

BUSINESS OBJECTIVES AND FUTURE PLANS

BUSINESS OBJECTIVES AND STRATEGIES

Our objectives are to consolidate and strengthen our position to become one of the leading distributors of pharmaceutical products in Zhejiang province. To further develop and continue our growth, we plan to pursue the following strategies:

To continue expanding through obtaining new exclusive distribution rights

We manage and develop our product portfolio based on a comprehensive assessment of market, demand, growth potential and government policies.

During the Track Record Period and [as at the Latest Practicable Date], we identified and acquired [1] new product with exclusive national distribution rights and [6] new types of products (including 8 specifications) with exclusive provincial distribution rights of products in relation to antibiotics, medicines applied in treatment of [cardiovascular diseases], [digestive system illness], [rheumatism], [urinary system illness], [antiplatelet agents] and [anti-viral infection]. In addition, we also identified [1] market potential product with exclusive provincial distribution right in relation to medicine applied in treatment of [cerebral related diseases], where we have entered into a legally binding contract before entering into exclusive distribution agreement with the suppliers, the product is currently pending for the grant of the pharmaceutical production permit (藥品生產許可證) of the product acquired by the pharmaceutical manufacturer of the product. All of the aforementioned products which are all prescription drugs will complement our existing product portfolio and our growth strategy. For further details in the new distribution rights that our Group has acquired during the Track Record Period, please refer to the paragraph headed “Step 1 – Identifying new products in the market” under sub-section headed “Acquisition of Distribution Rights of Pharmaceutical Products from our suppliers” under the “Business” section of this document. In long term, we will continue to obtain exclusive distribution rights of pharmaceutical products with a focus on prescription drugs, which are complementary to our existing product portfolio. In addition, we will selectively acquire the new exclusive distribution rights of products which can obtain separate pricing status in PRC. In order for a product to obtain a separate pricing status from NDRC, the applicant and the product must satisfy the efficacy and safety conditions required by the relevant regulatory authority.

We have set out certain criteria while selecting and assessing the new products, the potential and existing suppliers. Please refer sub-section headed “Phase 1- Acquisition of distribution rights of pharmaceutical products from our suppliers” and “Phase 2 – Procurement of products from our suppliers” under the section headed “Business” of this document, respectively, for details.

We cannot ascertain the number of new exclusive distribution rights that we will obtain in the future. However, we will continue to identify and obtain the new exclusive distribution rights of the prescription drugs should the appropriate potential products and chances arise.

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To continue enhancing and expanding our market share, distribution network and marketing efforts

We will maintain the market share of our existing products by identifying and sourcing new products complementary to existing product portfolio in order to gain a leading position in the prescription drug segment of the pharmaceutical distribution industry through:

- expanding our product offerings to second and third tier cities and to new markets in Zhejiang province and the other Eastern China regions which we have not yet explored;
- affecting our products to more district hospitals and other medical institutions within the geographical areas covered by our distribution network in the PRC; and
- obtaining new product distribution rights with commercial potential.

We will work closely with our suppliers and our Distributor Customers throughout the PRC to expand the sales and marketing of our products to those regions and cities, in which our distribution network currently has limited or no presence. We also intend to hire additional sales and marketing personnel to our current existing sales and marketing team, to support the expansion of our distribution network. We believe that establishing a good, strong and long-term relationship with our suppliers and Distributor Customers on how to market and sell our products is crucial to our success. With a view to maintain good relationship with, and enhance our reputation built in the pharmaceutical distribution industry among hospitals, medical institutions and medical practitioners, we will actively organise, participate and sponsor medical seminars, conferences and product launch events to share views and clinical application results of our products sold through our Distributor Customers. We consider our active roles in such marketing activities to be crucial, particularly in assisting our Distributor Customers to provide sub-distributors and/or ultimate customers with accurate and consistent information on our products. For further details in relation to the marketing activities, please refer to paragraph headed "Formulation of marketing strategies and marketing activities" under the sub-section headed "Facilitation of sales of products" "Business" section of this document.

IMPLEMENTATION PLANS

To implement the abovementioned strategies, our Group has formulated and prepared the following implementation plans for the period from the Latest Practicable Date up to and including 31 December 2015. Our Group's implementation plan is based on certain bases and assumptions as set out in the paragraph headed "Bases and key assumptions of the business plans" below. It should also be noted that the following implementation plans only reflect our Directors' current understandings of the market situation and may be changed along with any changes in market conditions. Our Directors will use their best endeavors to implement the following plans:

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1. For the Latest Practicable Date to 31 December 2013

Strategies

To continue expanding and strengthening our distribution network and marketing efforts

Implementation activities

- We are planning to recruit approximately 3 to 4 sales and marketing personnel into our sales and marketing team for our business expansion;
- We will explore opportunities in organising, participating and sponsoring various medical seminars or conferences and product launching events;
- We will maintain our strong presence in Zhejiang province and will extend our presence to the second to third tiers cities in the Zhejiang province and Eastern China region in the PRC.
- We will cooperate with the medical institutions and practitioners in the PRC to participate more clinical applications.
- We will organise and provide training programmes and marketing materials to medical practitioners and our Distributor Customers, respectively.

