols. We also coordinate the information flow from our suppliers to ensure that the necessary product and technical information is made available in a timely manner during the registration process. As a result, we can maintain greater control over the time, costs and risks associated with the registration process.

We typically bear the costs for product registrations, including the costs for CROs, and manage the risks associated with the registration process by paying CROs when certain milestones in the registration process are met. The CROs are also rewarded for early deliveries and penalised for delays. In 2010, 2011, 2012 and the six months ended 30 June 2013, our total registration costs, including regulatory registration fees, costs of clinical trials and costs of CROs, amounted to RMB0.7 million, RMB1.3 million, RMB2.0 million and RMB0.7 million, respectively.

Formulating Marketing Strategies

Concurrently with our selection of a product candidate, we begin to formulate the overall marketing strategies for the product by taking into account factors such as the demographic profile of the relevant patient pool including prevalence rates in China, the prevailing treatment protocols and the competitive landscape for the product. More detailed marketing strategies and plans are formulated and adopted before we market, promote and sell the product in the Chinese market. Our marketing plans specify, among other things, preferred marketing channels, key hospitals to be covered, key opinion leaders to advocate for our products, sales targets and marketing budgets. Our in-house marketing and promotion team typically conducts pilot marketing programmes for new products in one or a few selected regions and adjusts our marketing strategies and plans based on the experience of the pilot programmes. We also fine tune our marketing strategies and plans from time to time to reflect market developments, local market conditions and feedback from our in-house team and our third-party promotion partners.

When a product is first introduced to the market, our marketing strategies emphasise educating physicians on the clinical uses, benefits, side effects and other clinical aspects of our products. We provide comprehensive training to our in-house team and promotion partners to ensure that accurate messages are delivered to physicians. We also organise and sponsor academic conferences, symposiums, seminars and other promotional activities to promote the awareness of our products among medical professionals.

Executing Marketing Strategies

Marketing and Promotion Team

We employ a marketing and promotion model consisting of both an in-house team and third-party promotion partners.

As of 30 June 2013, our in-house marketing and promotion team has 219 employees, including 32 based in our headquarters in Shanghai and 187 located across various other provinces, municipalities and autonomous regions in China. Our team members have accumulated deep knowledge of the relevant products and a thorough understanding of physicians' practices and treatment protocols for the relevant diseases in China. The majority of our in-house team members also have professional qualifications in medicine or pharmacy.

As of 30 June 2013, we had 967 promotion partners, all of whom are Independent Third Parties other than Mr. Zhang Wenbin, who is our non-executive Director. We screen and select promotion partners based on their expertise, track record of promoting similar products and coverage of target hospitals and physicians. We conduct background checks on our promotion partners before they are selected. Our promotion partners are all individuals who have established business relationships with local hospitals and medical institutions. As advised by our legal adviser as to PRC laws, since our promotion partners are not engaged in the actual wholesale/retail of pharmaceutical products or pharmaceutical distribution activities (including the storage of inventories, moving pharmaceutical products along the supply chain and transportation of pharmaceutical products to end customers), they do not need to obtain a GSP certificate. As a result, our promotion partners are not allowed to provide distribution services for our products. For this reason, we engage distributors who have obtained valid GSP certificate for the actual sale and delivery of our products to hospitals and pharmacies. Our promotion partners are primarily responsible for promoting products to generate demand, while our distributors are primarily responsible for the prompt and proper delivery of products to hospitals and pharmacies. We believe that our cooperation with promotion partners allows us to extend our geographic coverage, maintain operational flexibility, reduce fixed costs and lower our overall marketing and promotion costs.

For the six months ended 30 June 2013, we have sold our products through our nationwide marketing, promotion and channel management service network to a total of 21,589 hospitals and other medical institutions (including 1,092, or 67.2% nationwide of Class III hospitals, 2,658 or, 40.5% of Class II hospitals nationwide, and 17,839 Class I hospitals and other medical institutions) and 85,420 pharmacies across 31 provinces, municipalities and autonomous regions in China.

The following table sets forth the number of hospitals and pharmacies covered by our in-house team and promotion partners during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June
	2010	2011	2012	2013
Class III hospitals	1,010	1,068	1,092	1,092
Class II hospitals	2,361	2,569	2,636	2,658
Class I hospitals and other medical institutions	4,273	6,761	10,348	17,839
Pharmacies	49,411	52,471	79,004	85,420

In addition to our in-house marketing and promotion team and our promotion partners, as of the Latest Practicable Date, we have also established a network of over 1,200 key opinion leaders, whose views on our products help lend credibility to our marketing and promotion efforts. Key opinion

leaders are typically medical doctors specialising in various therapeutic areas related to our products and respected authorities in the medical industry. As such, they hold an independent professional interest in obtaining knowledge of the latest available treatment protocols available in China within their therapeutic areas, as well as introducing products that they believe have clinical benefits to other physicians in order to maintain their standing within the broader medical community.

We help key opinion leaders develop their understanding of the clinical benefits and risks of our products as compared to other treatment protocols existing in China by informing them about technical and clinical aspects of our products and/or facilitating their participation in clinical trials and post-market studies on or related to our products. Subsequently, we may invite the key opinion leaders to share their views and/or the results from the clinical trials and post-market studies with other physicians and participants at various academic conferences, seminars and symposiums that we sponsor and/or organise. We also facilitate the publication of journal articles by the key opinion leaders summarising their views and/or the results of these clinical trials and post-market studies. Their opinions on our products may also impact the product marketing strategies developed by our in-house marketing and promotion team.

All of our key opinion leaders are Independent Third Parties. Our in-house marketing and promotion team generally selects and coordinates interactions with key opinion leaders. We do not pay any remuneration to our key opinion leaders for their activities relative to our products, but will typically reimburse them primarily for their travel and conference related expenses in light of the enhanced publicity our products receive as a result of these key opinion leaders' activities. Our marketing and promotion personnel are required to submit an application to their supervisors to invite certain key opinion leaders to attend a specific conference, study or other event. When selecting key opinion leaders for a specific event, the marketing and promotion personnel take into account factors such as the audience, purpose and scale (local, regional or national) of the event, as well as the key opinion leaders' academic and professional backgrounds, specialties and influence. After approval by the supervisors, the application will be reviewed from a technical perspective by our responsible product manager and director of the marketing department. Our chairman will then review and, if appropriate, approve the application, which includes, among other things, a budget for reimbursements to key opinion leaders. Thereafter, the marketing and promotion personnel will submit expense reports to, and get reimbursed from, our finance department in accordance with the pre-approved budget for expense reimbursements and our reimbursement policies. Our employees are required to comply with all applicable anti-corruption laws and regulations in their business activities, including their interactions with our key opinion leaders. Our finance and internal audit departments review the books and records relating to expense reimbursements to our key opinion leaders in accordance with our policies and procedures, and true and valid invoices and receipts are required in order for our key opinion leaders to receive reimbursements from us. We generally do not enter into agreements with our key opinion leaders.

Marketing and Promotion Activities

To implement our marketing plans, we focus on promoting our products directly to physicians, who have strong influence on the procurement of pharmaceutical products and medical devices, through various academic, physician-oriented marketing and promotional activities. Our marketing and promotional activities consist of educating individual physicians on the clinical uses, benefits, side effects and other clinical aspects of our products; organising and sponsoring academic conferences, seminars, symposiums and other promotional activities for selected hospitals or regions concerning our products and the market in general; facilitating our key opinion leaders' participation in clinical trials and post-market studies, and their publication of journal articles; and publishing advertisements in medical and pharmaceutical journals.

Our marketing and promotional activities are carried out by our in-house team and our promotion partners. Our in-house team supervises our promotion partners, who are responsible for most of the day-to-day marketing and promotional activities for our products by conducting one-on-one visits to physicians for medical detailing in accordance with our marketing strategy. The following table indicates the typical allocation of responsibilities between our in-house team and our promotion partners:

Marketing and Promotion Activities	Allocation of Responsibilities
• Formulating marketing strategies and plans and providing training to promotion partners	In-house team
• Designing and preparing product brochures, flyers, handouts, brand logos and other marketing materials; publishing advertisements in medical and pharmaceutical journals	In-house team
• Pilot marketing and promotion programmes	In-house team
• Academic conferences, seminars, symposiums and other promotional activities at provincial or national levels	In-house team
• Facilitating key opinion leaders' participation in clinical trials and post-market studies, and their publication of journal articles	In-house team
• One-on-one visits to physicians for medical detailing	Primarily conducted by promotion partners, with academic and sales support from in-house team
• Seminars for therapeutic departments within hospitals	Primarily organised by promotion partners, with academic support from in-house team

We typically enter into agreements with our promotion partners for a term of one year. The agreements generally specify the products to be promoted, the geographic regions and/or hospitals that the promotion partners are responsible for, and the promotion targets in terms of sales volumes and numbers of hospitals covered. The agreements generally prohibit our promotion partners from promoting competing products or promoting our products beyond the designated regions. Our promotion partners may not engage third parties to market and promote our products, or delegate their contractual responsibilities to third parties, without our consent. We have not authorised any of our promotion partners to engage any third party to market and promote our products. Our promotion partners may also promote products other than those supplied by us provided that such other products do not compete with our relevant products.

We reimburse our promotion partners for their marketing and promotion expenses up to a pre-agreed maximum amount. For out-performing promotion partners, we may provide additional bonuses, expand the number of their targeted hospitals or increase the maximum amount of reimbursement of their marketing and promotion expenses. It is our understanding that promotion partners also receive commissions from distributors of relevant products based on sales volumes or other bonuses if certain sales volumes are exceeded. We are not involved in the arrangements between promotion partners and distributors. The total compensation of a promotion partner is determined by negotiation between the promotion partner and us, as well as separate negotiations between the promotion partner and a distributor, in light of the market dynamics for the relevant pharmaceutical products or medical devices. We sell our products to distributors at prices that account for a margin for distributors and payments to be made to promotion partners by distributors. This margin reflects the difference between the prevailing tender price for a particular product and our average selling price for this product. Factors taken into consideration by us when negotiating the maximum amount of expense

reimbursement and the provision of bonuses and additional marketing support (if any) for our promotion partners include: the relevant product's characteristics, such as the product's competitive dynamics and awareness level amongst medical professionals; the scope of services required from promotion partners, such as the amount of promotion effort deemed necessary to effectively generate demand and the amount of time the promotion partners are expected to commit to the relevant products; and the promotion partners' capabilities and track record, such as experience in promoting similar products, coverage of targeted hospitals and physicians, as well as history of collaborating effectively with our in-house marketing and promotion team.

Our promotion partners are required to comply with all applicable laws and regulations and maintain our corporate reputation during the course of their marketing and promotional activities, and are required to indemnify us for any losses resulting from their illegal or improper business practices. A selected number of our promotion partners are allowed to use our corporate name in their marketing and promotional activities. Our promotion partners are required to submit to us true and valid invoices and receipts in order to receive reimbursements from us for their marketing and promotion expenses. We monitor the performance of our promotion partners by tracking the purchases by their covered hospitals. We may terminate our contracts with those promotion partners that consistently fail to meet their promotional targets or other performance criteria. In addition, in some cases, our promotion partners are required to make performance deposits with us, which may be forfeited in the event of certain breaches of contract by the promotion partners. None of our Directors or senior management and, to the knowledge of our Directors, none of our employees, promotion partners, distributors or key opinion leaders, has been or is involved in any bribery-related investigations or litigations in connection with any aspects of our business activities. The recently reported bribery-related investigations of GlaxoSmithKline and certain other pharmaceutical companies in China have not had any material adverse impact on our business operations.

Channel Management Services

We provide channel management services as part of our comprehensive services. Please see "— Co-Promotion and Channel Management Services — Channel Management Services" below for details of our channel management services.

Co-Promotion and Channel Management Services

We currently provide co-promotion and channel management services to Alcon, the world's largest eye care products company. We are the sole provider of channel management services for all of Alcon's ophthalmic pharmaceutical products in China. We have maintained an uninterrupted business relationship with Alcon since 1996. In January 2010, we expanded the scope of services we provide to Alcon to include co-promotion services for six of its ophthalmic pharmaceutical products, and we added a seventh product in January 2013. Our co-promotion services are targeted at hospitals and pharmacies not covered by Alcon's in-house marketing and promotion team. We believe the expansion of collaboration with Alcon strengthens the business relationship between Alcon and us. In October 2013, Alcon extended its supply agreement with us for a further term of five years until 31 December 2018. We are not responsible and do not bear any costs or expenses for the marketing and promotion of Alcon products to those hospitals and pharmacies that have been assigned to Alcon's in-house sales and marketing team under the co-promotion agreement, nor are we responsible for or do we bear any costs or expenses for the marketing and promotion of Alcon products for which we only provide channel management services.

Co-Promotion Services

We provide co-promotion services for seven products supplied by Alcon. Under the co-promotion agreement, Alcon and our Company are responsible for promotion services for different hospitals and pharmacies. We are prohibited from conducting marketing and promotion activities for the specified products at hospitals and pharmacies that have been assigned to Alcon's in-house sales and marketing team.

