

RISK FACTORS

Any investment in [REDACTED] involves various risks. You should carefully read and consider all of the information set out in this document and, in particular, the risks and uncertainties described below before deciding to make any investment in our Shares. You should pay particular attention to the fact that we are incorporated in the Cayman Islands and that a substantial part of our business operation is conducted in the PRC and the United States and is governed by legal and regulatory environment in some respects which differs from those that prevail in other countries. Our business, financial condition, and results of operations could be materially and adversely affected by any of these risks and uncertainties. The [REDACTED] could decline due to any of these risks and uncertainties, and you may lose part or all of your investment as a result.

RISKS RELATING TO OUR BUSINESS

Our future growth is dependent upon our ability to develop new services and products, which requires significant research and development efforts, and our investment in new services and products may not result in any commercially viable services and products

The life sciences research and application service and product industries are highly competitive, and market participants frequently develop and market new and advanced services and products to adjust to changing market preferences and technologies. As a result, our future growth is dependent upon our ability to develop and launch new services and products that meet market demand, and any delays in our service and product launches may significantly impede our ability to compete.

We have devoted substantial resources to our research and development activities to improve our ability to cater to market demands. For the years ended December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, our expenditures on research and development activities amounted to US\$5.5 million, US\$6.1 million, US\$5.6 million and US\$2.4 million, respectively, or 10.4%, 10.1%, 8.0% and 5.9%, respectively, of our revenues for the same periods. However, we cannot guarantee that our existing services and products will be upgraded through our ongoing research and development activities or that our research and development activities will always keep pace with market demand and technological advances or yield the anticipated results.

Furthermore, development and production of new services and products may require substantial capital investment. The entire development process may take years before a new service or product is commercially launched. We cannot assure you that our service and product research and development projects can be completed within the anticipated time frame, and our research and development efforts may not lead to new services and products that are commercially successful. We may also experience delays or be unsuccessful in any stage of service or product research and development, production launch.

As many of our existing services and products and those under development are technologically innovative and require significant planning, design, development and testing at the technological and production levels, we must keep abreast of the changes in the industry and cater to customers’ needs, and develop services and products for our customers to conduct their life sciences research and development activities. If we fail to respond timely to the changes in the industry and our customers’ needs, we may invest heavily in research and development of services and products that do not lead to significant revenue.

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In addition, the unavailability and insufficiency of capital for service and product research and development and any areas where our employees’ experience may be lacking could all affect our development plans. If such events occur, our business, operating results and financial condition could be adversely affected.

If our customers are not receptive to our services and products, our sales will decline, and we will be unable to increase our sales and profit

Our business is highly dependent on the receptiveness of our services and products to our customers. Their degree of receptiveness to our services and products will depend on a number of factors, including the demonstrated accuracy and efficacy compared to other services and products, turnaround time, cost-effectiveness, convenience and marketing support. We cannot guarantee that our efforts to educate our customers on the benefits of our services and products over those of our competitors will be successful. If we fail to achieve an adequate level of acceptance by our customers of our services and products, our sales may be adversely affected. In addition, if our sales and marketing team fails to provide adequate after-sales technical support to the life sciences researchers and scientists for the use of our services and products, they may misuse or ineffectively use our services and products, which in turn may cause an unsatisfactory research outcome. As a result, our reputation, sales and results of operations will be adversely affected.

Unauthorized use of our brand names by third parties and our failure to develop, maintain and enhance our brands may adversely affect the level of market recognition of, and trust in, our services and products

We rely heavily on the market recognition of our brand names, namely, “GenScript” and “金斯瑞”. We are a well-recognized and trusted brand in the world. We believe that business growth in our services and products depends heavily on the public perception of our brands, and we anticipate that we will continue to rely on our brands in our future business.

Unauthorized use of our brand names by third parties may adversely affect the value of our brand names, our business and our reputation, including the perceived quality and reliability of our services and products. We rely on trademark law and, in some cases, agreements with our customers to protect the value of our brand names. However, we cannot assure you that the trademark applications submitted by us and the registered trademarks held by us can adequately safeguard our brand names. We may be unable to prevent unauthorized uses of our brand names by third parties. In certain circumstances, litigation may be necessary to protect our brand names. However, because the validity, enforceability and scope of protection of trademarks in certain countries in which we operate are uncertain and still evolving, we may not be successful in litigating these cases. Furthermore, litigation could also result in substantial costs and diversion of our resources, and could disrupt our business, as well as materially and adversely affect our results of operations. For the impacts of any failure to protect our intellectual property rights, please see the subsection headed “— Risks Relating to Our Business — Any failure to protect our intellectual property rights could harm our business and competitive position” starting from page 46 of this document.

We believe that our brands are well recognized among pharmaceutical and biotech companies, colleges and universities, research institutes, government bodies and our distributors on a global basis. Our ability to develop, maintain and enhance the image and recognition of our brand names depends largely on our ability to remain as a well-recognized service and product provider in the life sciences

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research and application service and product industries. Our brand promotion efforts may be costly and may fail to effectively promote our brands or generate additional sales. Our brand names, reputation and service and product sales could be harmed if, for example:

- (a) our services and products fail to gain acceptance by our customers;
- (b) our services and products contain defects or malfunctions;
- (c) we provide poor or ineffective after-sales services; or
- (d) we are subject to service and product liability claims.

If any of the above occurs, our business, financial condition, results of operations and prospects could be adversely affected.

Our business, financial condition and results of operations may be harmed if our customers discontinue or spend less on research and development or are unable to obtain funding for their research and development, or our customers fail to obtain, maintain or renew relevant licenses or permits required for their businesses

We have an extensive and diverse customer base in multiple geographies. Our customers primarily include pharmaceutical and biotech companies, colleges and universities, research institutes and government bodies, as well as distributors located mainly in North America, Europe, the PRC, Asia Pacific (excluding the PRC and Japan) and Japan. Their amount of spending on research and development has a large impact on our sales and profitability. Their research and development budgets may fluctuate due to changes in available resources, public policy, spending priorities, general economic conditions, governmental and institutional budgetary limitations and mergers of companies in the key industry sectors we serve. Our business could be seriously harmed by any significant decrease in life sciences research and development expenditures by our customers.

A considerable portion of our sales have been to colleges and universities and research institutes, whose funds, our Directors believe, are largely dependent on funds from government agencies. Pharmaceutical and biotech companies also receive governmental funding for some of their research and development activities. Government funding of research and development is subject to government budgetary processes, which are inherently unpredictable in the long run. Government spending reduction for life sciences research and development activities or any shift away from such spending to other industries would be likely to have a significant adverse effect on our customers' spending policies, which in turn can have a significant adverse effect on the demand for our services and products.

The timing of the receipt of approved funds by some of our customers may be subject to government budgetary cycles. Such funds could be frozen for a certain period of time or otherwise become unavailable to them without advance notice. The timing of the receipt of funds may affect the timing of purchase decisions by our customers and, as a result, cause fluctuations in our revenue and operating results. In addition, if our customers fail to obtain, maintain or renew relevant licenses or permits required for their business or fail to meet applicable regulatory requirements, their business operation may be suspended and hence our business, financial condition and results of operations may be adversely affected as well.

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If we experience a significant disruption in our information technology systems or if we fail to implement new systems and software successfully, our business could be adversely affected

We depend on information systems throughout the operation of our Group to effectively manage order entry, order fulfillment, accounting and financial functions, payment and inventory replenishment processes and to maintain our research and development data. Any system damage or failure that interrupts data input, retrieval or transmission or increases service time could disrupt our normal operations. Although we strive to have appropriate security controls in place, there can be no assurances that we will be able to effectively handle a failure of our information systems or that we will be able to restore our operational capacity in a timely manner to avoid disruptions to our business. The occurrence of any of these events could adversely affect our ability to effectively manage our business operations. In addition, if the capacity of our information systems fails to meet the increasing needs of our expanding operations, our ability to expand may be constrained.

Our failure to obtain or renew certain approvals, licenses, permits and certificates required for our business may materially and adversely affect our business, financial condition and results of operations

Pursuant to the relevant laws and regulations, we are required to obtain and maintain certain approvals, licenses, permits and certificates from various authorities to operate our business. During the Track Record Period, we failed to obtain certain approvals, licenses, permits and certificates, such as pollutants discharge permit, construction work commencement permit, and inspection and acceptance on completion of construction for our operation. For details, please see the section headed "Business — Historical Non-compliance Incidents" on page 238 of this document. There is no assurance that the relevant authorities would not take any enforcement action against us. In the event that such enforcement action is taken, our business operations could be materially and adversely disrupted. Any failure to obtain any approvals, licenses, permits and certificates necessary for our operations in the future could materially and adversely affect our financial condition and results of operations.

In addition, some of these approvals, permits, licenses and certificates are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. Although we intend to apply for the renewal and/or reassessment of these approvals, permits, licenses and certificates when required by applicable laws and regulations, there can be no assurance that we will successfully procure such renewals and/or reassessment. Any failure by us to obtain the necessary renewals and/or reassessment and otherwise maintain all approvals, licenses, permits and certificates necessary to carry out our business at any time could severely disrupt our business and prevent us from continuing to carry out our business, which could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect requiring us to obtain any additional approvals, permits, licenses or certificates that were previously not required to operate our existing businesses, we cannot assure you that we will successfully obtain such approvals, permits, licenses or certificates. Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, decrease our revenues and/or increase our costs, which could materially reduce our profitability and prospects.

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We may not be able to identify or control the risks relating to our international business in a timely manner or at all

We operate our business and sell our services and products to customers globally. During the course of our international business operations, we are exposed to various risks, including:

- (a) compliance with foreign laws and regulatory requirements of different jurisdictions and various industry standards, in particular, those related to life sciences research and application services and products;
- (b) exposure to litigation risks;
- (c) political and economic instabilities;
- (d) foreign exchange rate exposure;
- (e) unfamiliarity with local operating and market conditions;
- (f) cultural and language difficulties;
- (g) trade restrictions, technology barriers, protectionism and economic sanctions;
- (h) import or export licensing requirements imposed by various countries;
- (i) competition from local companies;
- (j) local taxes;
- (k) managing relationships with and collecting payments from local customers;
- (l) stringent environment, safety and labor standards; and
- (m) potential disputes with local collaborating partners and difficulty in managing relationships with local customers.

If we fail to identify or control any of the foregoing or other risks and uncertainties, the results of our international operations could be adversely affected, which in turn could adversely affect our financial condition and results of operations.

Any failure to protect our intellectual property rights could harm our business and competitive position

Our future success depends in part upon our proprietary technology. We consider that our trademarks, patents, trade secrets, know-how, domain names and similar intellectual property rights are critical to our success. As of the Latest Practicable Date, we had 17 registered trademarks, 3 pending trademarks applications in the PRC and the United States, 19 registered patents and 9 pending patents applications, and three registered domain names in the PRC and the United States, which are material to our business. We cannot assure you that any of the above trademark and patent applications will

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ultimately proceed to registration or will result in registration with adequate scope for our business. Some of our pending applications or registrations may be successfully challenged or invalidated by others. It is also possible that any patents, trademarks or domain names registered by us may be invalidated, circumvented or challenged. There can be no assurance that such patents, trademarks, domain names or pending applications will provide us with competitive advantages or adequately safeguard our proprietary rights. In particular, in the event that our intellectual property rights applications were not approved by relevant authorities, although we can continue to apply these intellectual property in our production process, we would not be able to prevent others from developing, applying for intellectual property rights registrations for, providing services and products by using the same intellectual property. If our trademark applications are not successful, we may have to use different marks for affected products or services, or seek to enter into arrangements with any third parties who may have prior registrations, applications or rights, which might not be available on commercially reasonable terms, if at all. In the event of any successful registration by other parties of any identical invention intellectual property rights applications filed prior to our relevant applications, we may not be able to practice the relevant invention in our commercial production, which could have a negative impact on our business, results of operations and financial condition to some extent.