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2. For the period from 1 January 2014 to 30 June 2014

Strategies

To obtain exclusive distribution rights of new products

Implementation activities

- We will evaluate, explore and obtain [1] exclusive national distribution right(s) of new pharmaceutical products with a focus on Zhejiang province and Eastern China region.

Strategies

To continue expanding and strengthening our distribution network and marketing efforts

Implementation activities

- We are planning to recruit approximately 3 to 4 sales and marketing personnel into our sales and marketing team for our business expansion;
- We will explore opportunities in organising, participating and sponsoring various medical seminars or conferences and product launching events;
- We will maintain our strong presence in Zhejiang province and will extend our presence to the second to third tiers cities in the Zhejiang province and Eastern China region in the PRC.
- We will cooperate with the medical institutions and practitioners in the PRC to participate more clinical applications.
- We will organise and provide training programmes and marketing materials to the medical practitioners and our Distributor Customers, respectively.

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3. For the period from 1 July 2014 to 31 December 2014

Strategies

To continue expanding and strengthening our distribution network and marketing efforts

Implementation activities

- We are planning to recruit approximately 3 to 4 sales and marketing personnel into our sales and marketing team for our business expansion;
- We will explore opportunities in organising, participating and sponsoring various medical seminars or conferences and product launching events;
- We will maintain our strong presence in Zhejiang province and will extend our presence to the second to third tiers cities in the Zhejiang province and Eastern China region in the PRC.
- We will cooperate with the medical institutions and practitioners in the PRC to participate more clinical applications.
- We will organise and provide training programmes and marketing materials to medical practitioners and our Distributor Customers, respectively.

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4. For the period from 1 January 2015 to 30 June 2015

Strategies	Implementation activities
To obtain exclusive distribution rights of new products	<ul style="list-style-type: none">We will evaluate explore and obtain [1] exclusive national distribution right(s) of new pharmaceutical products with a focus on Zhejiang province and Eastern China region.
To continue expanding and strengthening our distribution network and marketing efforts	<ul style="list-style-type: none">We are planning to recruit approximately 3 to 4 sales and marketing personnel into our sales and marketing team for our business expansion;We will explore opportunities in organising, participating and sponsoring various medical seminars or conferences and product launching events;We will maintain our strong presence in Zhejiang province and will extend our presence to the second to third tiers cities in the Zhejiang province and Eastern China region in the PRC.We will cooperate with the medical institutions and practitioners in the PRC to participate more clinical applications.We will organise and provide training programmes and marketing materials to medical practitioners and our Distributor Customers, respectively.

5. For the period from 1 July 2015 to 31 December 2015

Strategies	Implementation activities
To obtain exclusive distribution rights of new products	<ul style="list-style-type: none">We will evaluate, explore, and obtain [1] to [2] exclusive provincial distribution right(s) of new pharmaceutical products with a focus on Zhejiang province and Eastern China region.

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BASES AND KEY ASSUMPTIONS OF THE BUSINESS PLANS

In formulating our business strategies and implementation plans set out above, our Directors have made reference to their industry knowledge and experience, after evaluating the existing market conditions and growth potential for our products, and based on a number of bases and assumptions in the preparation of the future plans for the period from the Latest Practicable Date up to and including 31 December 2015:

General assumptions:

- there will be no material changes in the existing laws (whether in the PRC, Hong Kong or any other part of the world), policies or industry or regulatory treatment relating to our Group, or in the political, economic or market conditions in which we operate;
- there will be no significant economic change, such as changes in interest rate, inflation rate, tax rate and currency exchange rate, or other aspects of fiscal or monetary policies, in the PRC and other jurisdictions where our Group is operating business or sells, directly or indirectly, such as through distributors or importers and exporters, that will adversely affect the business of our Group; and
- there will be no disasters, natural, political or otherwise, which will materially disrupt the business or operations of our Group or cause substantial loss, damage or destruction to our properties and facilities.

Specific assumptions:

- there will be no material adverse change in the existing pharmaceutical distribution market in the PRC;
- the current trend of increase in expenditure and investment in healthcare by the governments and peoples of the jurisdictions where we operate will continue;
- there will be no material changes in the estimated funding requirement for each of the near term implementation plans described herein;
- external financing will be readily available to our Group if and when needed;
- our Group is not materially and/or adversely affected by any of the risk factors set out in the section headed "Risk factors" in this document;
- our Group will retain key staff in our management and professional teams;
- there will be no significant changes in our business relationships with our existing strategic, business partner, major Distributor Customers and suppliers; and
- we will be able to continue its operations in substantially the same way as we have been operating and we will also be able to carry out our development plans without disruptions.