Our co-promotion services are provided by our in-house marketing and promotion team. Our co-promotion services include formulating targeted marketing strategies, conducting visits to hospitals and pharmacies, visual merchandising and shelf space management at pharmacies, and organising academic conferences, seminars, symposiums and other promotional activities. We bear the costs and expenses for our co-promotion services, including salaries and benefits for our in-house marketing and promotion team as well as costs and expenses incurred for our co-promotion activities. The level of services we provide in respect of Alcon products is reflected in the prices we are able to obtain through our onward sale of their products primarily to our distributors as compared to Alcon's pricing of their products, rather than through the direct payment of marketing, promotion or service fees by Alcon. Our co-promotion services are aimed to further enhance the level of market penetration of these products in China. In particular, our co-promotion services are designed to help generate additional demand for these products in hospitals and pharmacies that are not covered by Alcon's in-house sales and marketing team. By providing co-promotion services to Alcon for these products, we benefit from any resulting increase in demand for these products in terms of incremental revenue and profits for our Group.

Channel Management Services

Our channel management services focus on customs clearance and warehousing, participating in the tender process that are a requirement for selling pharmaceutical products and medical devices to public hospitals and medical institutions, appointing and managing distributors, managing and optimising inventory levels at distributors, hospitals and pharmacies and collecting, integrating and analysing sales data.

Participating in Hospital Tenders

We have a professional team dedicated to participating in tender processes across China. Substantially all of our products are required to be selected through a collective tender process in order for them to be purchased by public hospitals and medical institutions. The collective tender process is held in different provinces and cities with varying terms, procedures and preferences and is usually organised at the national, provincial or city levels. Please see the section headed "Regulatory Framework — Centralised Procurement and Tender Process" of this prospectus for further details on the tender process in the PRC.

Each collective tender process will typically apply to all products included in the relevant Insurance Catalogues and will specify product formulations or specific product brands available for tender.

The selection of the winning bidder is based on a number of criteria, including bid price, quality, clinical effectiveness and the manufacturer's reputation and service quality. We therefore adopt tailored bidding strategies for each product taking into account its characteristics and technological advantages, and adjust it from time to time to reflect changes in local policies and procedures.

The successful bidding price in the tender process dictates the price at which distributors sell the relevant product to the relevant hospitals. We set our bidding prices by assessing comparable products in terms of their clinical features, prices, manufacturer profiles, local physicians' preferences, maximum retail prices, if any, set by the PRC government, as well as expected margins for us, our distributors and our promotion partners. The prices at which we sell our products to distributors are determined in part by reference to the successful bidding prices.

Once a successful bidder has been selected, it has the exclusive right to appoint distributors for that product to handle sales and deliveries to the relevant hospitals. We prepare and submit the bids in our own name, and for our winning bids we serve as the exclusive supplier of the products for the relevant hospitals during the periods set forth in the tender documents.

Appointing and Managing Distributors

We have a nationwide distributor network of over 500 distributors across 31 provinces, municipalities and autonomous regions in China. Our distributor network is managed by our in-house team, which seeks to ensure the efficiency, productivity and stability of our distributor network. Our distributors generally are large- and medium-sized pharmaceutical product and medical device distributors that cover multiple provinces and major cities, or small-sized distributors with distribution capabilities within their localities. All of our distributors are required under the PRC laws to obtain pharmaceutical supply permits and GSP certificates. We sell our products only to distributors that have obtained the necessary licences and certificates required for distributing pharmaceutical products and medical devices in China. Our distributors are required to provide us with proof that they have valid GSP certificates and pharmaceutical supply permits. We will contact our distributor prior to the expiry of its relevant licence/permit to ensure we are provided with proof that the licence/permit has been renewed. If satisfactory proof is not provided, we would discontinue the sale of products to the relevant distributors.

Our distributors on-sell the products to hospitals and pharmacies either directly or through their sub-distributors. We are not a party to the contracts between our distributors and hospitals, or between our distributors and their sub-distributors. Based on the information provided by our distributors, there were over 1,100 sub-distributors for our products as of 30 June 2013. Our distributors are primarily responsible for the delivery of products to hospitals, medical institutions and pharmacies as well as the invoicing and payment collection process from these end customers. Our network of distributors includes distributors such as Sinopharm Group, Shanghai Pharmaceuticals Group, and Jointown Pharmaceutical Group.

All of our distributors are corporations and Independent Third Parties. We screen and select our distributors based on various criteria, including the scale of their existing distribution networks, their industry track record, experience, delivery capabilities, financial condition, creditworthiness and the amount of time required to remit payment to us. To the knowledge of our Directors, our Company, our subsidiaries, our Shareholders who own more than 5% of our issued share capital, our Directors, our senior management and their respective associates do not have any past or present relationships (including employment, family or trust relationships) with any of our distributors, except for one distributor that was controlled by a former employee of us who left more than 10 years ago. During the Track Record Period, we only sold products to this distributor in 2010 and the sales amount in that year was approximately RMB5.8 million, representing approximately 1.0% of our revenue for the same year. We had no further sales to the distributor since 2011.

We review the performance of our distributors on a regular basis, and based on the results of our review, we can adjust their assigned target hospitals, extend the contracts for out-performers, and

terminate or choose not to renew the contracts for those who consistently fail to meet the agreed sales targets or other performance criteria.

In connection with managing our distribution network, including in respect of distributor terminations, we monitor inventory levels at our distributors and, after our products are sold to our distributors, further track the flow of products through our major distributors' online systems and regular sales reports from our other distributors. Utilising these systems and reports, we manage the turnover of our distributors in an orderly manner to avoid the excess accumulation of inventories of our products in the distribution chain and so that our inventories of the relevant products can generally be expected to be sold to distributors or other customers in the ordinary course of business. Following the termination of a distributor, our return and credit terms continue to apply and the distributor may continue to sell the remaining inventories of our products. Because we generally do not accept product returns or replacements for slow-moving and obsolete inventory items and our distributors generally may only return products that have quality defects that are notified within seven days, it is our distributors (including terminated distributors) that bear the risks of overstocking. Additionally, because we generally grant credit terms of between 30 and 120 days, we have a more limited credit risk associated with distributor termination.

The following table sets forth the total number of our distributors as of 31 December 2010, 2011 and 2012, and 30 June 2013, respectively, and the number of new distributors and the number of distributors whose distributorship ceased during the period indicated:

	For the year ended 31 December			For the six months ended 30 June
Distributors	**2010**	**2011**	**2012**	**2013**
Number of distributors at the beginning of the period	522	566	716	689
Number of distributors added during the period	183	286	186	92
Number of distributors ceased to be our distributors during the period	139	136	213	225
Total number of distributors at the end of the period	566	716	689	556

The following table sets forth a breakdown of the numbers of distributors whose distributorship ceased during the period indicated:

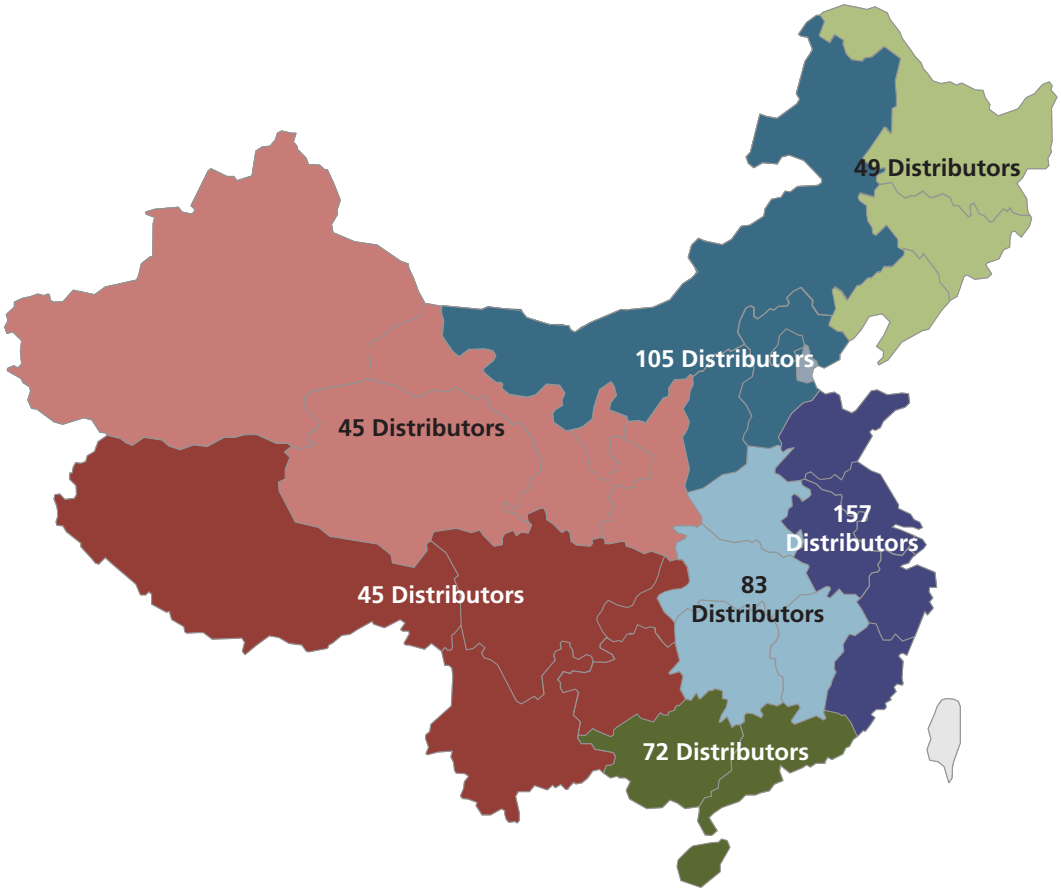
	For the year ended 31 December			For the six months ended 30 June
Reasons for Ending Distributorship	**2010**	**2011**	**2012**	**2013**
Industry consolidation	112	94	125	130
Terminations:				
Suspended sale of Fleet Phospho-Soda	-	-	-	61
Ceased sale of Bestcall	-	5	10	7
Ceased sale of domestic pharmaceutical products	-	4	44	-
Performance related reasons	27	33	34	27
Total	139	136	213	225

The pharmaceutical distribution industry has traditionally been fragmented with a large number of small and local distributors. During the past few years, the Chinese government has introduced policies that encourage the industry consolidation, selection of the superior and elimination of the inferior, by way of mergers, restructurings and eliminating systems and mechanisms that hinder fair competition. Consolidation in the industry pursuant to which groups of our distributors were combined into a single entity; while such combinations resulted in a decrease in the number of distributors with whom we held contractual relationships, they do not affect the ability of the newly

combined distributors to continue to sell their inventory of our products in the ordinary course and our renewed relationships were consistent with our espoused distribution management strategy insofar as the combined entities may enable us to expand our geographic and hospital coverage.

The significant decrease in our number of distributors in 2012 and the six months ended 30 June 2013 was primarily because (i) We ceased the import and sale of Bestcall and suspended the import and sale of Fleet Phospho-Soda (which collectively accounted for 10.2%, 5.6% and 5.3% of our total revenue in 2010, 2011 and 2012, respectively), other than the sale of the remaining inventories of such products. We ceased importing and selling Bestcall because the PRC government imposed additional restrictions on the use of antibiotics and Bestcall was not listed in the newly adopted administrative catalogue of antibiotics products in 2012, which significantly reduced its sales and profitability. We suspended importing and selling Fleet Phospho-Soda because its imported drug registration certificate was not renewed, primarily due to certain changes to the production processes and other aspects of the product after its initial registration with the CFDA. Neither cessation related to quality issues associated with the products; (ii) We did not renew a number of our distributors' contracts following our periodic reviews of their performance, taking into account their sales records and operational efficiency; and (iii) Our subsidiary, Xiantao Pioneer, ceased marketing and selling Chinese domestically manufactured pharmaceutical products (which accounted for 0.84%, 1.23% and 0.004% of our total revenue in 2010, 2011 and 2012, respectively). During the Track Record Period, Xiantao Pioneer marketed and sold domestically manufactured generic drugs through distributors or directly to small medical institutions and clinics. It ceased such business because such business did not generate significant revenue and profits and we chose to strategically target imported pharmaceutical products and medical devices in China. During the Track Record Period, no distributor unilaterally terminated its agreement with us. The level of inventory of Bestcall, Fleet Phospho-Soda and Chinese domestically manufactured pharmaceutical products at the distributors terminated during the Track Record Period was not material, nor was the amount of outstanding receivables from these distributors material at the time we terminated or chose not to renew the contracts with these distributors. Furthermore, we have not experienced any excess accumulation of inventories with respect to Bestcall, Fleet Phospho-Soda or Chinese domestically manufactured pharmaceutical products and expect any existing inventories to be sold in the ordinary course of business.

The following map shows the number of our distributors by region in China as of 30 June 2013:



Inventory Management

We aim to hold sufficient inventory to deliver products in a timely and cost efficient manner. As all of our products are imported, we typically hold no less than three months' inventory for each product. We also maintain higher inventory levels for products with registration certificates nearing expiration in order to ensure sufficient inventory levels pending renewal of the certificate.