Our design and production processes involve usage of proprietary trade secrets, know-how and other similar intellectual property rights, which may be susceptible to infringement by third parties. To protect the proprietary know-how we use in our production, we rely primarily on contractual arrangements with our management and technical personnel who have access to the relevant data. For more details on our measures to protect our intellectual properties, please see the section headed “Business — Intellectual Property” starting on page 225 of this document. We cannot assure you that our standard proprietary information and invention agreements or the non-disclosure clauses in our employment contracts are enforceable under PRC law or are adequate to protect our proprietary trade secrets and know-how. In addition, we cannot assure you that these proprietary information and invention agreements or non-disclosure clauses will not be breached. In the event that such breach occurs, we may suffer financial and reputational damage or penalties because of the unauthorized disclosure of confidential information belonging to us or to the parties we collaborated with, customers or suppliers. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties.

The PRC intellectual property-related laws have historically been implemented slowly, primarily because of ambiguities in PRC law and enforcement difficulties. Accordingly, intellectual property rights and confidentiality protections in the PRC may not be as effective as in western countries, such as the United States and certain European countries. Furthermore, policing unauthorized use of proprietary technology, trademarks and other intellectual property rights is difficult and expensive, and we may need to resort to litigation to enforce or defend our intellectual property rights or to determine the enforceability, scope and validity of our proprietary rights or those of others. Such litigation and an adverse verdict in such litigation, if any, could result in substantial costs and diversion of resources and management attention, which could harm our business and competitive position. On September 15, 2011, we initiated legal proceedings against one of our competitors and one of our former employees in the United States, primarily due to their infringement of our intellectual property rights (the “U.S. Lawsuit”). On July 30, 2015, a judgment has been entered in our favor in relation to our claims and the counter-claims initiated by the defendants. The court awarded us damages from the defendants in the amount of approximately US\$10 million. On September 4, 2015, the defendants filed a notice of appeal to the court. On November 11, 2015, we and the relevant defendants entered into a settlement agreement to settle the dispute, among other things. Under the settlement agreement, instead of the full amount of

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damages awarded to us by the court, we agreed to accept a sum that we considered and negotiated primarily based on the amount of damages payable by the relevant defendants under the court order and that will represent a substantial gain of the Group for the year ending December 31, 2015.

If we fail to attract and retain key personnel, our business could be adversely affected

Our Directors and our senior management have been instrumental in achieving our growth during the Track Record Period. In particular, the industry experience, management expertise and contributions of our Directors and our senior management, including Dr. Zhang (our co-founder, chairman, chief executive officer and executive Director), Ms. Wang (our co-founder, chief operating officer and executive Director) and Mr. Meng (our executive Director and vice president of finance), are crucial to our success. Their relevant details are set out in the section headed "Directors and Senior Management" on page 260 of this document. If we lose the services of any member of our Directors or our senior management, we may be unable to recruit a suitable or qualified replacement and may incur additional expense to recruit and train new personnel, which could disrupt our business and growth.

Furthermore, as we expect to continue to expand our operations and develop new services and products, we will need to continue attracting and retaining experienced management and key personnel. Competition for skilled and experienced personnel in the life sciences research and application service and product industries is intense, and the availability of suitable and qualified candidates is limited. We compete for such personnel with our competitors, academic institutions, government bodies and other organizations, and we expect such competition to intensify as the life sciences research and application service and product industries grow. We may be unable to attract or retain the personnel required to achieve our business objectives and failure to do so could materially and adversely impact our competitiveness, business, financial condition and results of operation.

Increased labor costs could slow our growth and affect our revenue and profitability

Our operations require a sufficient amount of qualified employees. In recent years, the average labor cost has been steadily increasing as the competition for qualified employees among service and product providers in the life sciences research and application service and product industries has become more intense. During the Track Record Period, our labor costs were US\$21.0 million, US\$25.8 million, US\$34.5 million, US\$16.4 million and US\$18.2 million for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, respectively, representing a CAGR of 28.2% from 2012 to 2014. Furthermore, there can be no assurance that there will be no further increase in labor cost. In the event that we fail to retain our existing employees and/or recruit qualified employees in a timely manner to cope with the demand of our existing or future operations and/or there is a significant increase in the labor cost, our operations and profitability may be adversely affected.

Our services and products may be subject to decreasing pricing trends and reduced margins

As a result of the increased competition from substitute services and products, the selling prices of our services and products may decline over time, while production and materials costs may remain constant or increase. Growing pricing pressure may arise in the future due to competition. For example, during the Track Record Period, the average selling price of our gene synthesis services decreased from US\$0.38 to US\$0.34 per base pair, representing a decrease of approximately 10.5%. It was also typical in the life sciences research and application service and product industries for the selling prices of services and products to decline over their life cycles. As such, the gross profit margins of those services and

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products may decrease. We experienced a decrease in the overall gross profit margin from 66.9% for the year ended December 31, 2012 to 63.7% for the year ended December 31, 2013, further to 63.0% for the year ended December 31, 2014. Our profitability depends on our ability to successfully control costs during the production process by increasing the efficiency of our production processes, reducing raw materials consumption and increasing production yields. In addition, changes in our services and products mix may negatively affect our overall gross margins. If we are unable to successfully design, produce and market new services and products, which typically generate higher gross margins, or if we fail to effectively increase the efficiency of our production processes or control production costs, our business, financial condition and operating results could be materially and adversely affected.

Our expansion of the production facilities may not be as successful as we have planned

To meet the increasing demand for our life sciences research and application services and products, we intend to continue to invest in our existing production facilities for life sciences research services, life sciences research catalog products, and preclinical drug development services. As part of our future continuous investment, we might build new production facilities to expand our production capacity. The construction and completion of these new production facilities involve regulatory approvals and reviews by various authorities in the PRC, including, but not limited to, urban planning, construction and environmental protection authorities. For these new production facilities, we cannot assure you that we will be able to obtain all of the required approvals, permits and licenses. Construction of the new production facilities also may not be completed on the anticipated timetable or within budget. We may also be unable to fully utilize the production capacity after our new production facilities commence operations. Any inability or material delay in commencing operations at these production facilities, or any substantial increase in costs to complete the production facilities or ramp up operations and utilization, could materially and adversely affect our results of operations and prospects and result in loss of business opportunities.

If our customers fail to comply with applicable laws and regulations governing the use of governmental research funding granted for research and development projects, our business may be adversely affected

Some of our customers are subject to various laws and regulations governing the use of governmental research funding in the PRC. For example, the Notice of the Ministry of Education on Further Implementing the State Administration Policies on Scientific Research Funds and Strengthening the Administration on Scientific Research Funds of Colleges and Universities (《教育部關於進一步貫徹執行國家科研經費管理政策加強高校科研經費管理的通知》), promulgated by the Ministry of Education effective in December 2011 (the “Notice”), imposes strict obligations and liabilities on colleges and universities that use governmental research funding. The Notice provides that the use of governmental research funding by colleges and universities and implementation of research and development projects shall follow the approved plan and scope, and that expenditures from governmental research funding shall be related to the scientific research tasks and incurred corresponding to the ongoing scientific research activities. The failure of our customers to comply with the applicable PRC law and regulations may result in certain liabilities being imposed on them. In such event, their use of governmental research funding may be suspended, which may in turn adversely affect our business, financial condition and results of operations. Please see the section headed “Regulations — Laws and Regulations of the PRC — State Scientific Research and Scientific Research Budget Management” on page 128 of this document for more details on the relevant PRC laws and regulations.

The use of governmental research funding may lead to possible misappropriation of funds. In recent years, relevant PRC government authorities launched various investigations to investigate the

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misappropriation of governmental research funding and other misconduct by the funds’ recipients. There had also been a number of publicized cases involving misappropriation of governmental research funding or other misconduct.

If our customers were to be found misusing governmental research fundings, they may not be able to continue their research and development activities, and thus they would cease to enter into any sales contracts or purchase orders with us, which would materially and adversely affect our business, financial condition, results of operations and prospects. In addition, we would be asked to return the balance of the prepayment amount if those customers that enter into prepayment agreements with us, pursuant to which they make a lump sum prepayment in exchange for additional discounts, were found to be in violation of relevant PRC laws and regulations. The return of the whole balance of the prepayment amount could also materially and adversely affect our business, financial condition, results of operations and prospects. Although, during the Track Record Period and up to the Latest Practicable Date, we are not aware of any case in which any of our customers had been investigated or punished by relevant government authorities for misuse or misappropriation of governmental research fundings in connection with any prepayment agreements, sales contracts or purchase orders they entered into with us, we cannot guarantee that our customers always comply with PRC laws and regulations for the use of government funding for research and development projects.

We generally do not enter into long-term agreements with our customers

To remain flexible in our operations, we generally do not enter into long-term agreements with our customers. Generally, the master sales agreements that we enter into with our customers are valid for one year. Without entering into a long-term agreement, our customers may reduce or cease purchasing services and products from us at any time in the future. There is no guarantee that our existing or future agreements can be negotiated on terms and prices equivalent to or better than the current terms and prices. If any of our customers were to substantially reduce their transaction volume or terminate their business relationship with us, our financial condition and results of operations would be materially and adversely affected.

We could be adversely affected as a result of our operations in certain countries that are subject to evolving economic sanctions of the United States, the European Union, Australia and the United Nations Security Council and other relevant sanctions authorities

The United States and other jurisdictions or organizations, including the European Union, Australia and the United Nations Security Council, have comprehensive or broad economic sanctions targeting the Sanctioned Countries. For details on relevant sanction laws, please see the section headed “Regulations — Descriptions of Sanctions Laws” starting on page 136 of this document. During the Track Record Period, we made certain sales of our services and products to customers in the following Sanctioned Countries: Belarus, Egypt, Iran, Iraq, Lebanon, Libya, Russia, Serbia and Ukraine. For details of the our sales to customers in the Sanctioned Countries, see the section headed “Business — Sales to Sanctioned Countries” in this document. Our revenue derived from sales made to these Sanctioned Countries in aggregate accounted for approximately 0.20%, 0.10%, 0.12% and 0.10% of our revenue for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, respectively. On advice of our International Sanctions Legal Advisors, on August 25, 2015 (as supplemented by further information on October 30, 2015), we made a voluntary self-disclosure (“VSD”) to OFAC because three U.S. dollar payments that we received from Iran after March 8, 2013 and one replacement shipment to a customer in Iran in November 2013 appeared to be violations of the U.S. sanctions. In the VSD, we

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provided OFAC with full details and relevant documents regarding those three payments and that shipment. In addition, we filed an interpretive guidance request with OFAC requesting OFAC's guidance as to whether U.S. dollar payments that we received in connection with our sales in Iran during the Track Record Period and before March 8, 2013 were lawful under the U.S. sanctions. We also included details about those payments in the VSD. On November 24, 2015, OFAC responded to the VSD with a Cautionary Letter representing a final enforcement response. In the Cautionary Letter, OFAC informed us that the three U.S. dollar payments that we received from Iran after March 8, 2013 and the single replacement shipment were apparent violations of the U.S. sanctions. However, OFAC indicated that it was not pursuing any civil monetary penalty against us. On November 30, 2015, OFAC also advised our International Sanctions Legal Advisors that, due to the resolution of the VSD through the Cautionary Letter, OFAC considered the underlying question in the interpretive guidance request to have been resolved through the Cautionary Letter and asked us to withdraw the interpretive guidance request from further OFAC consideration. On December 5, 2015, through our International Sanctions Legal Advisors, we withdrew the interpretive guidance request from further OFAC consideration. Accordingly, both we (as advised by our International Sanctions Legal Advisors) and OFAC now consider the possible legal issues raised through the VSD and the interpretive guidance request to be fully closed with the issuance of the Cautionary Letter and without the imposition of any civil monetary penalty.