Each year, we formulate a product purchase plan that includes projected purchase volumes for each month. We actively monitor our inventory levels and inventory turnover based on our sales projections and market demand. We regularly review each product's sales performance, inventory level and projected sales. Our internal inventory control system allows us to quickly retrieve data on the purchases, sales and inventories of our products. After our products are sold to our distributors, we further track the flow of our products through our major distributors' online systems, which allow us to monitor purchases made by hospitals through the distributors. Our distributors are also required to submit their sales reports to us on at least a monthly basis. We generate consolidated sales reports each month based on our internal inventory control system, our access to our major distributors' online systems and regular sales reports from our distributors. This allows us to monitor inventory levels and anticipate market demand for our products, and to adjust our sales and purchase plans accordingly to minimise the risk of inventory shortage or accumulation. At the same time, we are able to provide our suppliers with up-to-date sales data on their product sales, which allows them to fine tune their manufacturing and sales plans.

Our central warehouse is located in Hubei Province. We have established an inventory control system for our logistics facilities and warehouses to enable us to destroy expired and damaged products in compliance with relevant regulations. Our pharmaceutical products generally have a shelf life ranging from one-and-a-half years to five years. We periodically review the expiration dates of our inventory and make allowance for obsolete and slow-moving inventory items that are no longer saleable in the market. For the years ended 31 December 2010, 2011 and 2012, we made allowance for impairment to our inventories due to slow moving or obsolete inventories of RMB1.0 million, RMB0.2 million and RMB0.1 million, respectively. For the six months ended 30 June 2013, we recorded a reversal of allowance for inventories amounting to RMB0.4 million. Our control system promptly reports on our product inventory levels to our channel management staff, who monitors inventory levels and makes adjustments for expired and damaged products. All obsolete inventory items, including expired and damaged items, once identified, are stored separately from regular inventory items, and are destroyed under the supervision of the local CFDA agencies periodically. We bear the losses and expenses arising out of obsolete inventory items, except that the expense relating to disposal of obsolete inventory items supplied by Alcon are borne by Alcon.

During the Track Record Period, we did not experience complaints, product liability claims, product recalls or prolonged delay or significant disruption to the supply of our products that had a material adverse effect on our business, financial condition or results of operations.

OUR PRODUCTS

Product Sourcing and Screening

We select products from a large pool of prospective product candidates in the overseas market based on our database and research, referrals from our suppliers and business partners, and our management's contacts in the medical and pharmaceutical industry, including industrial and trade associations, trade shows and exhibitions, foreign embassies and consulates, and third-party consultants. We do not limit our pool of prospective product candidates to specific therapeutic areas, as we believe the broad experience of our in-house team and our promotion partners enables us to market, promote and sell pharmaceutical products and medical devices across different therapeutic areas.

Once we identify a prospective product candidate, we focus on evaluating the following aspects of the product:

- *clinical features*, including factors such as the prevalence rates of the target diseases; the current treatment protocols in China; the therapeutic benefits and advantages of the product candidate; and its existing and potential alternative products. We obtain the relevant information from third-party market research institutions or from our in-house database. We typically give priority to those products that have superior clinical profiles, improved quality or formulations and higher imitation barriers.

- *marketing considerations*, including factors such as the extent to which the product candidate is complementary to our existing product portfolio and can leverage our existing marketing and promotion network and capabilities; whether it has patent or other protection that will enable us to enjoy relatively limited competition in China; the sale and price levels of alternative or similar products in China; demand in its original market; and the potential market size, market growth and competitive landscape in China.

- *regulatory environment,* including factors such as whether the product has been registered in China; the estimated time, costs and risks associated with the product registration; whether and

what similar products are in the registration process; and the applicable price controls and tender process requirements, based, in part, on consultation with CROs.

- *supplier profile*, including factors such as the supplier's place of business, reputation, track record and creditworthiness. We typically give priority to suppliers located in Europe and North America whose regulatory control systems and product quality are generally perceived favourably by Chinese consumers, and especially small- and medium-sized suppliers that have a leading position in a particular therapeutic area.

After identifying a suitable product candidate, we negotiate with its supplier to procure the marketing, promotion and sales rights in the Chinese market by, among other things, demonstrating our track records of, and our ability to provide one-stop services in, introducing and promoting pharmaceutical products and medical devices in China. During the Track Record Period, we also began to make selective strategic investments in certain overseas suppliers to enhance our business relationships with these suppliers. We have made two such investments, one in NovaBay, a clinical-stage biotech company based in the United States, and the other in QualiMed, a coronary and biliary stent company based in Germany. Please see the section headed "History and Reorganisation — Corporate History — Overseas Equity Investments" of this prospectus for further details on these investments. Please also see "— Product Pipeline" below for further details of the related products.

Product Portfolio

During the Track Record Period, we expanded our portfolio of pharmaceutical products (substantially all of which are prescription products) from 25 to 32 as of the Latest Practicable Date, covering ophthalmology, pain management, cardiovascular, respiratory, gastroenterology, immunology and other therapeutic areas. In 2012, we further expanded our product portfolio to include medical devices covering four medical specialties. The following table sets forth a breakdown of our revenue by key products and as a percentage of our total revenue for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2010		2011		2012		2012		2013	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Products sold via the provision of comprehensive marketing, promotion and channel management services										
Difene	68,222	12.0	65,579	9.1	94,383	9.9	45,426	10.5	57,884	10.5
Fluxum	25,592	4.5	36,938	5.1	61,683	6.4	25,812	6.0	36,611	6.6
Polimod	-	-	17,567	2.4	38,939	4.1	17,954	4.1	26,379	4.8
Macmiror complex and Macmiror	-	-	11,116	1.6	21,756	2.3	8,720	2.0	12,253	2.2
Vinpocetine API	6,402	1.1	4,855	0.7	12,466	1.3	-	-	14,171	2.6
Zenotec CAD/CAM series	-	-	-	-	5,896	0.6	-	-	2,897	0.5
Neoton	-	-	-	-	4,840	0.5	862	0.2	7,653	1.4
Budesonide Easyhaler and Salbutamol Easyhaler	-	-	5	0.0	1,144	0.1	285	0.1	572	0.1
Bestcall	48,319	8.5	24,849	3.5	24,268	2.5	12,184	2.8	550	0.1
Fleet Phospho-Soda	10,014	1.7	15,034	2.1	26,729	2.8	15,957	3.7	311	0.1
Others	12,000	2.1	18,494	2.6	31,617	3.3	8,683	2.0	40,976	7.4
Products sold via the provision of co-promotion and channel management services										
Alcon series of ophthalmic pharmaceutical products	400,098	70.1	523,394	72.9	635,002	66.2	296,816	68.6	351,073	63.7
	570,647	100.0	717,831	100.0	958,723	100.0	432,699	100.0	551,330	100.0

The following table sets forth certain information on our key products:

Therapeutic Area/Product Category	Product	Indication	Supplier	Year the Group Secured Marketing, Promotion and Sales Rights	Geographic Coverage Granted by Supply Agreement	Registration Certificate No.	PRC Imported Drug Registration Certificate Expiry Date
Pain management	Difene (diclofenac sodium dual-release enteric-coated capsules) (戴芬)(雙氯芬酸鈉雙釋放腸溶胶囊)	Arthritis or pain or inflammation caused by surgery	Temmler Werke, Germany	1997	China nationwide, Hong Kong, Macau, Taiwan, Brunei, Myanmar, Cambodia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam	H20100590	4 June 2014
Cardiovascular	Fluxum (parnaparin) (希弗全)(帕肝素)	Treatment and prevention of blood clots in the veins or arteries	Alfa Wasserman, Italy	2004	China nationwide	H20090246; H20090247; H20090248.	22 March 2014; 22 March 2014; 22 March 2014.
	Neoton (creatine phosphate sodium for injection) (里爾統） （注射用磷酸肌酸)	Cardiac protection, treatment for the disorder of cardiac metabolism	Alfa Wasserman, Italy	2012	China nationwide to the extent not otherwise covered by Alfa Wasserman	H20090181	19 February 2014
Respiratory	Budesonide Easyhaler (budesonide powder for inhalation) (沐而暢茜樂)(布地奈德吸入粉霧劑)	Treatment of asthma	Orion, Finland	2011	China nationwide	H20090607; H20090662.	13 July 2014; 13 July 2014.
	Salbutamol Easyhaler (salbutamol sulpahate powder for inhalation) (順而忻茜樂)(硫酸沙丁胺醇吸入粉霧劑)	Treatment of bronchospasm	Orion, Finland	2011	China nationwide	H20130596	31 July 2018
Immunology	Polimod solution (普利莫) (pidotimod)	Immunostimulant in respiratory tract and other urinary tract infections	Polichem, Switzerland	2011	Guangdong, Hainan, Shaanxi, Zhejiang, Hunan, Hubei, Liaoning and Fujian Provinces of China	H20090934	5 November 2014
Gynaecology	Macmiror Complex (nifuratel and nystatin vaginal suppositories) (麦咪康帕) (硝呋太尔制黴素陰道栓劑) and Macmiror (nifuratel tablets) (麥咪諾)(硝呋太爾片)	Vaginal infections	Polichem, Switzerland	2011	China nationwide	H20100044; H20100436.	10 January 2015; 20 June 2015.

Therapeutic Area/ Product Category	Product	Indication	Supplier	Year the Group Secured Marketing, Promotion and Sales Rights	Geographic Coverage Granted by Supply Agreement	Registration Certificate No.	PRC Imported Drug Registration Certificate Expiry Date
Pharmaceutical raw materials	Vinpocetine API (長春西汀原料藥)	An active pharmaceutical ingredient (API) for manufacturing medicines for the treatment of diseases such as dementia	Covex, Spain	2009	China nationwide	H20120267	15 July 2017
Dental equipment	Zenotec CAD/CAM Series (Zenotec 牙科系统)	Digital cutting equipment and digital scanners	Wieland, Germany	2012	China nationwide	N/A	N/A
Ophthalmology	20 ophthalmic pharmaceutical products	Treatment of eye diseases	Alcon, Switzerland	1996	China nationwide	H20080661[1]; H20080660[1]; H20091082; H20110316; H20090611; H20090082; H20100193; H20080355[2]; H20100018; H20130321; H20100212; H20100207; H20120526; H20110005; H20110062; H20130018; H20090507; H20120244; H20090471; H20110413.	17 December 2013[1]; 17 December 2013[1]; 23 December 2014; 18 July 2016; 14 July 2014; 23 January 2014; 18 March 2015; 7 July 2013[2]; 10 January 2015; 1 May 2018; 18 March 2015; 18 March 2015; 13 December 2017; 18 March 2015; 31 January 2016; 14 January 2018; 7 June 2014; 24 June 2017; 24 March 2014; 4 September 2016.

Notes:

(1) Alcon submitted renewal applications to the CFDA on 18 June 2013 and currently expect to receive the renewed registration certificates by December 2013. We will closely monitor our inventory levels of the related two products and the status of the renewal applications and will maintain appropriate inventory levels pending renewal of the registration certificates. The product (Tobradex eye drops) with the registration certificate H20080661 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. The product (Tobradex eye ointment) with the registration certificate H20080660 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.

(2) We understand that Alcon is applying for a new registration certificate for the related product and currently expects to receive it by March 2014. We were advised by Alcon that it did not receive a new registration certificate before 7 July 2013 primarily due to (i) certain changes to the technical tests required for the registration renewal imposed by the CFDA and its designated agencies, and (ii) a backlog of registration and renewal applications before the government agencies. We had increased our inventory level of this product prior to the expiration of the registration certificate and plan to further increase the inventory level by applying for an ad hoc approval for a one-off importation in order to maintain appropriate inventory level pending the receipt of a new registration certificate. Please see the section headed "Regulatory Framework — Industry Regulatory Framework — Import of Pharmaceutical Products" of this prospectus for further details of ad hoc approvals. This product (Bion Tears eye drops) generated 1%, 0.6%, 0.5%, 0.5% of our total revenue, and 0.6%, 0.4%, 0.2%, 0.2% of our total gross profit, in 2010, 2011, 2012 and the six months ended 30 June 2013, respectively.

Difene (diclofenac sodium dual-release enteric-coated capsules) (戴芬)(雙氯芬酸鈉雙釋放腸溶膠囊)

Difene is diclofenac sodium dual-release enteric-coated capsules, manufactured by Temmler Werke of Germany. It is used for the treatment of arthritis and other inflammatory rheumatic diseases of the spine, pains related to degenerative diseases of joints and spine, trauma and post-operative swelling or inflammation, dysmenorrhea and post-operative pain or inflammation caused by surgery. According to marketing materials provided by Temmler Werke, Difene has an innovative and unique multiple unit formulation and provides improved safety and tolerability. Difene's unique dual-release formulation is patented in Europe, the United States and several other countries.

According to the Frost & Sullivan Report, the market for oral diclofenac sodium in China grew at a CAGR of 15.5% from 2010 to 2012 and has a current size of approximately RMB885.0 million. Difene was the second most popular oral diclofenac sodium product in the PRC in 2012, with a market share of approximately 14%.

In March 1997, we entered into a 10-year agreement with Temmler Werke of Germany to market, promote and sell Difene in China, Hong Kong, Macau, Taiwan, Brunei, Myanmar, Cambodia, Laos, Malaysia, the Philippines, Singapore, Thailand and Vietnam on an exclusive basis. The agreement was renewed through 31 December 2019, subject to early termination on 31 December 2016 if certain conditions are not met. As of 30 June 2013, we had sold Difene to approximately 54,944 hospitals and pharmacies in 30 provinces, municipalities and autonomous regions and 391 cities in China through our network. We generated revenue of RMB68.2 million, RMB65.6 million and RMB94.4 million from the sale of Difene in 2010, 2011 and 2012, respectively, representing a CAGR of 17.6%. Our revenue from the sale of Difene increased by 27.4% from RMB45.4 million in the six months ended 30 June 2012 to RMB57.9 million in the six months ended 30 June 2013.

Fluxum (parnaparin)(希弗全)(帕肝素)

Fluxum is parnaparin, a low molecular weight heparin product manufactured by Alfa Wassermann of Italy. Fluxum is used in anticoagulant therapy for the prophylaxis and treatment of venous thrombosis and its extension, for prevention of post-operative deep venous thrombosis and pulmonary embolism and for the prevention of clotting in arterial and cardiac surgery. Alfa Wassermann launched Fluxum in Italy in 1993. According to the Frost & Sullivan Report, Fluxum is one of the fastest-acting heparin products for treatment and prophylaxis of deep-vein thrombosis.

According to the Frost & Sullivan Report, the market for low molecular weight heparin products in China grew at a CAGR of 24.4% from 2010 to 2012 and has a current size of approximately RMB1,304 million. Fluxum is the fourth best-selling low molecular weight heparin product in the PRC, with a market share of approximately 8.0% in 2012.

In October 2004, we entered into a three-year agreement with Alfa Wassermann of Italy to market, promote and sell Fluxum in China. The agreement was renewed each year during 2007 to 2012 for a term of one year and the current term expires on 31 December 2013. Alfa Wassermann has confirmed to us that it agrees to renew the agreement for one additional year from 1 January 2014 until 31 December 2014. As of 30 June 2013, we had sold Fluxum to approximately 696 hospitals in 28 provinces, municipalities and autonomous regions and 186 cities in China through our network. We generated revenue of RMB25.6 million, RMB36.9 million and RMB61.7 million from the sale of Fluxum in 2010, 2011 and 2012, respectively, representing a CAGR of 55.2%. Our revenue from the sale of Fluxum increased by 41.8% from RMB25.8 million in the six months ended 30 June 2012 to RMB36.6 million in the six months ended 30 June 2013.

Neoton (creatine phosphate sodium for injection) ***(里爾統) (注射用磷酸肌酸)***

Neoton is creatine phosphate sodium for injection, manufactured by Alfa Wassermann of Italy. Neoton is primarily used for ischemic heart diseases and cardiomyopathy resulting from various causes. Neoton is added to cardioplegia during cardiac surgery to protect cardiac muscles and is also used to treat metabolic disorders in myocardial ischemic states. Neoton has been patented in Europe and the United States.

According to the Frost & Sullivan Report, the PRC market for creatine phosphate sodium grew at a CAGR of 14.5% from 2010 to 2012 and has a market size of approximately RMB2,920 million in 2012. Neoton is the sixth best-selling creatine phosphate sodium product in the PRC, with a market share of approximately 4.1% in 2012.

In 2012, we entered into a letter of understanding with Cardinal Health (H.K.) Co. Limited which had an agreement with Alfa Wassermann of Italy, pursuant to which we were authorised to market, promote and sell Neoton to designated hospitals in five provinces, municipalities and autonomous regions in China. Other than the five specified provinces, Alfa Wasserman may allow us to market, promote and sell Neoton in other provinces. As of 30 June 2013, we had sold Neoton to 13 hospitals in six provinces, municipalities and autonomous regions and seven cities in China through our network. We started to market and sell Neoton in 2012 and generated revenue of RMB4.8 million in 2012 and RMB7.7 million in the six months ended 30 June 2013.

Budesonide Easyhaler (budesonide powder for inhalation) (沐而暢茜樂)(布地奈德吸入粉霧劑) and Salbutamol Easyhaler (salbutamol sulpahate powder for inhalation) (順而忻茜樂)(硫酸沙丁胺醇吸入粉霧劑)

The Easyhaler series products include Budesonide Easyhaler (budesonide powder for inhalation) and Salbutamol Easyhaler (salbutamol sulphate powder for inhalation), both of which are inhalation drugs used for lung disease treatment manufactured by Orion Corporation of Finland. Budesonide Easyhaler is intended for patients with persistent asthma who need glucocorticosteriod treatment, while Salbutamol Easyhaler is used to alleviate bronchospasm caused by bronchial asthma or chronic obstructive pulmonary disease, or COPD. According to marketing materials provided by Orion, the Easyhaler series products are effective even at low inspiratory flow rates as the products deliver uniform doses even at low flow rates. The Easyhaler series products were first introduced into the North Europe market including Finland and Denmark in 1994.

According to the Frost & Sullivan Report, the PRC market for budesonide and salbutamol drugs grew at a CAGR of 44.3% from 2010 to 2012 and has a market size of approximately RMB1,509 million in 2012.

In June 2011, we entered into a six-year agreement with Orion Corporation to market, promote and sell the Easyhaler series products in China on an exclusive basis. As of 30 June 2013, we had sold Easyhaler series products to approximately 135 hospitals and pharmacies in 10 provinces and 33 cities in China through our network. We started to sell these products in China in late 2011 and generated revenue of RMB1.1 million in 2012 and RMB0.6 million in the six months ended 30 June 2013.

Polimod solution (pidotimod) (普利莫) (匹多莫德)

Polimod is pidotimod, manufactured by Polichem of Switzerland. It is a synthetic oral immune stimulant that works by stimulating and regulating cell-mediated immune response, and is applied to patients with immune dysfunction, such as respiratory tract infections, otolaryngology infections,

urinary tract infections and gynaecological infections. According to marketing materials provided by Polichem, Polimod solution has no known side effects on the immune system and is a therapeutic option in the management of recurrent respiratory infections in children and elderly. Polimod has been approved for the use by the Italian Health Authority since 1993.

According to the Frost & Sullivan Report, the PRC market for pidotimod grew at a CAGR of 12.1% from 2010 to 2012 and has a market size of approximately RMB739 million in 2012. Polimod is the fourth best-selling pidotimod product in the PRC, with a market share of approximately 13% in 2012.

In 2011, Polichem S.A. authorised us to market and sell Polimod in eight provinces in China for a term until 30 December 2014. As of 30 June 2013, we had sold Polimod to over 50 hospitals in 8 provinces and 19 cities in China through our network. We generated revenue of RMB17.6 million, RMB 38.9 million and RMB26.4 million from the sale of Polimod in 2011, 2012 and the six months ended 30 June 2013, respectively.

Macmiror Complex (nifuratel and nystatin vaginal suppositories) (麦咪康帕) (硝呋太尔制霉素阴道栓剂) and Macmiror (nifuratel tablets) (麥咪諾)(硝呋太爾片)

Macmiror Complex is manufactured by Polichem of Switzerland with a fixed combination of nifuratel and nystatin vaginal suppositories. According to Polichem's website, Nifuratel is a chemotherapeutic agent with intense and efficacious trichomonacidal, antibacterial and mycostatic action. This polyvalent effect makes it effective in the treatment of vaginitis of mixed aetiology. The combination of Nifuratel and Nystatin can be used to treat vulvovaginal infections caused by Candida, Trichomoniasis and bacteria.

Macmiror is nifuratel in oral form manufactured by Polichem of Switzerland. According to Polichem's website, nifuratel, the active ingredient of Macmiror, is a chemotherapeutic agent (furane-derivative) with strong trichomonicidal activity, equivalent to that of metronidazole. It has a broad spectrum of antibacterial action to treat.

According to the Frost & Sullivan Report, the PRC market for oral nifuratel product grew at a CAGR of 11.5% from 2010 to 2012 and has a current size of approximately RMB160 million. Macmiror, together with Macmiror Complex, is the fourth best-selling oral nifuratel product in the PRC, with a market share of approximately 19% in 2012.

In 2011, Polichem authorised us to market, promote and sell Macmiror Complex and Macmiror in China for a term until 30 December 2014. As of 30 June 2013, we had sold Macmiror Complex and Macmiror to 100 hospitals in 12 provinces and municipalities and 32 cities in China through our network. We generated revenue of RMB11.1 million, RMB21.8 million and RMB12.3 million from the sale of Macmiror Complex and Macmiror in 2011, 2012 and the six months ended 30 June 2013, respectively.

Vinpocetine API (長春西汀原料藥)

Vinpocetine active pharmaceutical ingredient (API) is a pharmaceutical raw material manufactured by Covex of Spain. Vinpocetine is a cerebral vasodilator that can improve blood supply to the brain, inhibit platelet aggregation, reduce blood viscosity, enhance the deformability of red blood cells, and improve blood fluidity and microcirculation, and in turn increase the absorption of glucose by nerve cells and oxygen flow to the brain, and enhance brain metabolism. In addition to preventing and treating cerebral insufficiency and its adverse consequences, it can also be used to improve the mental activities of a healthy person and work on functional symptoms. Vinpocetine was launched in Portugal in 1986.

According to the Frost & Sullivan Report, the PRC market for antidementia drugs grew at a CAGR of 23.8% from 2010 to 2012. Vinpocetine is the sixth best-selling antidementia drug in the PRC, with a market share of approximately 5.7% in 2012, and its API is the core component for manufacturing Vinpocetine.

In July 2009, we entered into an agreement with Covex of Spain to market, promote and sell Vinpocetine API in China on an exclusive basis. Our current agreement with Covex has a term expiring 15 July 2017. In 2013, we sold the product to 29 pharmaceutical companies to produce vinpocetine finished products. We generated revenue of RMB6.4 million, RMB4.9 million and RMB12.5 million from the sale of Vinpocetine API in 2010, 2011 and 2012, respectively, representing a CAGR of 39.5%. We generated revenue of RMB14.2 million from the sale of Vinpocetine API in the six months ended 30 June 2013.

Zenotec CAD/CAM (Zenotec 牙科系統)

Zenotec CAD/CAM system is manufactured by Wieland and includes digital cutting equipment and digital scanners. It is primarily used for dental digital scanning and the production of dental prosthesis and models. According to marketing materials provided by Wieland, it is known for its compact size, cutting ability, digital and automated processing and efficiency. Based in Germany, Wieland is a manufacturer of dental materials, equipment and accessories and supplier of complete dental systems. It provides dental solutions based on materials such as zirconium oxide, metal and acrylic resins.

In 2012, we entered into an agreement with Wieland to market, promote and sell its Zenotec CAD/CAM system in China for a term until 29 March 2017. We generated revenue of RMB5.9 million and RMB2.9 million from the sale of Zenotec CAD/CAM system in 2012 and the six months ended 30 June 2013, respectively.

Alcon series of ophthalmic pharmaceutical products

Alcon is the largest eye care products company in the world, and its ophthalmic pharmaceutical products have maintained the highest market share in the Chinese market since 2010 in terms of sales value, according to the Frost & Sullivan Report. In January 2010, we renewed the agreement to market, promote and sell Alcon series ophthalmic pharmaceutical products in mainland China for an initial term until 31 December 2013, which was amended in October 2013 to extend the term through 31 December 2018. We are the sole provider of channel management services of all 20 of Alcon's ophthalmic pharmaceutical products in China, including Tobradex eye drops, Tobradex eye ointment, Tobrex eye drops, Tobrex eye ointment, Natacyn eye drops, Travatan eye drops, Brimocon eye drops, Azopt eye drops, Betoptic S eye drops, Systane Ultra eye drops, Tears Naturale Forte eye drops, Bion Tears eye drops, Tears Naturale II eye drops, Patanol eye drops, Naphcon-A eye drops, Emadine eye drops, Alomide eye drops, Alcaine eye drops, Cyclogyl eye drops and Fluorescite injection. In addition, we also provide co-promotion services for seven of these products including Tobradex eye drops, Tobrex eye drops, Systane Ultra eye drops, Tears Naturale Forte eye drops, Tears Naturale II eye drops, Naphcon-A eye drops and Tobradex eye ointment. As of 30 June 2013, we had sold Alcon series of ophthalmic pharmaceutical products to over 61,000 hospitals and pharmacies in 31 provinces, municipalities and autonomous regions and 407 cities in China through our network. We generated revenue of RMB400.1 million, RMB523.4 million and RMB635.0 million from the sale of Alcon series ophthalmic pharmaceutical products in 2010, 2011 and 2012, respectively, representing a CAGR of 26.0%. Our revenue from the sale of Alcon series ophthalmic pharmaceutical products increased by 18.3% from RMB296.8 million in the six months ended 30 June 2012 to RMB351.1 million in the six months ended 30 June 2013.

Tobradex eye drops (典必殊液)

Tobradex eye drops is a combination of tobramycin, an antibiotic, and dexamethasone, an anti-inflammatory corticosteroid. It is used to prevent and treat eye infection and inflammation. According to Alcon's product brochure, Tobradex eye drops is one of the most commonly used compound ophthalmic suspensions in clinical practice both worldwide and in China. As of 30 June 2013, we had sold Tobradex eye drops to over 14,000 hospitals and over 23,000 pharmacies through our network.