As of the Latest Practicable Date/prior to the [REDACTED], all of our sales transactions with customers in the Sanctioned Countries have been completed. We have no present intention to undertake any future business or make any future sales to the Sanctioned Countries or that would otherwise cause us or Relevant Persons to violate or become a target of sanctions laws of the United States, the European Union, Australia or the United Nations Security Council. However, we can provide no assurances that our future business will be free of risk under sanctions implemented in these jurisdictions or that we will conform our business to the expectations and requirements of the U.S. authorities or the authorities of any other government that do not have jurisdiction over our business but nevertheless assert the right to impose sanctions on an extraterritorial basis. Our business and reputation could be adversely affected if the government of the United States, the European Union, Australia, the United Nations Security Council or Hong Kong or any other government bodies were to determine that any of our activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of our Company. In addition, because many sanctions programs are evolving, new requirements or restrictions could come into effect which could increase scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions or being sanctionable. Over the past few years, the United States and the European Union have significantly increased the scope of their Iran sanctions, many of which now have direct extraterritorial effect. Although we believe that our business operations currently do not involve industries or sectors that are subject to extraterritorial Iran sanctions, there is a possibility that the U.S. government, the European Union or other jurisdictions may introduce more severe sanctions in relation to Iran should the current ongoing negotiation efforts with the government of Iran on nuclear issues fail, in which case, the current sanctions laws and regulations may be expanded to cover industries or sectors in which we are involved. In such case, our business and Shareholders' interests could be impacted. Concern about potential legal or reputational risk associated with our historical sales to the Sanctioned Countries could also reduce the marketability of the [REDACTED] to particular investors, which could affect the price of our [REDACTED] and Shareholders' interests in us. Before [REDACTED] you should consider if such investment would expose you to any of the U.S., the European Union, Australia, the United Nations Security Council or Hong Kong or other sanctions law risks arising from your nationality or residency. Any of these events could have an adverse effect on the value of your investment in us.

We undertake to the Hong Kong Stock Exchange that (i) we will not use the [REDACTED] from the [REDACTED], as well as any other funds raised through the Hong Kong Stock Exchange, whether

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directly or indirectly, to finance or facilitate any projects or businesses in the Sanctioned Countries, (ii) we will not undertake any sanctionable transactions that would expose the Relevant Persons or us to risk of being sanctioned, and (iii) we will make timely disclosure on the Hong Kong Stock Exchange’s website and our own website if we believe our business would put Relevant Persons or ourselves at risk of being sanctioned and in our annual reports or interim reports our efforts on monitoring our business exposure to sanctions risks and our business intention relating to the Sanctioned Countries. If we breach any of these undertakings to the Hong Kong Stock Exchange after the [REDACTED], it is possible that the Hong Kong Stock Exchange may [REDACTED] our Shares.

We may be subject to intellectual property infringement claims, and successful claims of infringement could materially and adversely harm our reputation and affect our business, financial condition and results of operations

We operate in the life sciences research and application service and product industries in which companies may use intellectual property litigation to gain a competitive advantage, and players in this industries may develop or utilize similar tools, technologies and services and products formulation. According to the Frost & Sullivan Report, lawsuits in connection with intellectual property rights are common in the biotechnology industry. Consequently, intellectual property infringement claims may be asserted against us. During the Track Record Period, we had been involved in certain intellectual property claims against us. In September 2015, a competitor filed a civil complaint before the Intermediate People’s Court of Suzhou City* (蘇州市中級人民法院) alleging that our production of gene synthesis services had infringed its patent registered at the State Intellectual Property Office of the People’s Republic of China* (中華人民共和國國家知識產權局) (the “Suzhou Lawsuit”). We believe that such claims are ungrounded and lack strength and credibility. In connection with the Suzhou Lawsuit, we and the plaintiff agreed to settle the dispute under the same settlement agreement that we and the other relevant parties entered into with respect to the US Lawsuit on November 11, 2015. Although such proceedings had not resulted in any material adverse effect on our financial condition, results of operation, or reputation, there is no assurance that we will not encounter similar claims in the future that may materially and adversely affect our business operation and financial condition. Irrespective of the validity or the successful assertion of such claims, we could incur costs in either defending or settling any intellectual property disputes. Unfavorable resolution of these claims could subject us to substantial monetary liability, require us to obtain licenses (which we may not be able to obtain on commercially reasonable terms or at all), pay ongoing royalties, modify aspects of the tools, technology and services and products formulation that are deemed infringing or subject us to injunctions prohibiting the production and delivery of such services and products or the use of such tools and technologies. In addition, some of our contracts contain indemnity clauses in favor of our clients, and, under certain of our contracts, we are required to provide specific indemnities relating to third-party intellectual property rights infringement. Any claims or litigations in this area could materially and adversely harm our business and reputation.

Certain of our employees were previously employed at other companies, including our current and potential competitors. To the extent these employees are involved in the development of products, services formulation or technology similar to ours at their former employers, we may become subject to claims that such employees or we may have appropriated proprietary information or intellectual properties of the former employers of our employees. Likewise, in the event that any of our suppliers appropriate third parties’ proprietary information or intellectual properties, we may also become subject to such intellectual property or trade secret infringement claims. If we fail to successfully defend such claims against us, our results of operations may be materially and adversely affected.

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Any future litigation, legal disputes, claims or administrative proceedings against us could be costly and time-consuming to defend

We may become subject, from time to time, to legal proceedings and claims that arise in the ordinary course of business or pursuant to governmental or regulatory enforcement activity. While we do not believe that the resolution of any currently pending lawsuits against us will, individually or in the aggregate, have a material adverse effect on our business, financial condition, results of operations or cash flows, litigation to which we subsequently become a party might result in substantial costs and divert management's attention and resources, which might seriously harm our business, financial condition, results of operations and cash flows. Insurance might not cover such claims, might not provide sufficient payments to cover all of the costs to resolve one or more such claims and might not continue to be available on terms acceptable to us. In particular, any claim could result in unanticipated liability for us if the claim is outside the scope of the indemnification arrangement we have with our customers, our customers do not abide by the indemnification arrangement as required, or the liability exceeds the amount of any applicable indemnification limits or available insurance coverage. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could have a material adverse effect on our financial condition, results of operations, cash flows or reputation.

We may face potential product liability claims or suffer losses due to defective services and products

We are exposed to risks associated with product liability claims if the use of our services and products results in failure of the life sciences research projects, damage or injury. With respect to our services and products, as of the Latest Practicable Date, we maintained product liability insurance in the U.S. but not in the PRC. During the Track Record Period, we were not involved in any legal proceedings due to product liability claims. We cannot assure you that our insurance protection is adequate. We also cannot assure you that product liability claims against us will not arise in the future, whether due to product malfunctions, defects or other causes. If any such claims were ultimately successful, we could be required to pay substantial damages, which could materially and adversely affect our business, financial condition and results of operations.

Moreover, a material design, production or quality failure or defect in our services or products, other safety issues or heightened regulatory scrutiny, could each warrant a cancellation of our services or return of our products and result in increased product liability claims. During the Track Record Period, we were not involved in any material proceedings due to product liability claims. Any defect in our services or products may result in a decreased demand for our services or products, withdrawal of our services or products, initiation of investigations by regulators and impairment of our business reputation. Should any of these events occur, our business, financial condition and results of operations could be materially and adversely affected.

Our operations involve the use and disposal of hazardous substances which can give rise to liability that could adversely impact our financial condition

We conduct activities that have involved, and may continue to involve, the controlled use of hazardous materials and the creation of hazardous substances, including radioactive substances and other highly regulated substances. Although we believe that our safety procedures for handling the disposal of such materials generally comply with the standards prescribed by applicable PRC laws and regulations, our operations nevertheless pose the risk of accidental contamination or injury caused by the use of these hazardous materials and/or the creation of hazardous substances, including radioactive substances and

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other highly regulated substances. In the event of such an accident, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business. In addition, other adverse effects could result from such liability, including reputational damage resulting in the loss of additional business from certain clients. In addition, if our suppliers of such hazardous materials and substances are found by government authorities to have operated their business without requisite approvals, licenses or permits or otherwise to be in violation of applicable laws and regulations, they may be ordered to take rectification actions or cease operations. Any of these actions may have a material and adverse effect on our business and impose additional costs on us.

If our employees, customers or other intermediaries engage in illegal practices, it could harm our reputation and expose us to regulatory investigations, costs and liabilities

Our employees, customers or other intermediaries may fail to comply with our guidelines and authorizations and engage in illegal practices. If our employees, customers or other intermediaries engage in behaviors that are contrary to our guidelines and authorizations, our reputation may be harmed, and our sales and business prospects may suffer, and our services and products may be seized or banned, any of which could adversely affect our reputation, sales and business prospects.

In the life sciences research and application service and product industries, corrupt practices include, among other things, acceptance of kickbacks, bribes or other illegal gains or benefits by employees or other related parties in connection with the procurement of certain services and products. We have implemented policies and procedures designed to ensure that we, our employees, customers and other intermediaries comply with applicable anti-corruption laws in the countries where we operate. These measures include organizing internal training programs, implementing internal policies governing our employees and including standard anti-bribery provisions in our employee handbook. To minimize our exposure to improper conduct by our distributors, we conduct background checks on prospective distributors before entering into business relationships with them. For details on our measures to ensure our compliance with the applicable anti-corruption laws, please see the section headed "Business — Corporate Governance, Internal Controls, and Risk Management" on page 234 of this document. We cannot assure you, however, that our employees, customers and other intermediaries will observe our policies and procedures at all times. If we were not in compliance with the applicable anti-corruption laws in the countries where we operate, we may be subject to criminal and civil penalties and other remedial measures, which could cause reputation damage and have a material and adverse impact on our business, financial condition or results of operations.

The PRC laws and regulations relating to incentive payments are not always clear. Hence, the relevant governmental authorities may have considerable discretion in determining the misconduct with respect to corruption under certain circumstances. Moreover, the PRC government authorities have recently increased their efforts to combat corrupt, illegal or improper business practices generally in the PRC, which could subject our employees, customers or other intermediaries to increased scrutiny. If our employees, customers or other intermediaries either knowingly or unknowingly engage in corrupt or improper conduct in connection with the marketing, promotion or sales of our services and products, our brands and reputation and our sales activities could be materially and adversely affected.

Our insurance may not cover all of our indemnification obligations and other liabilities associated with our operations

We maintain insurance designed to provide coverage for ordinary risks associated with our major operations. The coverage provided by such insurance may not be adequate for all claims we may make or

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may be contested by our insurance carriers, and there is no assurance that all of our claims will be satisfied by the insurance carriers. If our insurance is not adequate or available to pay liabilities or losses associated with our operations, or if we are unable to purchase adequate insurance at reasonable rates in the future, our profitability may be adversely impacted.

We do not currently maintain key personnel life insurance policies on any of our employees. If any of our key employees were to join a competitor or to form a competing company, some of our clients might choose to use the services or purchase products of that competitor or new company instead of our own. Furthermore, clients or other companies seeking to develop in-house capabilities may hire some of our senior management or key employees. We cannot assure you that a court would enforce the non-competition provisions in our employment agreements.

Our production and operations may be affected by factors beyond our control

Our business may be interrupted for reasons beyond our control, which reasons may include such natural disasters as bad weather conditions, flooding, cyclones, typhoons, blizzards, snowstorms, landslides, earthquakes and fires, as well as power shortages, labor strikes, union strikes or social turmoil. Our business, results of operations and financial position may be adversely affected in a material respect if any such event occurs. We cannot assure you that all claims under our insurance policies will be honored fully or on time. The business interruption insurance and third-party liability insurance for personal injury and property damage or environmental damage arising from accidents at our major production facilities may not be adequate to cover the above risks. Furthermore, there are certain types of losses, such as those resulting from war, acts of terrorism, earthquakes, typhoons, flooding or other natural disasters for which we may not obtain insurance at a reasonable cost or at all. Any material loss not covered by our insurance could materially and adversely affect our business and results of operations. In addition, an outbreak of severe communicable disease, if uncontrolled, may also adversely affect our operating results. Please refer to the risk factor “Risks Relating to Countries in Which We Operate — An outbreak of severe communicable disease, if uncontrolled, may, directly or indirectly, adversely affect our operating results” on page 74 of this document.

If we do not manage our growth effectively, our business, financial condition and results of operations may be materially and adversely affected

Our objective is to strengthen and further consolidate our strong presence in the life sciences research and application service and product industries. Our growth strategy includes increasing our investment in research and development projects to expand our research and application service and product portfolio, enhancing our production capacity, increasing our penetration into the overseas and PRC markets and pursuing strategic acquisitions. The success of our growth strategy will depend on, among other things, our ability to continue to innovate and develop advanced technology in the highly competitive life sciences research and application service and product industries, maintain our efficient operating model, attract and retain skilled personnel who have the specialized skills needed to design, develop and produce new services and products, obtain and maintain regulatory approvals and effectively market our services and products using our own sales and marketing team and our network of distributors. If we are unable to effectively manage our growth and implement these components of our business strategies, our business, financial condition, results of operations and prospects could be materially and adversely affected.

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Our failure to maintain or increase our marketing activities and capabilities could adversely affect our market share and our reputation, business, financial condition and results of operations

We intend to deepen the market penetration and expand our geographical coverage through efficient sales and marketing efforts and to conduct marketing and promotion activities. However, there is no assurance that our current and planned spending on marketing activities will be adequate to support our growth strategies. Any factors adversely affecting our ability to maintain or increase our marketing activities and capabilities will have an adverse effect on the market share of our services and products, brand names and reputation, which may result in decreased demand for our services and products and may adversely affect our business, financial condition and results of operations.

If we fail to successfully identify, acquire or complete acquisitions, or realize the anticipated benefits of our potential future acquisitions or investments or be able to integrate any acquired employees, businesses products or services, our growth and prospects may be adversely affected

One component of our business strategies is to pursue strategic acquisitions in the life sciences research and application service and product industries to complement our business, service and product lines, customer base and geographic coverage. Our ability to grow through acquisitions depends upon our ability to identify and complete suitable acquisitions as well as our ability to obtain necessary financing and any required governmental or third-party consents, approvals and permits in a timely manner. Even if we complete acquisitions, we may experience:

- (a) difficulties in integrating any acquired companies, technologies, personnel or services and products into our existing business;
- (b) challenges in procuring and allocating resources to fund our expansion;
- (c) failure to achieve the intended objectives or benefits, or to generate sufficient revenue to recover the costs and expenses of an acquisition or expansion plan;
- (d) difficulties in implementing management and internal control mechanisms that timely and adequately respond to our expanded scope of operations;
- (e) diversion of resources and management attention from our existing business;
- (f) increased cost resulting from acquisitions including assumption of legal liabilities, potential write-offs related to the impairment of goodwill and amortization expenses related to intangible assets;
- (g) the cost of and difficulties in integrating acquired businesses and managing a larger business; and
- (h) difficulties in retaining key employees of the acquired business who are essential to manage the acquired business.

If we offer services and products that are significantly different from our existing services and products or operate in a market new to us, the foregoing risks may increase because of our limited experience in operating such business or market. Our failure to address these risks successfully may have

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a material and adverse effect on our financial condition, results of operations and prospects. As of the Latest Practicable Date, we did not have any specific acquisition plans or targets and had not entered into any definitive agreements with any potential targets.

If we fail to maintain an effective distribution network for our services and products or manage the activities of our distributors, our business could be adversely affected

As of June 30, 2015, we had a network of over 30 third-party distributors primarily selling our products in North America, Europe, Asia Pacific, the PRC. Our sales to them represented 1.4%, 1.9%, 1.4% and 1.7% of our total revenue for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, respectively. Our five largest distributors accounted for approximately 1.4%, 1.7%, 1.3% and 1.4% of our total revenue for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, respectively. We expect we will continue to sell our products through third-party distributors in the future. Our business growth could be affected by our ability to maintain and manage a distribution network that timely delivers our products. However, our distributors may not distribute our products in the manner we contemplate, and that could impair the effectiveness of our distribution network.

In addition, we generally do not enter into long-term distribution agreements, and we cannot assure you that we will be able to renew such agreements with our preferred distributors on terms favorable to us or at all when our existing distribution agreements expire. In the event that a significant number of our distributors terminate their relationships with us, or if we are otherwise unable to maintain and expand our distribution network effectively, our sales volumes and business prospects could be adversely affected.

We have limited ability to manage the activities of our distributors, who are independent from us. Our distributors could take actions, including one or more of the following, which could have an adverse effect on our business, prospects and brands:

- (a) fail to meet the sales targets for our products in accordance with relevant agreements;
- (b) sell products that compete with our products;
- (c) sell our products outside their designated territories;
- (d) fail to adequately promote our products;
- (e) fail to maintain the requisite licenses or otherwise fail to comply with applicable regulatory requirements when selling our products;
- (f) fail to provide proper training and services to our customers; or
- (g) violate anti-corruption and other laws of the relevant countries.

We may not be able to secure additional funding in the future to fund our operations or expansion plans

We may need to raise additional funds in the future to finance further expansion of our capacity and business relating to our existing operations, unforeseen contingencies or new opportunities. If there is a

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change in our expansion plans, we may need to obtain additional debt or equity financing. If we are unable to obtain such additional financing, or are unable to obtain additional financing on acceptable terms, we may not be able to expand our business, and our operations may be adversely affected. The availability of funding is subject to various factors, some of which are beyond our control, including governmental approvals, prevailing market conditions, credit availability, interest rates and the performance of our business. Our inability to procure additional financing in a timely manner on terms that are satisfactory to us could materially and adversely affect our business, results of operations and expansion plans.

We depend on a stable and adequate supply of quality raw materials, services and products from our suppliers

During our business operations, a substantial amount of raw materials and components are required. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, our cost of raw materials accounted for approximately 30.9%, 32.1%, 31.5% and 27.2%, respectively, of our total cost of sales. In the event of significant price increases for raw materials and components, we may have to pass the increased raw materials costs onto our customers. However, we cannot assure you that we will be able to raise the prices of our services and products sufficiently to cover increased costs resulting from increases in the cost of our raw materials or overcome the interruption of a sufficient supply of qualified raw materials for our services and products. As a result, any significant price increase for our raw materials may have an adverse effect on our profitability.

We also outsource certain steps of the production of our life science research service segment, life sciences research catalog product segment and preclinical drug development service segment and the large industrial-scale production and formulation processes of our industrial synthetic biology products to third-party suppliers. As of June 30, 2015, we had engaged 15 outsourced suppliers. For details of our outsourcing arrangement, please see the section headed "Business — Outsourcing Arrangement" on page 214 of this document. In order to meet the increasing demand arising out of our growth in sales, we will be required to increase our purchase of raw materials and components and expand our outsourcing of the abovementioned services. However, as we grow, our existing collaborating partners may not be able to meet our increasing demand, and we may need to find additional suppliers. There is no assurance that we will always be able to secure suppliers who provide services or produce goods at the specification, quantity and quality levels that we demand or be able to negotiate acceptable fees and terms of services with suppliers.

We believe that we have long and stable relationships with our existing third-party suppliers. However, we cannot assure you that we will be able to secure a stable supply of our raw materials and the outsourced services and products. Generally, the master supply agreements which we enter into with our suppliers are valid for one year. Our suppliers may reduce or cease their supply of raw materials and outsourced services and products to us at any time in the future. In addition, we cannot assure you that our suppliers have obtained and will be able to renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations, and failure to do so by them may lead to interruption in their business operation, which in turn may result in shortage of raw materials, services and products supplied to us. If the supply of raw materials and the outsourced services and products are interrupted, our production processes would be delayed. If any such event occurs, our operation and financial position may be adversely affected.

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We depend on OEM contractors to manufacture a portion of our products. Our brand image and business may be negatively affected by the performance of or disruption in supply of our OEM contractors

We engage independent third-party manufacturers in the PRC to produce some of our life sciences research catalog products for us on an OEM basis. Such products are manufactured in the factories of our OEM contractors, and the final products are sold under our brand. During the Track Record Period, the cost of OEM only accounted for an insignificant amount of our total production cost. We select our OEM contractors based on stringent criteria, and all of our OEM contractors are subject to annual evaluation. Please see the section headed "Business — OEM Arrangement" for more details. However, we cannot assure you that the products manufactured by any of our OEM contractors will be delivered to us in a timely manner or are of satisfactory quality. If the performance of any of our OEM contractors is not satisfactory or an OEM contractor decides to substantially reduce its volume of supply to us, substantially increase the sales prices of its products or terminate its business relationship with us, we may need to replace that OEM contractor or take other remedial actions, which could increase the cost and lengthen the time required to deliver our products to our customers, if at all. As we do not enter into long-term contracts with our OEM contractors, they may decide not to accept our future orders on the same or similar terms, or at all. In addition, we cannot ensure that our OEM contractors will adhere to our quality control policies and guidelines (including guidelines regarding non-disclosure of customers' intellectual property or other requirements on confidentiality) all the time. Any defect in the products manufactured by our OEM contractor or any failure to adhere to such policies and guidelines, could subject us to product liability and/or contractual liability, or damage our reputation and reduce demand for our products. Furthermore, we cannot ensure that our OEM contractors will fully comply with the applicable laws and regulations, such as labor law and environmental law, in which case, our brand image may be damaged if there is any negative publicity regarding such non-compliance.