Tobrex eye drops (托百士液)

Tobrex eye drops (5ml solution) is a topical antibiotic for the treatment of external bacterial infections of the eye caused by susceptible organisms. According to marketing materials provided by Alcon, in two multi-centre acute bacterial conjunctivitis clinical trials, Tobrex continued to show the best efficacy against the most common pathogens collected from the study patients. Additionally, Tobrex eye drops can be used for children, which is rare among antibiotic ophthalmic drugs sold in China. Tobrex eye drops has been steadily increasing its market share in China since 2008, having the second highest market share of 11.2% in 2012, according to the Frost & Sullivan Report. As of 30 June 2013, we had sold Tobrex eye drops to over 16,000 hospitals and over 34,000 pharmacies through our network.

Product Pipeline

In order to maintain sustainable growth in the long term, we continue to look for prospective product candidates for marketing, promotion and sale from overseas pharmaceutical and medical device companies. Please see "— Product Sourcing and Screening" above for further details on product sourcing. As of the Latest Practicable Date, we have secured the marketing, promotion and sales rights for 14 additional prescription pharmaceutical products and 21 additional medical devices and are in the process of registering them or preparing for registration with the CFDA for their import for sale in China. Typically, the registration process takes approximately three to five years for pharmaceutical products and approximately one to two years for medical devices.

The following table summarises certain information about our key products in the pipeline:

Product	Indication	Supplier	Term of Supply Agreement	Status
NeutroPhase	Wound cleaning	NovaBay, United States	5.5 years after product approval	Registration application submitted in October 2012; expect to launch by the end of 2013
CollaGuard	Prevention of post-surgical adhesions	Innocoll, Ireland	Until October 2021	Registration application submitted in July 2013
Mirtazapine	Treatment of depressive episodes	Ethypharm, France	10 years after product approval	Registration application submitted in 2011; expect to launch by 2016

Product	Indication	Supplier	Term of Supply Agreement	Status
Ketipinor	Treatment of schizophrenia and manic episodes of bipolar disorder	Orion, Finland	Until December 2019	Registration application submitted in 2011; expect to launch by 2016
Magma and Archimedes stents	Coronary stents and biliary stents	QualiMed, Germany	Until February 2023	Preparing registration application
Topiramate	Treatment of epilepsy	Pharmascience, Canada	Until September 2021	Registration application submitted in 2012; expect to launch by 2017
STARflo gaucoma implant	Implant for glaucoma	iSTAR, Belgium	Until December 2019	Preparing registration application

NeutroPhase wound care solution (紐儲非傷口護理液)

NeutroPhase is a skin and wound cleanser consisting of 0.01% pure hypochlorous acid in physiological saline solution. NeutroPhase is intended to be used to moisturise absorbable surgical dressing, wash and clean small wounds, minor burns as well as acute and chronic skin lesions, such as diabetic foot ulcers and post-operative wounds. According to marketing materials provided by NovaBay, NeutroPhase is non-cytotoxic, non-sensitizing and non-irritating to skin and no special handling precaution is required for its application. Developed and manufactured by NovaBay, NeutroPhase has received 510(k) clearance from the USFDA.

According to the Frost & Sullivan Report, the woundcare consumables market in China is approximately RMB5.0 billion in 2012 and is expected to grow at a CAGR of 20% in the next five years due to a fast growth of diabetic epidemic and increasing trend of accidental injuries.

In January 2012, we entered into an agreement with a term of 5.5 years after product approval with NovaBay to market, promote and sell NeutroPhase in the PRC on an exclusive basis. In September 2012, we were further granted the right to market, promote and sell NeutroPhase in Hong Kong, Macau, Taiwan, Singapore, Malaysia, Indonesia, Myanmar, Philippines, Thailand, Vietnam, Brunei, Cambodia and Laos on an exclusive basis for five years. NeutroPhase is now in the process of being registered in China and certain countries in South-east Asia. We submitted the registration application to the CFDA for NeutroPhase in October 2012 and expect to launch this product in China by the end of 2013.

We also entered into a unit purchase agreement with NovaBay in September 2012 pursuant to which we purchased its 5.2% equity interest and warrants to purchase additional shares for a total consideration of US$2.5 million. We believe that such strategic investments will enhance our relationship with NovaBay and improve our competitiveness for the marketing, promotion and sales rights of other NovaBay's products in China and Asia in the future. Please see the section headed "History and Reorganisation — Corporate History — Overseas equity investments — Investment in NovaBay" of this prospectus for further details of our investment in NovaBay.

CollaGUARD anti-surgical adhesion membrane (CollaGUARD* 防手術粘黏薄膜*)

CollaGUARD is a sterile, translucent bioabsorbable collagen membrane, which is used to prevent several types of post-surgical adhesions, such as gastrointestinal surgery, conventional surgery, gynaecological surgery and urologic surgery. It is pasted on the pelvic or abdominal tissues and organs to temporarily isolate the tissues from the surface of the opposite tissues. It has been approved for use in Europe since October 2011. According to the Frost & Sullivan Report, the adhesion prevention film market in China had a size of approximately RMB2.1 billion in 2012 and is expected to grow at a CAGR of 15% in the next five years.

In October 2011, we entered into a 10-year agreement with Innocoll Pharmaceuticals Limited of Ireland to market, promote and sell CollaGUARD in the PRC, Hong Kong, Macau, Taiwan on an exclusive basis. In August 2012, we were further granted the right to market, promote and sell CollaGUARD in Vietnam, Cambodia, Malaysia, Singapore, Indonesia, Brunei Darrusalam, Laos, Myanmar on an exclusive basis for 10 years. We submitted the registration application to the CFDA for CollaGUARD in July 2013.

Mirtazapine orally disintegrating tablets (米氮平口崩片)

Mirtazapine is mainly used for the treatment of depressive episodes. The original mirtazapine product was first launched in 1994 in the Netherlands. According to the Frost & Sullivan Report, the market for mirtazapine in China was approximately RMB200 million in 2012 and is expected to grow at a CAGR of 10% in the next five years.

In October 2010, we entered into an agreement with a term of 10 years after product approval with Shanghai Ethypharm Pharmaceutical Co., Ltd., a subsidiary of Ehypharm of France, to market, promote and sell Mirtazapine in the PRC on an exclusive basis. Our mirtazapine product consists of orally disintegrating tablets, which can dissolve in the mouth and be absorbed quickly without drinking water, and are suitable for patients suffering from psychosis, dementia or epilepsy or the elderly or children. We submitted the registration application to the CFDA for Mirtazapine in January 2011 and expect to launch this product in China by 2016.

Ketipinor tablets (quetiapine fumarate) (喹硫平片)

Quetiapine fumarate is a new type of antipsychotic drug, which is applicable to the treatment of schizophrenia and moderate to severe manic episodes of bipolar disorder. Originally developed by AstraZeneca, quetiapine fumarate is an atypical antipsychotic drug. The original product was launched in 1997 outside China and was first launched into China in 2002. The clinical test results indicate that quetiapine fomarate is effective for both the positive symptoms and negative symptoms of schizophrenia, thus making it an effective antipsychotic drug. According to the Frost & Sullivan Report, the market for quetiapine drugs in China had a size of approximately RMB400 million in 2012 and is expected to grow at a CAGR of 30% in the next five years due to the favourable medical insurance policies for schizophrenia patients in China.

In December 2009, we entered into a 10-year agreement with Orion Corporation of Finland to market, promote and sell Ketipinor quetipine fumarate tablets in the PRC on an exclusive basis. We submitted our registration application to the CFDA for Ketipinor in August 2011 and expect to launch this product in China by 2016.

Magma rapamycin biodegradable coated DES (Magma 雷帕黴素生物降解藥物釋放冠脈支架)

According to QualiMed, Magma is a drug eluting coronary stent placed into narrowed, diseased coronary arteries that slowly releases a drug to block cell proliferation. This prevents fibrosis

that, together with clots (thrombus), could otherwise block the stented artery, a process called restenosis. Magma is the first carbonised stent with a completely biodegradable polymer coating which contains Rapamycin, a drug that may be used for preventing early thrombotic and re-stenotic events.

According to the Frost & Sullivan Report, cardiovascular stent is one of the major high-value medical consumables in China. At present, drug-coated cardiovascular stents hold a dominant position, and the biodegradable stents are expected to take an increasing market share in the future. The market for cardiovascular stents in China was approximately RMB4.5 billion in 2012 and is expected to grow at a CAGR of 20% in the next five years, according to the Frost & Sullivan Report.

In February 2013, we entered into a 10-year agreement with QualiMed of Germany to market, promote and sell Magma in the PRC, Hong Kong, Taiwan, Singapore, Thailand, Malaysia, Vietnam and the Philippines on an exclusive basis. We are preparing for the registration application to the CFDA for Magma and expect to submit the application by the end of 2013.

In addition, in 2013, we acquired an equity interest in the holding company of QualiMed and subscribed for certain convertible loans issued by QualiMed. We believe that this will enhance our relationship with QualiMed and improve our competitiveness for the marketing, promotion and sales rights of other QualiMed's products in China and Asia. Please see the section headed "History and Reorganisation — Corporate History — Overseas Equity Investments" of this prospectus for further details of our investments in NovaBay and QualiMed.

Archimedes Biodegradable Biliary Stent (Archimedes 阿基米德生物降解膽道支架)

According to QualiMed, archimedes is a biliary stent that is inserted into the pancreas to biliary ducts in cases when the duct has become blocked. The stent is inserted after surgery to unblock the duct and ensure that it remains inflated and operative. As a proprietary and patent protected product, archimedes has a unique design that increases flow rate, reduces the chance for bile buildup, and eliminates the need for subsequent stent removal. The market for biliary stents in China was approximately RMB80 million in 2012 and is expected to grow at a CAGR of around 10% in the next five years, according to the Frost & Sullivan Report.

In February 2013, we entered into a 10-year agreement with QualiMed of Germany to market, promote and sell Archimedes in the PRC, Hong Kong, Taiwan, Singapore, Thailand, Malaysia, Vietnam and the Philippines on an exclusive basis. We are preparing for the registration application to the CFDA for archimedes and expect to submit this application by June 2014.

Topiramate tablets (托吡酯片)

Topiramate is a new antiepileptic drug whereby monosaccharide is substituted by sulfamate. It is used in monotheropy for patients who are newly diagnosed with epilepsy or who have undergone concomitant medications, and also in combination with other drugs for the management of patients (adults and children aged two years and older) with epilepsy who are not satisfactorily controlled with conventional therapy. According to the Frost & Sullivan Report, the market for Topiramate in China had a size of approximately RMB150 million in 2012 and is expected to grow at a CAGR of 10% in the next five years.

In September 2011, we entered into a 10-year agreement with Pharmascience Inc. of Canada to market, promote and sell Topiramate in the PRC on an exclusive basis. We submitted the registration application to the CFDA for Topiramate in October 2012 and expect the CFDA to approve its marketing in China 2017.

STARflo glaucoma Implant (青光眼引流器)

STARflo glaucoma implant is a non-degradable, precision-pore implant made from Healionics' proprietary silicone STAR Biomaterial technology. STARflo is designed to operate as a bleb-free, micro-porous drainage system to reduce intraocular pressure in patients suffering from open angle glaucoma by augmenting the eye's natural uveoscleral outflow. In December 2012, STARflo glaucoma implant was launched in Australia. In July 2012, STARflo received approval for commercialisation in the European Union and certain Asian and Latin American countries. According to the Frost & Sullivan Report, there are at least eight million glaucoma patients with a 90% undiagnosed rate, indicating great potential for glaucoma treatments in China. The market for glaucoma implants in China was approximately RMB800 million in 2012 and is expected to grow at a CAGR of 30% in the next five years, according to the Frost & Sullivan Report.

In December 2012, we entered into a seven-year agreement with iSTAR Medical of Belgium to market, promote and sell STARflo in the PRC on an exclusive basis. We are preparing for the registration application to the CFDA for STARflo and expect to submit the application by the end of 2013.

PRICING

Certain 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 publishes and updates a list of pharmaceutical products that are subject to price controls, either at the national level or the provincial level. Maximum retail prices on pharmaceutical products are the maximum prices at which pharmaceutical products may be sold to patients at hospitals and pharmacies, and are determined based on profit margins that the relevant government authorities deem reasonable, the product's type, quality and production costs, the prices of substitute pharmaceutical products and the extent of the manufacturer's compliance with the applicable GMP standards. The PRC government authorities do not impose restrictions over the prices at which pharmaceutical products may be sold to distributors, hospitals and pharmacies. We set the selling prices for our products to our distributors and other customers by taking into account factors such as the successful bidding prices with hospitals, our purchase costs from suppliers, our gross profit margins, and the margins for our distributors and promotion partners. There is usually a reasonable gap between the maximum retail prices and the average selling prices of our products. In the event of any maximum retail price reduction and if necessary, we are able to adjust our selling prices at our discretion provided that such selling prices do not exceed the maximum retail prices and allow reasonable margins for the other parties on the value chain, such as distributors and hospitals. Please see the section headed "Regulatory Framework — Industry Regulatory Framework — Pricing Policy" of this prospectus for further details of PRC price controls.