We also provide the designs of our products to some of our OEM contractors. As we do not have direct control over our OEM contractors, if any of them is involved in unauthorized production of products using our design or our brands, which may have lower quality and be sold at lower prices on the market, our reputation, financial condition and results of operations may be adversely affected. In addition, we cannot assure you that our OEM contractors have obtained and will be able to renew all license, permits and approvals necessary for their operations or comply with all applicable laws and regulations. If the business of our OEM contractors is disrupted, we may not be able to find suitable alternative OEM contractors on a timely basis, which in turn may adversely affect our business, financial condition and results of operations. Please also refer to the risk factor "We depend on a stable and adequate supply of quality raw materials, services and products from our suppliers" for the risks we may face arising from our businesses with other suppliers.

We had net current liabilities as of December 31, 2012, and we cannot assure you that we will not experience net current liabilities in the future

During the Track Record Period, our current liabilities mainly comprised trade and notes payables, other payables and accruals, tax payables due to related parties, due to the ultimate holding company and government grants, while our current assets mainly comprised inventories, trade and notes receivables, cash and cash equivalents, prepayments, deposits and other receivables, due from the ultimate holding company, due from the related party, pledged short-term deposit and available-for-sale financial asset. If we fail to generate current assets to the extent that the aggregate amount of our current assets on any given day exceeds the aggregate current liabilities on the same day, we will record net current liabilities.

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We had net current liabilities of approximately US\$153,000 as of December 31, 2012. Such position was primarily attributable to the payables for purchases of machinery and construction of buildings for our business expansion. We cannot assure you that we will not have net current liabilities in the future. If we have significant net current liabilities, our working capital may be subject to constraints, which might materially and adversely affect our business, financial condition and results of operations.

Failure to manage our inventory turnover may materially and adversely affect our business, results of operations and financial condition

Our average inventory turnover days were 20 days, 22 days, 22 days and 25 days as of December 31, 2012, 2013 and 2014, and the six months ended June 30, 2015, respectively. Due to the fact that we have a portfolio of services and products, we need to maintain a certain level of inventory to ensure a prompt delivery of services and products in sufficient quantities in response to customers' requests. The volatile economic environment and fast-evolving demands and preferences of our customers have made accurate projection of inventory levels increasingly challenging. We cannot assure you that we will be able to maintain proper inventory levels for our operations. If we fail to manage our inventory turnover effectively, our inventory may become obsolete, or we may experience a shortage in inventory, either of which may materially and adversely affect our business, results of operations and financial condition.

If our customers fail to make timely payments to us, our business, financial condition and results of operations may be adversely affected

We generally grant our customers credit terms of up to 90 days. As of December 31, 2012, 2013 and 2014, and the six months ended June 30, 2015, our trade and notes receivables were US\$7.9 million, US\$9.0 million, US\$12.2 million and US\$13.9 million, respectively. The average turnover days of our trade receivables for the same periods were 44 days, 56 days, 59 days and 61 days, respectively, which are in line with our general credit policy. If our customers' cash flow, working capital, financial condition or results of operations deteriorate, they may be unable, or they may otherwise be unwilling, to pay trade receivables owed to us promptly or at all. Any substantial defaults or delays may materially and adversely affect our cash flow, working capital, financial condition and results of operations.

Any operational failure or disruption at our production facilities could negatively affect our business

We are subject to potential operational failure at our production facilities caused by accidents occurring during the operating process, including, but not limited to, faulty construction and operator error. Any interruption in, or prolonged suspension of any part of production at, or any damage to or destruction of, any of our production facilities arising from unexpected or catastrophic events or otherwise may prevent us from supplying services and products to our customers, which in turn may result in a material adverse effect on our business and operations. There is also a risk of injury or damage to persons, the property of others or the environment, which in turn could lead to considerable financial costs and may also have legal consequences. In particular, if we were to incur a significant liability for which we have not maintained sufficient insurance coverage, we might not be able to finance the amount of the uninsured liability and may then be obligated to divert a significant portion of cash flow from normal business operations to resolve the issue. Consequently, our business, financial condition and results of operations may be materially and adversely affected by such an occurrence.

In addition, any breakdown or suspension of production or failure to supply our services and products to our customers in a timely manner may result in breach of contract and loss of sales, as well as

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exposure to liability and the requirement to pay compensation under the relevant agreements, lawsuits and damages to our reputation, which could have a material and adverse effect on our business, financial condition and results of operations.

Our certain non-compliance of Hong Kong regulatory requirements may lead to enforcement actions being taken

During the Track Record Period, our subsidiaries, namely GS HK and GS International, were involved in a number of non-compliance matters in Hong Kong. GS HK and GS International failed to (1) convene any annual general meetings since their incorporation in contravention with the Predecessor Companies Ordinance and/or the Companies Ordinance, and (2) lay their respective audited financial statements at annual general meetings since their incorporation. In addition, GS HK was in breach of the IRO for failing to make timely submission to the Inland Revenue Department of its chargeability to tax and failing to make timely submission of its profits tax return. Further, GS International contravened the IRO for failing to make timely submission of its profits tax return. There is no assurance that the relevant authorities would not take any enforcement action against us and our Directors in relation to the non-compliance matters. In the event that such enforcement action is taken, our reputation, cash flow and results of operations may be adversely affected. For details of such non-compliance incidents, please see the section headed “Business — Historical Non-compliance Incidents” on page 238 of this document.

We are required to comply with various environmental, health and safety laws and regulations in the PRC that may increase the cost of compliance

We are required to comply with the applicable environmental protection, health and safety laws and regulations in the PRC. Any failure to meet the relevant standards and requirements for production safety and labor safety could subject us to warnings from the relevant regulatory authorities and governmental orders to rectify such non-compliance within a specified period of time and fines by the relevant regulatory authorities. We may also be required to suspend our production temporarily or cease our operations permanently for significant non-compliance, which may have a material adverse effect on our reputation, business, financial condition and results of operations. During the Track Record Period, there were certain incidents of our non-compliance with applicable environmental protection, health and safety laws and regulations in the PRC. For details of such incidents, please see the section headed “Business — Historical Non-compliance Incidents” on page 238 of this document.

Given the number and complexity of these laws and regulations, compliance with them may be difficult or involve significant financial and other resources to establish efficient compliance and monitoring systems. In addition, these laws and regulations are constantly evolving. There can be no assurance that the PRC government will not impose additional or more stringent laws or regulations, the compliance with which may cause us to incur significant costs that we may be unable to pass on to our customers and may take significant time, which may affect or interrupt our operations.

If our customers fail to comply with the applicable laws and regulations governing public tenders in the PRC, our business, financial conditions and results of operations may be adversely affected

The Bidding Law of the PRC* (《中華人民共和國招標投標法》) (the “Bidding Law”) issued by the Standing Committee of the National People’s Congress of the PRC on August 30, 1999 sets forth a set of mandatory public tender requirements. As of the Latest Practicable Date, we were not aware that any purchase orders made by our customers with us are subject to such mandatory public tender requirement

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under the Bidding Law. Nonetheless, we cannot assure you that our customers are presently or will always be in compliance with the applicable PRC laws and regulations. If any of our customers fails to comply with the mandatory public tender requirement, we cannot assure you that we can always identify such non-compliance in time, and as a result, the relevant sales contract may be rendered invalid, which may lead to our failure to collect the payment under the relevant contract and would materially and adversely affect our business, financial condition, results of operations and prospects.

Any loss of or significant reduction in the preferential tax treatment and government grant we currently enjoy in the PRC or our non-compliance with the relevant PRC tax laws and regulations may negatively affect our financial condition

During the Track Record Period, our PRC subsidiaries, GS China and Nanjing Jinsikang, have been qualified to enjoy the 15% preferential tax rate of enterprise income tax as an “advanced technology service enterprise” in fiscal years from January 1, 2012, to December 31, 2014. During the Track Record Period, GS China and Nanjing Jinsikang enjoyed business tax exemption from January 2012 to September 2012, and VAT tax exemption for the rest of the Track Record Period, with respect to their offshore service outsourcing business. We cannot assure you that we will continue to enjoy such tax preferential treatment going forward.

In addition, for the years ended December 31, 2012, 2013 and 2014, and the six months ended June 30, 2015, we received government grants of US\$678,000, US\$1,160,000, US\$808,000 and US\$8,000, respectively, which included government support for the growth of our Company. The amounts of and conditions attached to such grants were determined at the sole discretion of the relevant governmental authorities. We cannot assure you that we will be eligible to continue to receive such government grants or that the amount of any such grants will not be reduced in the future, and, even if we continue to be eligible to receive such grants, we cannot guarantee that any conditions attached to the grants will be as favorable to us as they have historically been.

Expiration or elimination of, or other adverse changes to, any of these tax incentives, or reduction or discontinuation of these government grants, could adversely affect our financial condition and results of operations. In addition, the PRC government from time to time adjusts or changes its tax laws and regulations. Such adjustments or changes, together with any uncertainty resulting therefrom, could have an adverse effect on our business, financial condition and results of operations. Furthermore, we are subject to periodic examinations on our fulfillment of tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past we have acted in compliance with requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation.

RISKS RELATING TO OUR INDUSTRY

Rapid technological changes could adversely affect our business

The life sciences research and application service and product industries are characterized by rapid and significant changes in technology. We may face increasing competition from technologies currently under development or which may be developed in the future. Future development or application of new or alternative technologies, services or standards could require significant changes to our business model,

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the provision of additional services, the development of new products and substantial new investments by us. New services and products may be expensive to develop and may result in the introduction of additional competitors into the marketplace. Some of the competitors may develop and use more advanced technologies and cutting-edge equipment. We cannot accurately predict how emerging and future technological changes will affect our operations or the competitiveness of our services and products. There is no assurance that our technologies will not become obsolete or be subject to competition from new technologies in the future or that we will be able to acquire new technologies on reasonable terms necessary to compete in evolving circumstances.

The life sciences research and application service and product industries in the United States and the PRC are currently not strictly regulated, and any changes in the regulatory framework, requirements and enforcement trends may adversely affect our operations and prospects

Currently, the life sciences research and application service and product industries in the United States and the PRC are not strictly regulated. The rules and regulations relating to the life sciences research and application product and service industries are evolving in the United States and other parts of the world. Inherently, there are uncertain and unknown risks associated with such industries and products. Accordingly, enactment of future laws and regulatory requirements related to such industries and products, or any changes in such legislation or regulatory requirements, could affect the regulatory environment in which our Group operates. We cannot assure you that we will be successful in responding to such changes. If we fail to comply with the new regulatory requirements, the regulators could take various actions against us, including, without limitation, imposing fines on us, imposing restrictions on our services and products or requiring us to recall or remove the services and products from the market. If any of these events occurs, our business, financial condition and results of operations could be materially and adversely affected. In addition, we may be subject to more ongoing obligations and oversight by regulatory authorities due to regulatory changes, which may result in substantial additional expense to comply with regulatory requirements. The PRC's legal system also embodies significant uncertainties. Please see the subsection headed "— Risks Relating to Countries in Which We Operate — The PRC's legal system embodies uncertainties that could materially and adversely affect our business and results of operations."