As of the Latest Practicable Date, 16 of our pharmaceutical products were included in the National Insurance Catalogue and subject to price controls at the national level, and 13 additional products were included in the relevant provincial Insurance Catalogues and subject to price controls within the respective province, municipality or autonomous region. Pharmaceutical products listed in the Insurance Catalogues are generally sold in 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 pharmaceutical products in the Insurance Catalogues tends to substantially increase the sales volumes of such products. The aforesaid 16 products include Difene, Fluxum (in three dosage forms including 0.3mL, 0.4mL and 0.6mL), Macmiror Complex, Tobrex eye drops, Tobrex eye ointment, Natacyn eye drops, Tobradex eye drops, Tobradex eye ointment, Brimocon eye drops, Azopt eye drops, Travatan eye drops, Betoptic S eye

drops, Emadine eye drops, Fluorescite injection, Budesonite Easyhaler and Salbutamol Easyhaler. The aforesaid 13 products include Fleet Enema, Macmiror, Polimod, Neoton, Fleet Phospho-Soda, domestic Phospho-Soda, Tears Naturale II eye drops, Bion Tears eye drops, Tears Naturale Forte eye drops, Systane Ultra eye drops, Alomide eye drops, Patanol eye drops and Naphcon-A eye drops. The 16 products subject to price controls at the national level accounted for approximately 71.4%, 71.1%, 68.7% and 66.4% of our total revenue for 2010, 2011, 2012 and the six months ended 30 June 2013, respectively. The additional 12 products subject to price controls at the provincial level accounted for approximately 17.1%, 22.3%, 24.0% and 21.3% of our total 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.

In March 2011, the NDRC lowered the maximum retail prices of certain pharmaceutical products, affecting two of our products, namely Tobrex eye drops and Tobrex eye ointment. Revenue from the sale of these two products collectively accounted for 17.9%, 15.6% and 14.0% of our total revenue for 2010, 2011 and 2012, respectively. The NDRC reduced the maximum retail prices of these products by an average of 16.4%. Our average selling prices of these two products experienced an average reduction of approximately 1.8% in 2011 compared to 2010.

In June 2011, the NDRC lowered the maximum retail prices of certain pharmaceutical products, affecting one of our products, namely Difene. Revenue from the sale of this product accounted for 12.0%, 9.1% and 9.8% of our total revenue for 2010, 2011 and 2012, respectively. The NDRC reduced the maximum retail price for Difene by 6.1%. Our average selling price for Difene experienced no reduction in 2011 compared to 2010.

In October 2012, the NDRC lowered the maximum retail prices of certain pharmaceutical products, affecting one of our product, namely Fluxum. Revenue from the sale of this product accounted for 4.5%, 5.1% and 6.4% of our total revenue for 2010, 2011 and 2012, respectively. The NDRC reduced the maximum retail price for Fluxum by 15.0%. Our average selling price for Fluxum for the six months ended 30 June 2013 experienced an average reduction of approximately 2.4% compared to 2012.

In February 2013, the NDRC lowered the maximum retail prices of certain pharmaceutical products, affecting 11 of our products, namely our Tobradex eye drops, Tobradex eye ointment, Betoptic S eye drops, Azopt eye drops, Emadine eye drops, Travatan eye drops, Natacyn eye drops, Brimocon eye drops, Fluorescite injection, Difene and Macmiror Complex. Revenue from the sale of these 11 products collectively accounted for 49.0%, 50.3% and 48.2% of our total revenue for 2010, 2011 and 2012, respectively. The NDRC reduced the maximum retail prices for these products by an average of 18.2%. Our average selling prices for these products for the six months ended 30 June 2013 experienced an average reduction of approximately 7.9% compared to 2012.

During the Track Record Period, except for the March 2011, June 2011, October 2012 and February 2013 adjustments, the NDRC has not lowered the maximum retail prices of our products since 1 January 2010.

During the Track Record Period, the lowering of the maximum retail prices for those products affected by the NDRC price adjustments 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 products to hospitals and pharmacies through our distributors at prices that allow a profit margin for the hospitals and pharmacies. In 2010, 2011 and 2012, our total revenue was RMB570.6 million, RMB717.8 million and

RMB958.7 million, respectively, representing a CAGR of 29.6% over the three years. Our total 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 gross profit in 2010, 2011 and 2012 was RMB166.1 million, RMB195.7 million and RMB306.7 million, respectively, representing a CAGR of 35.9% over the three years, and our gross margin for the respective year was 29.1%, 27.3% and 32.0%. Our gross profit increased by 22.3% from RMB133.4 million in the six months ended 30 June 2012 to RMB163.2 million in the six months ended 30 June 2013 and our gross profit margin decreased from 30.8% to 29.6%. 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. To mitigate the risks associated with any potential price control measures imposed on our products and to lower the resulting potential impact on our business and results of operations, we seek to continue to expand our product portfolio and increase the number of products that we market, promote and sell to reduce our reliance on any single or a small group of products. We will also continue to monitor and adjust our product portfolio with the aim to focusing on products with higher margin to mitigate the impact of future price control measures on our overall profitability. Please see the section headed "Risk Factors — Risks Relating to Our Business — The majority of the pharmaceutical products we market, promote and sell are subject to government price controls that may adversely affect our margins" of this prospectus.

The prices of pharmaceutical products that are not subject to price controls are determined freely at the discretion of pharmaceutical companies, subject to notification to the provincial pricing authorities. We set the prices of our products that are not subject to price controls based on the levels of supply and demand, our purchase costs from suppliers, our gross profit margin and the prices of competing pharmaceutical products.

All of our pharmaceutical products, including Difene, Fluxum and all other products that were affected by the NDRC price adjustments, have been and will continue to be sold to distributors, hospitals and pharmacies at prices that are lower than the maximum retail prices under the price controls and also allow a profit margin for the hospitals and pharmacies. To the best of our knowledge, during the Track Record Period, we were not subject to any investigations by the PRC government authorities concerning our product pricing policies or practices.

In addition, substantially all of our pharmaceutical products and medical devices are required to be selected through a collective tender process in order for them to be purchased by public hospitals and medical institutions. Please see the section headed "Regulatory Framework — Centralised Procurement and Tender Process" of this prospectus for further details of the PRC public tender process. The successful bidding prices are the hospital purchase prices at which they purchase the pharmaceutical products and medical devices, which in part determine the prices at which we sell our products to our distributors.

OUR SUPPLIERS

We purchase pharmaceutical products and medical devices from suppliers for onward sale to our distributors and, on a more limited basis, directly to hospitals and pharmaceutical manufacturers. Our suppliers have granted us the rights to market, promote and sell their products in China and, in some cases, in certain Southeast Asia markets as well.

The following table sets forth certain information on our current major suppliers:

Supplier	Products	Supply relationship with us	Expiry date of current term
Alcon, Switzerland	Alcon series of ophthalmic pharmaceutical products	Since 1996, renewed 13 times since 1997 and extended in 2013 through 2018	31/12/2018
Temmler Werke, Germany . . .	Difene	Since 1997, renewed in 2007 for 10 years with a further extension of 2 years in 2009	31/12/2019(1)
Alfa Wassermann, Italy	Fluxum, Neoton	Since 2004, renewed 6 times since 2008	31/12/2013 (for Fluxum)(2) 31/1/2014 (for Neoton)
Orion, Finland	Budesonide Easyhaler and Salbutamol Easyhaler	Since 2011	31/12/2017
Polichem, Switzerland	Polimod, Macmiror Complex and Macmiror	Since 2011(3)	30/12/2014
Covex, Spain	Vinpocetine API	Since 2009, renewed once since 2010 and amended in 2013	15/7/2017
Wieland, Germany	Zenotec CAD/CAM	Since 2012	29/3/2017
CB Fleet, United States	Fleet Phospho-Soda and Fleet Enema	Since 2002, renewed twice since 2010	31/12/2015

Notes:

(1) Subject to early termination on 31 December 2016 if certain conditions are not met.

(2) Alfa Wassermann has confirmed to us that it agrees to renew the supply agreement with us for Fluxum for one additional year from 1 January 2014 until 31 December 2014.

(3) We obtained the marketing, promotion and sales rights of the Polimod, Macmiror Complex and Macmiror products through an agreement between us and Skytec International Pty, Ltd., which had a licence and supply arrangement with Polichem. Our contract with Skytec is for ten years until 30 December 2020.

In general, the terms of the supply agreements with our suppliers range from three to 10 years and in some cases with automatic extension provisions. Most of the supply agreements also set minimum purchase volumes for the relevant products and guidelines for marketing, promotion and sales. Our supply agreements typically provide that if we do not meet the minimum purchase volume in any given year for any of our products, our supplier may terminate the supply agreement by giving us written notice, require that we pay compensation or withdraw our exclusivity in marketing the products. Certain suppliers also require a minimum level of inventory or prohibit the marketing and sale of any competing products or both. The supply agreements are also subject to termination by our suppliers if we are in breach of the contract. During the Track Record Period, none of our supply agreements were terminated by our suppliers, none of our exclusive marketing, promotion and sales rights were removed as a result of any of our failure to comply with the contractual obligations under the supply agreements, nor were we required to pay any compensation for failure to reach the minimum purchase volume or for any other reasons. During the Track Record Period, we had added three major suppliers, namely Orion, Polichem and Wieland, for our existing products and, as a result, the number of our major suppliers for our existing products increased from five as of 1 January 2010 to eight as of 30 June 2013. We have also entered into agreements with six additional suppliers for the

marketing, promotion and sales of certain key products in our product pipeline. Please refer to the table included in "— Our Products — Product Pipeline" below for further details.

The level of services we provide in respect of our suppliers' products is reflected in the prices we are able to obtain through our onward sale of their products primarily to our distributors as compared to our suppliers' pricing of their products, rather than through the direct payment of marketing, promotion or service fees by our suppliers. Typically we only pay our suppliers the costs of purchases of our products, however, in some cases we are also required to pay our suppliers one-off licence fees in addition to purchases of products.

The credit terms granted by our suppliers generally range from 30 to 180 days. We settle outstanding payables with our suppliers through telegraphic transfers or letters of credit. We are generally permitted to return defective products within a certain period after delivery. During the Track Record Period, we did not make material returns to our suppliers.

Under PRC law, we may be liable for product liability claims by the end-users of our products. In the event that the PRC authorities find us liable for a product defect subject to a claim, we may seek compensation from suppliers of the product under PRC law. Most of our major suppliers provide us with product warranties and offer replacement or return of any non-conforming products.

In 2010, 2011, 2012 and the six months ended 30 June 2013, our purchases of products from our five largest suppliers accounted for 97.1%, 96.7%, 94.5% and 92.2% of our total purchases for the respective period. None of our Directors, their respective associates and any shareholder who, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company have any interest in any of these suppliers, other than Covex, in which Pioneer Pharma, a company majority owned by Mr. Li and Mrs. Li, currently holds a 24.0% equity interest. Please see the section headed "History and Reorganisation — Corporate History — Overseas Equity Investments — Investment in Covex" of this prospectus for further details of Pioneer Pharma's holding in Covex.

In 2010, 2011, 2012 and the six months ended 30 June 2013, our purchases of products from our largest supplier, Alcon, accounted for 80.6%, 84.6%, 79.7% and 79.6% of our total purchases for the respective period. 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 total revenue for the respective period. In 2010, 2011, 2012 and the six months ended 30 June 2013, gross profit contribution from sales 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 total gross profit for the respective period. Therefore, our reliance on Alcon has generally been decreasing during the Track Record Period. Such decrease in reliance on Alcon is primarily due to (i) the continuing expansion of our product portfolio (please see "— Our Products — Product Portfolio" and "— Our Products — Product Pipeline" above for further details); and (ii) our efforts to broaden our marketing, promotion and channel management service network and further penetrate the Chinese healthcare market, and to enhance our service capabilities in selected countries in Southeast Asia. However, we expect that the sales of Alcon products to continue to comprise a substantial portion of our revenue, and our business will continue to be sensitive to the sales volumes, pricing levels and margins of Alcon products, in the near future.

Alcon is the second-largest division of Novartis AG, a global diversified healthcare company that recorded net sales and operating income of US$56.7 billion and US$11.5 billion in 2012. According to the 2012 annual report of Novartis AG, Alcon is the global leader in eye care and offers a broad spectrum of innovative surgical, ophthalmic pharmaceutical, and vision care products. For the

year ended 31 December 2012, Alcon reported net sales of US$10.2 billion and an operating income of US$1.5 billion.

We have had an uninterrupted business relationship with Alcon since 1996 as a result of an uninterrupted series of contracts that have been entered into consecutively or renewed automatically. We entered into our first supply agreement with Alcon on 1 September 1996. This agreement had a one-year initial term and was renewed automatically each year until we entered into a second supply agreement on 1 March 2000. This second supply agreement had a two-year initial term and was renewed automatically each year until we entered into our current supply agreement on 1 January 2010. Our current supply agreement with Alcon had an initial term of four years that would have expired on 31 December 2013. In October 2013, the supply agreement was extended for a further term of five years that will expire on 31 December 2018. The agreement may be terminated without cause by either party at any time upon giving a 90 days' written notice to the other party, and upon a breach, if not cured promptly, bankruptcy, receivership, insolvency or general assignment for the benefit of creditors. Alcon may also terminate the agreement upon written notice to us upon a change in our party's ownership or management, a merger or consolidation or sale of all or substantially all of our party's assets, or under certain other circumstances specified in the agreement. We believe such terms are in line with the industry practice in China. The agreement does not prohibit us from entering into arrangements with a third party in respect of product distribution immediately after the termination of our business relationship with Alcon. We have not encountered difficulties in renewing our agreement with Alcon since 1996. We believe that Alcon would face some constraints in marketing and selling their ophthalmic pharmaceutical products directly in China without engaging our Company, for the following reasons: (i) to the best of our knowledge, Alcon and its subsidiaries in China do not have the requisite pharmaceutical supply permit and GSP certificate in order for them to directly market and sell their ophthalmic pharmaceutical products in China, and (ii) substantially all of Alcon's ophthalmic pharmaceutical products are required to be selected through a collective tender process in order for them to be purchased by public hospitals and medical institutions in China. We prepare and submit bids for all of Alcon's ophthalmic pharmaceutical products in China in our own name, and, for the winning bids, we serve as the exclusive supplier of the products for the relevant hospitals during the periods set forth in the tender documents.

Under our current supply agreement with Alcon, we have been appointed to provide co-promotion and channel management services for Alcon's ophthalmic pharmaceutical products in China on a non-exclusive basis. Our Directors confirm that, to the best of their knowledge, Alcon has not appointed any other service provider to provide co-promotion and channel management services for its ophthalmic pharmaceutical products in China. Under the supply contract, we are not permitted to promote and sell competing products in China without Alcon's written consent. The contract permits Alcon to adjust its sales prices to us from time to time and we are entitled to receive a price discount for selected products if certain target purchase volumes are met. The list of such selected products, including the target purchase volumes and discount values, is negotiated each year and applies to a 12-month period. Although the contract does not specify any minimum purchase volumes for the relevant products failing to achieve which would subject us to any penalty, we are required to maintain sufficient stock of such products, equivalent to at least three months' projected sales of each product, which may not be less than the actual sales of such product for the three months immediately preceding such projection. There have not been any instances where, for reasons attributable to us, we were unable to meet the three-months inventory level as required by Alcon. There have been limited instances where we were unable to maintain the three-months inventory level for a particular product supplied by Alcon due to supply shortages from Alcon because of manufacturing constraints. None of such instances had any material adverse effect on our business, financial condition or results of operations. We are also required to inspect each shipment of products and notify Alcon of any non-compliance with product specifications promptly, and are entitled to a replacement or return of non-conforming products.

We invested in Covex, NovaBay and Q3 to strengthen our business cooperation with them, with a view to maintaining our established relationships and improving our prospects for renewing or extending the exclusive right to market, promote and sell their respective product. Please see the section headed "History and Reorganisation — Corporate History — Overseas Equity Investments" of this prospectus for further details of these investments. As part of our risk management policy and procedures governing these activities, we have designated Mr. Li, our Chairman, an executive Director and our chief executive officer, to oversee and monitor our investments in Covex, NovaBay and Q3. The Directors believe that Mr. Li has the requisite qualifications, experience and abilities to oversee our overseas investments.

OUR CUSTOMERS

Consistent with industry practice in China, we typically sell our pharmaceutical products and medical devices to distributors, who on-sell the products to hospitals and pharmacies either directly or through their sub-distributors. We are not a party to the contracts entered into between our distributors and hospitals, or between our distributors and their sub-distributors, in relation to the onward sales of our products. On a more limited basis, we also sell our products directly to approximately 250 hospitals that we believe have not established any business relationships with our existing distributors. We also sell a limited amount of APIs directly to pharmaceutical manufacturers. For 2010, 2011, 2012 and the six months ended 30 June 2013, we generated 89.1%, 90.1%, 91.2% and 91.2% of our revenue through sales to our distributors and non-hospital customers, and direct sales to hospitals accounted for the remainder of our revenue. Selling products primarily through our distributors allows us to use individual distributors' sales points and logistics centres to effectively sell and deliver our products to hospitals and pharmacies across the country.

As of 31 December 2010, 2011 and 2012 and 30 June 2013, we had 566, 716, 689 and 556 distributors for our products, respectively. 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. Please see the table setting out the number of our distributors during the Track Record Period and the related note set out in "— Our Services — Co-Promotion and Channel Management Services" above for further details. Otherwise, we have generally maintained stable relationships with our distributors. During the Track Record Period, we have not had any material dispute nor were we a party to any material legal or arbitration proceedings with any of our distributors.

We generally enter into a sales contract with our distributors. The sales contracts typically have a term of one year. The sales contracts generally do not contain detailed termination or renewal provisions, save that some sales contracts provide that the contracts may be terminated immediately by either party upon the other party's breach, bankruptcy or liquidation, a general assignment for the benefit of creditors, the cessation of business operations, a force majeure or an ownership change. The sales contracts are typically renewed only by mutual agreement.

The sales contracts set forth the types and specifications of products, sales territory, sales prices and other general terms and conditions. Under the sales contracts, our distributors are required to sell our products within the designated regions. In certain cases, we also set minimum purchase amount requirements for our distributors. We have the right to terminate the sales contracts if the distributor sells products beyond its designated regions and fails to cure the breach after receiving our notice. The sales prices are determined by negotiation between the parties and may be re-negotiated if there is a change in the price at which the products can be sold to hospitals and medical institutions, such as changes of the successful tender prices, competition dynamics and government price control measures. Please see "— Pricing" above for further details.

Under the sales contracts, we are generally responsible for the delivery of our products to the distributors at our own expenses. Our distributors are required to inspect the products upon delivery and notify us of any quality, quantity or packaging issues within seven days. In general, our distributors may only return or replace products that have quality defects. We currently do not accept product returns or replacements for slow-moving and obsolete inventory items. We actively monitor the inventory levels at our distributors and track the flow of our products through our distributors' sales reports and/or online inventory tracking systems. Please see "— Our Services — Co-Promotion and Channel Management Services — Channel Management Services — Inventory Management" above for further details of our inventory management services. During the Track Record Period, we did not experience any abnormal accumulation of inventory by our distributors and the sales returns amounted to RMB2.5 million, RMB2.0 million, RMB3.0 million and RMB1.4 million in 2010, 2011, 2012 and the six months ended 30 June 2013, respectively.

The typical credit terms we grant to our distributors are 30 to 120 days, with limited exceptions for certain medical devices where payment terms range from cash on delivery to two-year installment plans. For selected customers, we may allow extended credit period of up to 180 days. We monitor the credit quality of our trade receivables and closely follow up on any outstanding receivables. In determining impairment losses, we conduct regular reviews of ageing analyses and evaluate collectibles on an individual basis. Our provision for bad and doubtful debts as of 31 December 2010, 2011, 2012 and 30 June 2013 was RMB0.4 million, RMB0.5 million, RMB0.1 million and RMB0.3 million, respectively, representing 0.5%, 0.6%, 0.1% and 0.2% of our trade receivables balance (before allowances for bad and doubtful debts) as of the respective date.

Our direct sales to hospitals are typically governed by the terms of the purchase orders placed by the hospitals for each transaction. Each purchase order sets forth the order, delivery and payment arrangements between us and the customer. The typical credit terms that we grant to these hospitals range from cash on delivery to 30 days. The sales arrangements are otherwise generally consistent with our sales arrangements with distributors.

In 2010, 2011, 2012 and the six months ended 30 June 2013, aggregate sales to our five largest customers, each of whom is a distributor, accounted for 19.9%, 17.6%, 17.5% and 16.4% of our revenue, and sales to our largest customer accounted for 5.7%, 4.1%, 4.3% and 4.0% of our revenue, for the respective period. All of our customers are Independent Third Parties and are licenced pharmaceutical distribution companies, hospitals, pharmacies and pharmaceutical manufacturers. None of our Directors, their respective associates and any shareholder who, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company have any interest in any of these customers. During the Track Record Period, there was no concentration of sales to our distributors and other customers who were or are related to each other, save that some of our distributors are state-owned enterprises and may share the same ultimate parent company, often a "Group Company", in China. Such distributors are independent legal entities and conduct their day-to-day business activities independently from each other. We enter into contracts with each of such distributors separately, and the terms and conditions of such contracts are separately negotiated and may vary from one such distributor to another.

COMPETITION

We face competition from other pharmaceutical marketing, promotion and channel management service providers and competition from other pharmaceutical products and medical devices that seek to address the same clinical condition. The Chinese pharmaceutical and medical device marketing, promotion and channel management service market 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. We believe that we compete on the basis of our industry experience, track record and marketing, promotion and channel management service network and capabilities. According to the Frost & Sullivan Report, we are the second largest comprehensive marketing, promotion and channel management service providers in China based on the wholesale value of products sold by us, and operate one of the largest pharmaceutical and medical device marketing, promotion and channel management service networks in China. We strategically focus on imported pharmaceutical products and medical devices in China, as demonstrated by our revenue and gross profit growth during the Track Record Period. Please see "— Our Competitive Strengths" above for further details.

The other major service providers in the Chinese market include, for example, China Medical System Holdings Limited, Eddingpharm, China NT Pharma Group Company Limited and RXmidas Pharmaceuticals. Please see the section headed "Industry Overview" of this prospectus for further details. Our competitors may have greater financial, marketing and other resources than we do, and may market, promote and sell products that are similar or superior to ours. Our competitors may also have greater brand name recognition, more established distribution networks, larger customer bases or more extensive knowledge of our target markets, and may be able to devote greater resources to the marketing, promotion and sales of their products or respond more quickly to evolving industry standard and changes in market conditions than we can.

We also compete for market share for our products among competing pharmaceutical products and medical devices in the relevant therapeutic areas. Our products are chosen based on our assessment of, among other things, their clinical features, marketing considerations, regulatory environment and supplier profile. Please see "— Our Products — Product Sourcing and Screening" above for further details.

Please see the section headed "Risk Factors — Risks Relating to Our Industry — The pharmaceutical and medical device marketing, promotion and channel management service market is competitive" of this prospectus for further details.

QUALITY CONTROL

We maintain a stringent quality control system, as required by the GSP standards and procedures. Our quality control system provides quality standards and operating procedures for different aspects of our business, including product purchases, quality inspections before products are admitted to our warehouses, storage and warehousing conditions and quality checks before products exit our warehouses. Our quality control department is led by two licenced pharmacists, one with nine years of experience in pharmaceutical quality control and the other with seven years. Our management is also actively involved in setting and adjusting our quality control policies and procedures.

We source our products only from overseas suppliers that we believe have strong product quality control systems and track records. Product candidates are required to pass quality inspection by the PRC government authorities before they can be successfully registered for import and sale in China. Shipments of imported products are also subject to inspection by the PRC government agencies. We carefully select logistics companies to ensure product quality during the transit.

Our quality inspectors perform inspections to help ensure the products meet requisite quality standards. Upon approval by our quality inspectors, we store our products by product type and production date so that they are shipped on a first-in-first-out basis. We store our inventory at our logistics centre in Hubei Province in central China, allowing us to deliver our products across the

country in a timely and efficient manner. Our logistics centre is designed to ensure the maintenance of suitable storage conditions for the quality and safety of our products and complies with GSP standards. Our quality inspectors inspect the products in our warehouses on a regular basis, and conduct quality checks again before the products are shipped to customers.

We have established procedures for customer complaints intended to promptly address product concerns. Our marketing and sales team is required to contact our quality control team as soon as possible. Upon receiving a complaint concerning a potentially defective product, our quality control team will record the complaint and other information concerning the product. We then submit the product to the provincial or national drug testing agency for inspections. If the drug testing agency finds that the product is defective, we will compensate our customers and submit a formal report to the product supplier. If any of our products are alleged or proven to be harmful, we may also recall such products and suspend or cease sales. During the Track Record Period, we did not experience any complaints, product recalls or product liability claims that had a material adverse effect on our business or financial condition.

EMPLOYEES

As of 31 December 2010, 2011 and 2012 and 30 June 2013, we had 203, 241, 302 and 355 full-time employees, respectively. The table below sets forth a breakdown of our total number of employees by function as of 30 June 2013:

Function	Number of employees
Marketing, promotion and channel management	271
Management, finance and administration	44
Purchasing, warehousing, logistics and quality control	30
Others	10
Total	355

We enter into written employment contracts with each of our employees with the exception of the employees of our PRC subsidiary Pioneer Ruici. As of 30 June 2013, all of the 34 employees of our PRC subsidiary Pioneer Ruici were hired in the form of labour dispatching through a labour dispatch contract entered into between Pioneer Ruici and a third party service agency. Under PRC law, labour dispatching is permitted for job positions that are temporary, ancillary or substitute in nature. In the event that the competent labour regulatory authorities deem the Pioneer Ruici job positions not to be of such nature, it may order Pioneer Ruici to cease the labour dispatching arrangement within a prescribed time period. In addition, if the labour dispatch service agency is in breach of relevant PRC labour laws and causes harm to the employees, Pioneer Ruici will be jointly and severally liable. The labour dispatch contract with the third party service agency expired in August 2013. Since September 2013, Pioneer Ruici entered into written employment contracts with its employees.

Our employees do not negotiate their terms of employment through any labour union or by way of collective bargaining agreements. We recruit our employees based on a number of factors such as their work experience, educational background and the needs of the vacancies. We provide regular training to our employees to strengthen staff commitment and improve staff knowledge about our Company, our products and our marketing, promotion and channel management services. Our Directors consider our relations with our employees good.