Our business is subject to intense competition from well-established competitors in the industry and new entrants to the industry

Competition in the life sciences research and application service and product industries is mainly based on factors such as quality, price and customer service. Our competitors may improve the performance of their services and products or introduce new services and products at lower prices and improved performance characteristics. The competitors may also be able to devote greater resources to research and development technology and adapt more quickly to new or emerging technologies and changes in customer demand and requirements. Furthermore, the competitors may be able to offer more flexible payment options and attractive purchasing terms than ours. Therefore, new services and products introduced by our competitors or by new market entrants could adversely affect our sales. In addition, we may have to lower the prices in response to price cuts by our competitors. Some of our existing and potential competitors may have greater financial, technical, production and marketing resources than ours. If our existing and potential competitors are able to provide comparable services or products at more competitive prices than ours, our business and financial results may be adversely affected. Accordingly, there is no assurance that we will be able to compete effectively with existing competitors or new competitors or that the level of competition will not adversely affect our business, financial performance and prospects.

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RISKS RELATING TO COUNTRIES IN WHICH WE OPERATE

Changes in political, social and economic policies in any of North America, Europe, the PRC, Asia Pacific (excluding the PRC and Japan) and Japan may materially and adversely affect our business, financial condition, results of operations and prospects

Our business operations are primarily conducted in North America, Europe, the PRC, Asia Pacific (excluding the PRC and Japan) and Japan. Accordingly, we are affected by the economic, political and legal environment in these areas. In particular, the PRC's economy differs from the economies of most developed countries in many respects, including the fact that it:

- (a) has a high level of government involvement;
- (b) is in the early stages of development of a market-oriented economy;
- (c) has experienced rapid growth; and
- (d) has a tightly controlled foreign exchange policy.

The PRC's economy has been transitioning from a planned economy towards a more market-oriented economy. However, a substantial portion of productive assets in the PRC are state-owned, and the PRC government exercises a high degree of control over these assets. In addition, the PRC government continues to play a significant role in regulating industrial development by imposing industrial policies. For the past three decades, the PRC government has implemented economic reform measures to emphasize the utilization of market forces in economic development. The PRC's economy has grown significantly in recent years. However, there can be no assurance that such growth will continue. The PRC government exercises control over the PRC's economic growth through the allocation of resources, controlled payment of foreign currency-denominated obligations, standard monetary policies and the provision of preferential treatment to particular industries or companies. Some of these measures benefit the overall economy of the PRC, but they may also have a negative effect on our business. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. As such, our future success is, to some extent, dependent on the economic conditions in the PRC, and any significant downturn in market conditions may materially and adversely affect our business prospects, financial condition, results of operations and prospects.

We are subject to certain risks relating to our sales and operations in the United States

We have sold our services and products to customers in the United States. We also operate a laboratory in the State of New Jersey of the United States. We are exposed to the risk of product liability arising from our sales to customers in the United States. Any defect in our production process or the designs of our services and products, or any failure to warn customers of dangers inherent in our services and products, could expose us to product liability claims. Although we do carry product liability insurance, in the event that any product liability claim is brought against us, and we cannot successfully defend ourselves against such claim, we may incur substantial liabilities, which may adversely affect our business, financial condition and results of operations.

Given the competitive landscape of the life sciences research and application service and product industries in the United States, we may face intellectual property claims from our competitors, or we may

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from time to time find it necessary to pursue certain claims or initiate lawsuits to protect or enforce our intellectual property rights in the United States. We cannot assure you that the impact of any future claims and proceedings will be immaterial to our business, financial conditions or results of operations. The cost to us in defending or initiating any claim or litigation proceeding relating to intellectual property in the United States, even if resolved in our favor, could be substantial, and such claim or litigation proceeding would divert our management's attention. Uncertainties resulting from the initiation and continuation of such claim or litigation proceeding could delay our research and development efforts and limit our ability to continue our operations.

For our laboratory operations in New Jersey, we are required to comply with the applicable environmental protection, health and safety laws and other regulatory requirements in the United States. Any failure to meet the relevant standards and requirements could subject us to warnings from the U.S. federal or state authorities, governmental orders to rectify such non-compliance within a specified period of time or even fines by any of these authorities. Given the number and complexity of the applicable U.S. laws and regulations, compliance with them may be difficult or involve significant financial and other resources. In addition, the U.S. federal or state authorities may impose additional or more stringent laws or regulations in the future, the compliance with which may cause us to incur significant costs which we may be unable to pass on to our customers. Under such circumstance, our business, financial condition and results of operations would be adversely affected.

Unfavorable global economic conditions could adversely impact our business

The global economy has a significant impact on our business. Our business may be adversely affected by changes in national or global economic conditions and local economic conditions in the markets in which we operate, including GDP growth, inflation, interest rates, availability of and access to capital markets, consumer spending rates and the effects of governmental initiatives to manage economic conditions. Any such changes could adversely affect the demand for our services and products or the cost and availability of our needed raw materials, thereby negatively affecting our financial results.

The PRC's legal system embodies uncertainties that could materially and adversely affect our business and results of operations

A substantial majority of our operations are conducted in the PRC and are governed by PRC laws, rules and regulations. Our PRC subsidiaries are subject to laws, rules and regulations applicable to foreign investment in the PRC. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investment in China. However, the PRC has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in the PRC or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new, and because of the limited number of published decisions and the non-binding nature of such decisions, and because the laws, rules and regulations often give the relevant regulator significant discretion in how to enforce them, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In

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addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

Any administrative and court proceedings in the PRC may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than under more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business, financial condition and results of operations. Please also see the subsection headed “— Risks Relating to Our Industry — The life sciences research and application service and product industries in the United States and the PRC are currently not strictly regulated, and any changes in the regulatory framework, requirements and enforcement trends may adversely affect our operations and prospects.”

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in the PRC or to enforce in the PRC any judgments obtained from non-PRC courts

Most of our Directors and executive officers reside within the PRC, and a significant majority of our assets and substantially all of the assets of those persons are located within the PRC. It may not be possible for investors to effect service of process upon us or those persons inside the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, Cayman Island, Japan or most other western countries. Judgments rendered by Hong Kong courts may be recognized and enforced in the PRC if the requirements set forth by the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of Mainland and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) are met. Although this arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the agreement may still be uncertain. Therefore recognition and enforcement in the PRC of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to binding arbitration provisions may be difficult or impossible.

Changes in the PRC government policy on foreign investment in the PRC may adversely affect our business and results of operations

According to the latest version of the Guidance Catalog of Industries for Foreign Investment (《外商投資產業指導目錄》) (the “Catalog”), which became effective on April 10, 2015, our business does not fall within the prohibited or the restricted category. As the Catalog is updated every few years, there can be no assurance that the PRC government will not change its policies in a manner that would render part or all of our business within the restricted or prohibited categories. If we cannot obtain approval from relevant approval authorities to engage in a business which becomes prohibited or restricted for foreign investors, we may be forced to sell or restructure our business which has become restricted or prohibited for foreign investment. If we are forced to adjust our corporate structure or business line as a result of changes in government policy on foreign investment, our business, financial condition and results of operations may be adversely affected.

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Under the EIT Law, we may be classified as a “resident enterprise” of the PRC. Such classification could result in unfavorable tax consequences to us and our non-PRC shareholders

The EIT Law provides that enterprises established outside the PRC whose “de facto management bodies” are located in the PRC are considered “resident enterprises” and are generally subject to the uniform 25% enterprise income tax rate on their worldwide income. In addition, the State Administration of Taxation issued the Notice on Issues Relating to the Determination of Chinese-Controlled Offshore Enterprises as PRC Resident Enterprises by Applying the “De Facto Management Body” Test* (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), (“SAT Circular 82”), on April 22, 2009, which came into effect on January 1, 2008. SAT Circular 82 provides certain specific criteria for determining whether the “de facto management body” of a Chinese-controlled offshore-incorporated enterprise is located in China. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises, not those controlled by PRC or foreign individuals or foreign enterprises, the determining criteria set forth in Circular 82 may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises. If we were to be considered a PRC-resident enterprise, we would be subject to PRC enterprise income tax at the rate of 25% on our global income. In such case, our profitability and cash flow may be materially reduced as a result of our global income being taxed under the EIT Law. We do not believe that our Company or any of our offshore subsidiaries should be qualified as a “resident enterprise” for the following reasons: (i) with respect to our Company and each of our offshore subsidiaries excluding GS International, each of these entities are controlled by individual PRC residents rather than by PRC enterprises or groups of PRC enterprises; and (ii) our Company and each of our offshore subsidiaries’ seals, records and files of the board and shareholders’ meetings are located and kept outside the PRC, and therefore, we consider that our Company and the offshore subsidiaries do not fulfill one of the criteria set forth by SAT Circular 82. As such, we do not currently consider our Company and the offshore subsidiaries to be PRC resident enterprises. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities, and uncertainties remain with respect to the interpretation of the term “de facto management body.” If the PRC tax authorities disagree with our assessment and determine that we are a “resident enterprise,” we may be subject to enterprise income tax at a rate of 25% on our worldwide income, and dividends paid by us to our non-PRC shareholders, as well as capital gains recognized by them, with respect to the sale of our Shares, may be subject to PRC withholding tax. This will have an impact on our effective tax rate, a material adverse effect on our net profit and results of operations and may require us to withhold tax on our non-PRC shareholders.

We may be subject to tax risks relating to our sales of services and products to U.S. customers

Given that a considerable portion of our services and products are sold to U.S. customers, we may be subject to potential risks in relation to the administration and enforcement by the relevant tax authorities under U.S. tax laws. Over recent years, U.S. tax laws have become increasingly complex, and the U.S. tax authorities have enhanced their scrutiny of tax implication in relation to service and product sales by foreign companies to U.S. customers (for example, the allocation of income among companies within a group or between the group and associated entities across different jurisdictions). Although we maintain a regime of transfer pricing which we believe complies with applicable U.S. tax laws, the relevant tax authorities may challenge our corporate structure, transfer pricing mechanisms or intercompany transfers. If such event occurs, our operations may be adversely affected, and the tax rate applicable to our U.S. service and product sales could increase. If the relevant tax authorities determine that our U.S. profits and relevant tax expenses in the prior years should be adjusted retrospectively to larger amounts,

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we might not be entitled to offsetting adjustments in other jurisdictions, which could adversely affect our business, financial condition and results of operations. In addition, we cannot assure you that the U.S. tax authorities will not impose additional or more stringent tax laws or regulations in the future. If the applicable tax laws and regulations change, we may need to adjust our operating procedures and incur addition costs, which would adversely affect our business, financial condition and results of operations.

The heightened scrutiny over acquisitions from the Chinese tax authorities may have an adverse impact on our business, acquisition or restructuring strategies or the value of your investment in us

On February 3, 2015, the PRC State Administration of Taxation issued the *Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises* (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (“Circular 7”), which replaced or supplemented certain provisions under the *Notice on Strengthening the Administration of Enterprise Income Tax for Share Transfer by Non-Resident Enterprises* (《關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) (“Circular 698”) issued by the State Administration of Taxation on December 10, 2009. Pursuant to Circular 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be recharacterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. According to Circular 7, “PRC taxable assets” include assets attributed to an establishment in China, immovable properties located in China and equity investments in PRC resident enterprises, in respect of which gains from their transfer by a direct holder, being a non-PRC resident enterprise, would be subject to PRC enterprise income taxes. When determining whether there is a “reasonable commercial purpose” of the transaction arrangement, features to be taken into consideration include: whether the main value of the equity interest of the relevant offshore enterprise derives from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in the PRC or if its income mainly derives from the PRC; whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature, which is evidenced by their actual function and risk exposure; the duration of existence of the shareholders, business model and organizational structure of an overseas enterprise; the income tax payable abroad due to the indirect transfer of Chinese taxable assets; the replicability of the transaction by direct transfer of PRC taxable assets; and the tax situation of such indirect transfer and applicable tax treaties or similar arrangements. In respect of an indirect offshore transfer of assets of a PRC establishment, the resulting gain is to be included with the enterprise income tax filing of the PRC establishment or place of business being transferred and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to the immovable properties located in China or to equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax at 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. Where the payor fails to withhold any or sufficient tax, the transferor shall declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. Provisions of Circular 7 imposing PRC tax liabilities and reporting obligations do not apply to “non-resident enterprise acquiring and disposing of the equity interests of the same offshore listed company in a public market” (the “Public Market Safe Harbor”), which is determined by whether the parties, number and price of the shares acquired and disposed are not previously agreed upon, but determined in accordance with general [REDACTED] rules in the public securities markets, according to one implementing rule for Circular 698. In general, the transfers of our

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Shares by Shareholders in the Stock Exchange or other public market would not be subject to the PRC tax liabilities and reporting obligations imposed under the Circular 7 if the transfers fall under the Public Market Safe Harbor. As stated in the section headed “Information about this Document and the [REDACTED]”, potential investors should consult their professional advisors if they are in any doubt as to the tax implications of subscribing for, purchasing, holding, disposing of and dealing in our Shares.

There is uncertainty as to the application of Circular 7 and previous rules under Circular 698. Especially as Circular 7 is relatively new, it is not clear how it will be implemented. Circular 7 may be determined by the tax authorities to be applicable to our offshore restructuring transactions or sale of the shares of our offshore subsidiaries where non-resident enterprises, being the transferors, were involved. For example, on July 23, 2015, GS Cayman transferred 155,000 shares of GS HK to GS BVI, and immediately before [REDACTED], GS Cayman will repurchase and cancel all the ordinary shares of GS Cayman held by GS Corp, KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare. As a result, the transferors and transferees may be subject to the tax filing and withholding or tax payment obligation, while our PRC subsidiaries may be requested to assist in the filing. Furthermore, we, our non-resident enterprises and PRC subsidiaries may be required to spend valuable resources to comply with Circular 7 or to establish that we and our non-resident enterprises should not be taxed under Circular 7 for our previous and future restructuring or disposal of shares of our offshore subsidiaries, which may have a material adverse effect on our financial condition and results of operations.

Failure by the Shareholders or beneficial owners who are PRC residents to make any required applications and filings pursuant to regulations relating to offshore investment activities by PRC residents may prevent us from distributing profits and could expose us and these PRC residents to liabilities under PRC law

The Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (“SAFE Circular 37”), which was promulgated by SAFE and became effective on July 4, 2014, requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a “special purpose vehicle.” SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls. In addition, SAFE Circular 37 also allows PRC residents who failed to fulfill the required initial SAFE registration before July 4, 2014, to apply for the remedial registration with the relevant local branches of SAFE.

On February 13, 2015, SAFE released the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (“SAFE Circular 13”), which became effective on June 1, 2015.

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According to SAFE Circular 13, local banks shall examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37, while the application for remedial registration shall still be submitted to, examined and handled by the relevant local branches of SAFE. However, since the notice is relatively new, there exist high uncertainties with respect to its interpretation and implementation by governmental authorities and banks.

As various companies within our Group are incorporated outside the PRC and three of our Group’s ultimate shareholders, namely Dr. Zhang, Ms. Wang and Mr. Mu, are PRC citizens, they have registered with the local branch of SAFE in 2015 pursuant to SAFE Circular 37 and SAFE Circular 13. Ms. Wu and Dr. Wang, being other two ultimate shareholders of our Group, are not PRC citizens or overseas individuals who do not hold any PRC identity documents but have habitual residences in the PRC due to the relationship of economic interests, thus they are not required to make registration under SAFE circular 37 or SAFE Circular 13. However, we cannot assure you that all of our Shareholders and beneficial owners who are PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements required by SAFE Circular 37 or other related rules. Any future failure by any of our Shareholders or beneficial owners who is a PRC resident to comply with the various SAFE registration requirements could subject us to the implications as set forth above.

PRC regulation of loans and direct investments by offshore holding companies in PRC entities may delay or prevent us from using the [REDACTED] of the [REDACTED] to make loans or additional capital contributions to our PRC subsidiaries

Any capital contributions or loans that our offshore holding companies make to our operating subsidiaries in the PRC are subject to PRC regulations. Any loans made by our offshore holding companies to our PRC subsidiaries must be registered with the local branch of SAFE as a procedural matter and such loans cannot exceed the difference between the total amount of investment our PRC subsidiaries are approved to make under the relevant PRC laws and their respective registered capital. In addition, the amounts of the capital contributions are subject to the approval of the MOFCOM or its local counterpart. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries or any of their respective subsidiaries. Should we fail to complete such registrations and obtain such approvals, our ability to utilize the net [REDACTED] from the [REDACTED] to capitalize our PRC subsidiaries may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

For more discussion on how SAFE regulations may significantly limit our ability to transfer the net [REDACTED] from our [REDACTED] and subsequent [REDACTED] or financings to our PRC operating subsidiaries, please see the subsection headed “— Risks Relating to Countries in Which We Operate — SAFE regulations and other regulations may limit our ability to finance our PRC subsidiaries effectively and affect the value of your investment and may make it more difficult for us to pursue growth through acquisitions” on page 71 of this document.

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Any requirement to obtain prior approval under the M&A Rules (as defined below) and/or any other regulations promulgated by relevant PRC regulatory agencies in the future could delay this [REDACTED] and failure to obtain any such approvals, if required, could have a material adverse effect on our business, operating results and reputation as well as the [REDACTED] of our Shares, and could also create uncertainties for this [REDACTED]

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the State-Owned Assets Supervision and Administration Commission, or the SASAC, the State Administration of Taxation, the State Administration for Industry and Commerce, or the SAIC, the CSRC and the SAFE, jointly adopted the Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “M&A Rules”), which came into effect on September 8, 2006, and was amended on June 22, 2009. The M&A Rules include, among other things, provisions that purport to require that an offshore special purpose vehicle formed for the purpose of an overseas [REDACTED] of securities in a PRC company obtain the approval of the CSRC prior to the [REDACTED] and [REDACTED] of such special purpose vehicle’s securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official website procedures regarding its approval of overseas [REDACTED] by special purpose vehicles. However, substantial uncertainty remains regarding the scope and applicability of the M&A Rules to offshore special purpose vehicles.

While the application of the M&A Rules remains unclear, we believe, based on the advice of our PRC legal advisor, Fangda Partners, that prior approval from the CSRC is not required under the M&A Rules for our [REDACTED] on the Stock Exchange because we did not acquire any equity interest or assets of “a PRC domestic company” as such term is defined under the M&A Rules. However, as advised by our PRC legal advisor, Fangda Partners, as there has been no official interpretation or clarification of the M&A Rules, there is uncertainty as to how this regulation will be interpreted or implemented.

If the CSRC or another PRC regulatory agency subsequently determines that prior CSRC approval was required, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. In any such event, these regulatory agencies may impose fines and penalties on our operations in the PRC, limit our operating privileges in the PRC, delay or restrict the repatriation of the proceeds from this [REDACTED] into the PRC or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the [REDACTED] price of our Shares. The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt this [REDACTED] before settlement and delivery of the Shares [REDACTED] by this document. Consequently, if you engage in market [REDACTED] or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that such settlement and delivery may not occur.

SAFE regulations and other regulations may limit our ability to finance our PRC subsidiaries effectively and affect the value of your investment and may make it more difficult for us to pursue growth through acquisitions

In August 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》) (“SAFE Circular 142”), regulating the conversion by a foreign-invested enterprise of foreign currency-registered capital into RMB by restricting how the converted RMB may be used. Under SAFE Circular 142, the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within the PRC.

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On March 30, 2015, SAFE released the Notice on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (“SAFE Circular 19”), which came into force and superseded SAFE Circular 142 from June 1, 2015. SAFE Circular 19 has made certain adjustments to some regulatory requirements on the settlement of foreign exchange capital of foreign-invested enterprises, and some foreign exchange restrictions under SAFE Circular 142 are expected to be lifted. Under SAFE Circular 19, the settlement of foreign exchange by foreign invested enterprises shall be governed by the policy of foreign exchange settlement at will. However, SAFE Circular 19 also reiterates that the settlement of foreign exchange shall only be used for purposes within the business scope of the foreign invested enterprises. Considering that SAFE Circular 19 is relatively new, it is unclear how it will be implemented, and there exist high uncertainties with respect to its interpretation and implementation by authorities. For example, under SAFE Circular 19, we may still not be allowed to convert foreign currency-registered capital of our PRC subsidiaries which are foreign-invested enterprises into RMB capital for equity investments.

Violations of Circular 19 may result in severe penalties, including substantial fines as set forth in the Administrative Regulations on Foreign Exchange of the PRC* (中華人民共和國外匯管理條例). We cannot assure you that we will be able to complete the necessary registrations or obtain the necessary approvals on a timely basis, or at all, with respect to future loans or capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to contribute additional capital to fund our PRC operations may be negatively affected, which could adversely and materially affect our liquidity, our ability to fund and expand our business and execution of our strategy to pursue growth through acquisitions.

In addition, the M&A Rules and other regulations also established additional procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise or that the approval from the MOFCOM be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. We may grow our business in part by acquiring other companies operating in our industry. Complying with the requirements of the regulations to complete such transactions could be time-consuming, and any required approval processes, including approval from the MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

We rely on dividends paid by our subsidiaries for our cash needs, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business

We are a holding company incorporated in the Cayman Islands. We operate certain of our core businesses through our operating subsidiaries in the PRC. Therefore, the availability of funds to pay dividends to our Shareholders to certain degrees depends upon dividends received from these subsidiaries. If our subsidiaries incur indebtedness or losses, such indebtedness or losses may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends will be restricted. The PRC laws and regulations require that dividends be paid only out of the net profit calculated according to the PRC’s accounting principles, which differ in some respects from generally accepted accounting principles in other jurisdictions, including Hong Kong Financial Reporting

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Standards (“HKFRS”), IFRS and U.S. GAAP. The PRC laws and regulations also require foreign-invested enterprises to set aside a portion of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. In addition, restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries have entered into or may enter into in the future also restrict or may restrict in the future the ability of our subsidiaries to provide capital or declare dividends to us and our ability to receive distributions. These restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our Shareholders.