The remuneration packages of our employees generally include salary and certain welfare and other benefits. We conduct periodic performance reviews of our employees, and their remuneration is

performance based. As required by applicable PRC regulations, we participate in various employee benefit plans that are organised by municipal and provincial governments, including housing fund and pension, medical, maternity and unemployment benefit plans. We are required under PRC law to make contributions to the employee benefit plans at specified percentages of their compensation, up to an amount specified by the respective local government authorities where we operate our businesses.

The total amount of our staff costs including directors' remuneration in 2010, 2011, 2012 and the six months ended 30 June 2013 were RMB11.2 million, RMB14.5 million, RMB25.2 million and RMB16.8 million, respectively.

The following table sets forth our non-compliance incidents and the measures we have adopted or propose to adopt to rectify the non-compliance:

Non-compliance incidents	Reason	Legal consequence and potential maximum penalties	Remedies
Pioneer Ruici has not completed registration formalities or opened accounts for social insurance and housing fund contributions.	All employees of Pioneer Ruici are hired through a labour dispatching contract with a third party service agency, which has paid the necessary social insurance and housing fund contributions during the Track Record Period.	• The social insurance administrative authority may order Pioneer Ruici to complete registration formalities for social insurance contributions within a prescribed period. If Pioneer Ruici fails to do so, a fine up to three times the amount of the overdue social insurance contributions may be imposed, and those management personnel and other personnel who are directly responsible for such violation will be subject to a fine up to RMB3,000.	As at the Latest Practicable Date, there were no outstanding unpaid social insurance and housing fund contributions by Pioneer Ruici albeit that they were paid by the labour dispatching agency. Upon receipt of the request from the relevant authority, if any, we intend to rectify the non-compliance.
	Since September 2013, Pioneer Ruici made social insurance and housing fund contributions for its employees through a human resource outsourcing agency.	• The competent authority may order Pioneer Ruici to complete registration formalities and open accounts for housing fund contributions within a prescribed period. If Pioneer Ruici fails to do so, a fine of up to RMB50,000 may be imposed.	
During the Track Record Period, all of Pioneer Ruici's employees were hired through a labour dispatching contract with a third party service agency.	We believe the practice is in line with the market practice and it is more cost effective.	• If the competent administrative authority determines, that job positions occupied by the employees of Pioneer Ruici are not temporary, ancillary or replaceable in nature, Pioneer Ruici may be required to cease the labour dispatching arrangement. Where the circumstances are serious, the relevant authority may impose a fine of up to RMB5,000 per dispatched worker.	Following the expiration of the labour dispatching agreement in August 2013, we have rectified the non-compliance by entering into written employment contracts with the employees of Pioneer Ruici.

Non-compliance incidents	Reason	Legal consequence and potential maximum penalties	Remedies
During the Track Record Period, we have made social insurance and housing fund contributions for all our employees by ourselves or through human resource outsourcing, except for two employees of Xiantao Pioneer and 45 employees of Naqu Pioneer for 2012, and two employees of Xiantao Pioneer and 38 employees of Naqu Pioneer in 2013. As of 30 June 2013, the outstanding amount of each of social insurance contributions and housing fund contributions was RMB1.1 million and RMB310,000, respectively.	Most of these employees social insurance and housing fund contributions are continued to be paid by their previous employees and some of these employees have not been willing to make the social insurance and housing fund contributions.	• The social insurance administrative authority may order Xiantao Pioneer and Naqu Pioneer to make up any overdue social insurance contributions within a prescribed period and impose a late payment fee at the rate of 0.05% per day from the due date. If Xiantao Pioneer and Naqu Pioneer fail to do so, a fine of up to three times the overdue amount may be imposed. • The competent authority may order Xiantao Pioneer and Naqu Pioneer to make up any overdue social insurance and housing fund contributions within a prescribed period. If we fail to do so, the people's court may order for compulsory enforcement.	Upon receipt of the request from the relevant authority, if any, we intend to pay the overdue social insurance and housing funding contributions and/or any late payment and/or fines imposed by the relevant authorities accordingly.
During the Track Record Period, Xiantao Pioneer and Naqu Pioneer made social insurance and housing fund contributions through human resource outsourcing agencies for their respective employees who work outside the cities where they are established. Since September 2013, Pioneer Ruici made social insurance and housing fund contributions for its employees through a human resource outsourcing agency.	We believe the practice is in line with the market practice and it is more cost effective.	• The competent administrative authorities may order Xiantao Pioneer, Ruici Pioneer and Naqu Pioneer to cease the arrangement.	Upon receipt of the request from the relevant authorities, if any, we intend to rectify the non-compliance.

We plan to pay the overdue social insurance contributions immediately if we are required by competent authorities to make up such contributions. On such basis, we expect that the potential maximum fine that may be imposed on us arising out of the non-compliance incidents disclosed in the table above will be approximately RMB50,000. In the event that we do not pay the overdue RMB1.1 million within the prescribed period as required by the competent government authorities, we will be subject to an additional fine of approximately RMB3.3 million and therefore the potential maximum fine that may be imposed on us will be RMB3,350,000.

Our Directors and PRC legal adviser have advised that, as of the Latest Practicable Date, other than disclosed above, we had complied with all applicable employment laws and regulations in all material respects.

In order to continuously improve our corporate governance and to prevent future non-compliance, and in addition to the specific remedial measures mentioned above, we intend to adopt or have adopted the following measures:

- the formation of an audit committee comprising one non-executive Director and two independent executive Directors; the primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of our Group, oversee the audit process and perform other duties and responsibilities as assigned by the Board;

- the establishment of an internal audit department, which is responsible for the implementation of our internal control measures and our overall compliance with such measures including licences and regulatory requirements; the internal audit department reports to the audit committee directly;

- the development of various internal approval policies and procedures to prevent future breaches and ensure ongoing compliance; we have adopted comments from various legal counsel and advisers and will continue to review and update our internal policies and procedures;

- the appointment of Mr. Min Le and Ms. Yung Mei Yee as our joint company secretaries;

- the appointment of Guotai Junan Capital Limited as our compliance adviser to provide advice to our Directors and management team regarding matters relating to the Listing Rules;

- the arrangement of our Hong Kong and PRC legal adviser to provide training sessions for our Directors and senior management regarding the Hong Kong and PRC legal and regulatory matters; and

- the designation of our executive Director, deputy general manager and chief financial officer, Mr. Zhu Mengjun, to oversee the financial, accounting, internal control, legal and regulatory compliance matters of our Group. Please see the section headed "Directors and Senior Management — Executive Directors" of this prospectus for his education background and work experience.

INSURANCE

We maintain only limited insurance coverage. We do not carry any business interruption insurance or product liability insurance, which is not required by PRC law and which we believe is consistent with industry practice in China. We also do not insure goods in transit for which we bear liability risk. Please see the section headed "Risk Factors — Risks Relating to Our Business — 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" of this prospectus. We believe that our insurance coverage is appropriate for our operations. As of the Latest Practicable Date, we had not made or been the subject of any insurance claims which are material to us.

TAXATION

We are subject to various tax benefits and tax arrangements. Please see the sections headed "Regulatory Framework — Regulations Relating to Taxation," "Financial Information — Significant Factors Affecting Our Results of Operations — PRC Taxation," "Risk Factors — Risks Relating to Conducting Business in China — We may be deemed a PRC 'resident enterprise' under the PRC

Enterprise Income Tax Law and be subject to PRC taxation on our worldwide income," and "Risk Factors — Risks Relating to Our Business — We are subject to potential changes or termination of the preferential tax treatments and governmental support policies currently applicable to us" of this prospectus for further details of these tax arrangements.

INTELLECTUAL PROPERTY RIGHTS

We do not own any registered trademarks, copyrights or patents. The supply agreements with our suppliers typically provide that our suppliers are and will remain the owners of all existing and future trademarks in respect of their products that we market, promote and sell in China and other markets. We may choose to market certain future products under our own trademarks and have seventeen trademark applications pending in China for that purpose. We also have one trademark application pending in Hong Kong related to our corporate logo.

During the Track Record Period, we were not subject to any claims for infringement of intellectual property rights by any third party and had complied with all applicable intellectual property laws and regulations in all material respects. Each of our Directors has confirmed that, after inquiry, it was not aware of any restrictions in respect of intellectual property which would have a material adverse effect on the normal operation of our PRC subsidiaries, nor was there any infringement by any of our PRC subsidiaries against any third party's intellectual property rights during the Track Record Period.

LAND AND PROPERTIES

We currently own one building with a gross floor area of 3,269 square meters located in Xiantao City, Hubei Province and used as our offices and warehouses. We have the land use rights for the piece of land, which has a site area of 17,179 square metres, on which the building is located. We have obtained an ownership certificate for the building and a state-owned land use rights certificate for the land.

We currently lease office space with a gross floor area of 2,296 square meters in Shanghai, lease office space with a gross floor area of 1,289 square meters located in Haikou City, Hainan Province, and lease a warehouse with a gross floor area of 528 square metres in Naqu, Tibet and office space with a gross floor area of 137.7 square metres located in Lhasa, Tibet. We also lease office space with a gross floor area of 78.5 square metres in Hong Kong and office space with a gross floor area of 46.5 square metres in Singapore.

We do not engage in any property activities as defined in Rule 5.01 of the Listing Rules. The total carrying amounts of our property interests, comprising buildings, investment properties, leasehold improvement and construction in progress accounted for 0.6% of our total assets as of 30 June 2013. Calculated on the same basis, no single property interest had a carrying value exceeding 15% of our total assets. Accordingly, we are not required by Chapter 5 of the Listing Rules to value or include in this prospectus any valuation report of our property interests, and, pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies Ordinance and paragraph 34(2) of the Third Schedule to the Companies Ordinance.

ENVIRONMENTAL MATTERS

Our business is to promote, market and sell pharmaceutical products and medical devices, which in general does not have any material impact on the environment. During the Track Record

Period, we have not incurred, and we do not expect to incur, any material cost of compliance with applicable rules and regulations relating to environmental matters. We have not been subject to any penalty or claim by any regulatory authorities for any material breach of or non-compliance with any environmental laws or regulations. Each of our Directors has confirmed that, as of the Latest Practicable Date, it was not aware of any material non-compliance by us with any applicable environmental laws or regulations in the PRC.

LEGAL MATTERS AND PROCEEDINGS

We are subject to regular inspections, examinations, inquiries and audits by regulatory authorities as required to maintain or renew the necessary permits, licences and certifications for the marketing, promotion and sales of pharmaceutical products and medical devices. During the Track Record Period, we did not fail any of such inspections, examinations, inquiries or audits.

During the Track Record Period, we were not engaged in any litigation, claim or administrative proceedings of material importance and, as of the Latest Practicable Date, no litigation, claim or administrative proceedings of material importance was known to our Directors to be pending or threatened against us.

As our PRC legal adviser has advised that, we have obtained all the permits, licences and approvals required by applicable laws and regulation that are necessary for our operations within the PRC, and our operations have complied in all material respects with all applicable laws and regulations in the PRC.

The following table sets forth key pharmaceutical licences, permits and certificates, their respective expiry dates and the scope for which the relevant licence, permit or certificate has been granted.

Holder of Licence, Permit or Certificate	Name of Licence, Permit, or Certificate	Expiry Date	Scope of Licence, Permit or Certificate
Xiantao Pioneer	Pharmaceutical Supply Permit	11 December 2014	The permitted business mode is wholesale. The business scope is: Chinese patented medicine, pharmaceutical ingredients, chemical pharmaceutical preparations, antibiotic ingredients, antibiotic preparations, biochemical pharmaceutical and biological products.
Xiantao Pioneer	Licence to Engage in Medical Device Trading Business	11 April 2015	The business scope is class II medical device and class III medical device, including surgical device, diagnostic device, medical ultrasonic device, stomatological medical devices, medical X-ray equipment, etc.

Holder of Licence, Permit or Certificate	Name of Licence, Permit, or Certificate	Expiry Date	Scope of Licence, Permit or Certificate
Xiantao Pioneer	GSP Certificate	7 February 2015	The certified business scope covers Chinese patented medicine, pharmaceutical ingredients, chemical pharmaceutical preparations, antibiotic ingredients, antibiotic preparations, biochemical pharmaceutical and biological products.
Naqu Pioneer	Pharmaceutical Supply Permit	23 December 2014	The permitted business mode is wholesale. The business scope is the wholesale of Chinese medicine, Chinese medicines (decoction pieces), Chinese patented medicine, pharmaceutical ingredients, antibiotic, biochemical pharmaceutical and biological products (excluding biological products for prevention and diagnostic medicine).
Naqu Pioneer	GSP Certificate	10 October 2015	The certified business scope is wholesale.
Naqu Pioneer	Licence to Engage in Medical Device Trading Business	5 April 2018	The business scope is the trading of class II medical device and class III medical device, including ophthalmic surgical device, medical laser device, stomatological medical devices and medical X-ray equipment, etc.
Pioneer Ruici	Licence to Engage in Medical Device Trading Business	9 October 2016	The business scope is the trading of class II medical device and class III medical device, including medical ultrasonic device, medical laser device, stomatological medical devices and medical X-ray equipment, etc.
Shanghai Saierling	Licence to Engage in Medical Device Trading Business	8 June 2018	The business scope is the trading of class II medical device and class III medical device, including medical electronic instrument and equipment, implants and artificial organs and medical ultrasonic device.