Furthermore, payment of dividends by our PRC subsidiaries may also be subject to PRC foreign exchange controls. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions to banks. Foreign exchange transactions under the capital account conducted, however, must be approved in advance by the SAFE. There is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements.

In addition, under the EIT Law, the Notice of the State Administration of Taxation on Release of Table of Negotiated Dividends and Interest Rates (《國家稅務總局關於下發協定股息稅率情況一覽表的通知》) (“Notice 112”), which was issued on January 29, 2008, the Arrangement between the PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “Double Taxation Arrangement (Hong Kong)”), which became effective on December 8, 2006, and the Notice of the State Administration of Taxation Regarding Interpretation and Recognition of Beneficial Owners under Tax Treaties (《國家稅務總局關於如何理解和認定稅收協定中「受益所有人」的通知》) (“Notice 601”), which became effective on October 27, 2009, dividends from our PRC subsidiaries paid to us through our Hong Kong subsidiary may be subject to a withholding tax at a rate of 10%, or at a rate of 5% if our Hong Kong subsidiary is considered to be a “beneficial owner” that is generally engaged in substantial business activities and entitled to treaty benefits under the Double Taxation Arrangement (Hong Kong). Furthermore, the ultimate tax rate will be determined by treaty between the PRC and the tax residence of the holder of the PRC subsidiary. We are actively monitoring the withholding tax and are evaluating appropriate organizational changes to minimize the corresponding tax impact.

Our business may be adversely affected by currency risk

During the Track Record Period, our sales transactions were substantially conducted in U.S. Dollars, Renminbi, Euro and Japanese Yen, while our expenditures were substantially denominated in Renminbi. The net [REDACTED] from the [REDACTED] and any dividends we pay on our Shares will be in Hong Kong Dollars. Due to the number of currencies involved, the variability of currency exposures and the potential volatility of currency exchange rates, we cannot predict the effect of exchange rate fluctuations on our future sales and operating results. Fluctuations in the exchange rates may affect our purchasing power, cause us to incur foreign exchange losses and affect the relative value of any dividend distributed by us. In addition, it cannot be guaranteed that under a certain exchange rate, we shall have sufficient foreign exchange funds to meet our foreign exchange needs. Currently, we have not entered into any hedging transactions to mitigate our exposure to foreign exchange risk. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange funds for dividend payments to Shareholders or satisfy any other foreign exchange obligation. The occurrence of any of these factors could have a material adverse impact on our business, financial condition and results of operations.

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An outbreak of severe communicable disease, if uncontrolled, may, directly or indirectly, adversely affect our operating results

The outbreak of any severe communicable disease, if uncontrolled, could have an adverse effect on the business environment in the countries in which we operate, which in turn may have an adverse impact on domestic consumption and possibly the overall GDP growth of the countries in which we operate. Any slowdown in the growth of domestic consumption and the GDP may adversely affect our operations, which could affect our financial position and future prospects.

In addition, if any of our employees are affected by any severe communicable disease outbreak, we may be required to quarantine the employees who are suspected of becoming infected, as well as others who have come into contact with those employees to prevent the spread of the disease. We may also be required to disinfect our affected premises, which could cause a temporary suspension of our production capacity and thus adversely affect our operations. In such event, the disruption in our production process could affect our financial condition, operational results and future prospects.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our Shares and their liquidity and [REDACTED] may be volatile

Prior to the [REDACTED], there has been no [REDACTED] for our Shares. The initial [REDACTED] range for our Shares was the result of negotiations among us and the [REDACTED] (on behalf of the [REDACTED]), and the [REDACTED] may differ significantly from the [REDACTED] for our Shares following the [REDACTED]. We expect our Shares to be [REDACTED] on the Stock Exchange. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active [REDACTED] market for our Shares will develop, or, if it does develop, that it will be sustained following the [REDACTED] or that the [REDACTED] of our Shares will not decline following the [REDACTED]. Furthermore, the [REDACTED] and [REDACTED] volume of our Shares may be volatile.

The following factors could cause the market price of our Shares following the [REDACTED] to vary significantly from the [REDACTED]:

- (a) variation in our turnover, earnings and cash flow;
- (b) liability claims brought against us based on, for example, defective products or safety-related regulatory actions;
- (c) interruptions in our sales and distribution arrangements;
- (d) our failure to execute our business strategies;
- (e) any unexpected business interruptions resulting from operational breakdowns or natural disasters;
- (f) inadequate protection of our intellectual property or legal proceedings brought against us for infringement of third parties' intellectual property rights;
- (g) any major changes in our key personnel or senior management;

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- (h) our inability to obtain or maintain regulatory approval for our services and products; and
- (i) political, economic, financial and social developments.

You will experience immediate dilution and may experience further dilution if we issue additional Shares in the future

The [REDACTED] of our Shares is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of our Shares in the [REDACTED] will experience an immediate dilution in [REDACTED] combined net tangible asset value to [REDACTED] per Share, based on HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED], assuming that the [REDACTED] is not exercised. In order to expand our business, we may consider [REDACTED] and issuing additional Shares in the future. Purchasers of our Shares may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Our Controlling Shareholders have significant influence over our Company, and their interests may not be aligned with the interests of our other Shareholders

Immediately following the [REDACTED], our Controlling Shareholders, Dr. Zhang, Dr. Wang, Ms. Wang and GS Corp will hold, directly and/or indirectly, in the aggregate approximately [REDACTED]% of our Shares, assuming the [REDACTED], options which have been or maybe granted under the Share Option Schemes are not exercised. Our Controlling Shareholders will, through their voting power at the Shareholders’ meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition, or dispositions of assets, issuances of additional shares or other equity securities, timing and amounts of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our Shares.

Issuances of Shares in relation to the [REDACTED] Share Option Scheme will result in the dilution of your shareholdings in the Company, and the issuances or awards of Shares under the [REDACTED] Share Option Scheme and other share-based payment transactions may negatively impact the financial results of our operations on a per-share basis

We have adopted the [REDACTED] Share Option Scheme which allows awards of options to purchase up to 155,538,420 Shares (immediately before [REDACTED] Reorganization) or [REDACTED] (immediately before completion of the [REDACTED] and the [REDACTED]), both representing approximately [REDACTED]% of the then respective issued share capital of our Company. The adjusted total number of Shares to be subjected to the [REDACTED] Share Option Scheme (the “[REDACTED]”) shall be [REDACTED] Shares, representing approximately [REDACTED]% of the issued share capital of our Company immediately after the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] Share Options are exercised in full and without taking into

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account any Shares which may be issued pursuant to the exercise of the [REDACTED] and the options that have been or may be granted under the [REDACTED] Share Option Scheme). For more information of the details of the [REDACTED] Share Option Scheme, please see the section headed “Statutory and General Information — 8. [REDACTED] Share Option Scheme” in Appendix V to this document.

We account for the [REDACTED] Share Option as an equity-settled share-based payment to our executive Directors and employees, and the fair value of these share options are amortized within the vesting period under the [REDACTED] Share Option. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, we recognized the share-based payment of approximately US\$0.7 million, US\$0.4 million, US\$3.3 million and US\$1.4 million as employee benefit expenses which were recorded in the combined statement of comprehensive income according to the relevant accounting standards. Issuances of Shares in relation to the exercise of options granted under the [REDACTED] Share Option Scheme will result in an increase in the total number of outstanding Shares and therefore dilute your shareholding in the Company. Moreover, the issuances or awards of Shares under the [REDACTED] Share Option Scheme and any other share-based payment transactions that we may conduct may negatively impact the financial results of our operations on a per-share basis.

Sale or anticipated sale of substantial amounts of our Shares in the public market after the [REDACTED] could materially and adversely affect the prevailing market price of our Shares

The Shares beneficially owned by our Controlling Shareholders are subject to certain [REDACTED] periods. There is no assurance that our Controlling Shareholders will not dispose of these Shares following the expiration of the [REDACTED] or any Shares they may come to own in the future. Sale of a substantial portion of our Shares in the public market, or the perception that such sale may occur, could materially and adversely affect the prevailing market price of our Shares. Such sale or the perception of such sale is likely to make it more difficult for us to sell equity or equity-linked securities in the future at a time and price which we deem appropriate.

You may face difficulties in protecting your interests because we are incorporated under Cayman Islands law, and the particular laws relating to the protection of the interests of minority Shareholders differ in some respects from the laws in Hong Kong and other jurisdictions

Our corporate affairs are governed by, among other things, our Articles of Association, the Cayman Companies Law and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are, to a large extent, governed by the common law of the Cayman Islands and our Articles of Association. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands, as well as that from English common law, which has persuasive authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority Shareholders differ in some respects from those in Hong Kong and other jurisdictions. The remedies available to the minority Shareholders may be different compared to the laws of other jurisdictions. Please see the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix IV to this document.

There can be no assurance if and when we will pay dividends in the future; dividends declared in the past may not be indicative of our dividend policy in the future

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be formulated by our Board of Directors at their discretion and will be

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subject to our Shareholders’ approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including, but not limited to, our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or HKFRS (whichever is lower), our Articles of Association, any applicable laws and regulations, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, regulatory restrictions and any other factors determined by our Board of Directors from time to time to be relevant to the declaration or suspension of dividend payments. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. Please see the section headed “Financial Information — Dividend Policy” on page 344 of this document for more details of our dividend policy. In addition, dividends paid in prior periods may not be indicative of future dividend payments. We cannot guarantee when, if and in what form dividends will be paid in the future.

We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to certain information obtained from official governmental and other sources contained in this document

Facts and statistical and forecast information relating to the PRC, the global economy and the life sciences research and application service and product industries contained in this document have been compiled from various publicly available official governmental sources and the market research report prepared by Frost & Sullivan. While we have taken reasonable care in the reproduction of the information, it has not been prepared or independently verified by us, the Sole Sponsor, [REDACTED] or any of our or their respective affiliates or advisors or any other parties involved in the [REDACTED], and, therefore, we cannot assure you as to the accuracy and reliability of such facts, forecasts and statistics, which may not be consistent with other information compiled inside or outside the PRC. Such facts, forecasts and statistics include the facts, forecasts and statistics used in the sections headed “Summary”, “Risk Factors”, “Industry Overview” and “Business” in this document. Because of possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should carefully consider how much weight or importance you should attach to or place on such facts, forecasts or statistics.

No person is authorized to give any information in connection with the [REDACTED] or to make any representation not contained in this document and the [REDACTED], and any information or representation not contained herein must not be relied upon as having been authorized by us, the Controlling Shareholders, the Sole Sponsor, [REDACTED] any of our or their respective directors, officers, agents, employees or advisors or any other party involved in the [REDACTED].

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles and/or other media regarding us, our business, our industries and the [REDACTED]

Prior to the publication of this document, there has been and there may also be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and/or media regarding us, our business, our industries and the [REDACTED]. You should rely solely upon the information

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contained in this document in making your investment decisions [REDACTED]. None of us, the Sole Sponsor, [REDACTED] or any other person involved in the [REDACTED] has authorized the disclosure of any such information in the press or media, and none of these parties accepts any responsibility for the accuracy or completeness of the information contained in such press articles and/or other media or the fairness or appropriateness of any forecasts, views or opinions expressed by the press and/or other media regarding our Shares, the [REDACTED], our business, our industries or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this document, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this document only and should not rely on any other information.