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CHINA PIONEER PHARMA HOLDINGS LIMITED

中国先锋医药控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01345)

ANNOUNCEMENT ENTERING INTO THE LOAN AGREEMENT WITH Q3 MEDICAL DEVICES LIMITED

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO. Reference is made to the Prospectus.

The Board is pleased to announce that, on 31 December 2013, Pioneer Singapore entered into the Loan Agreement with Q3 in relation to a loan of EUR1,500,000, subject to the terms and conditions of the Loan Agreement.

The transaction contemplated under the Loan Agreement does not constitute a notifiable transaction under Chapter 14 and Chapter 14A of the Listing Rules.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

INTRODUCTION

We refer to the prospectus (the “**Prospectus**”) issued by China Pioneer Pharma Holdings Limited (the “**Company**”) dated 24 October 2013 relating to the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

On 17 April 2013, Pioneer Singapore and Q3, amongst other parties, entered into an investment agreement (the “**Investment Agreement**”) which provided that, among other things, at Q3’s request to be made on or prior to 15 March 2014, Pioneer Singapore is obliged to, on 15 March 2014, either grant to Q3 the Convertible Loan 3 with an option exercisable by Pioneer Singapore to convert the loan into Q3 shares, or act as a guarantor for a bank loan of EUR1,500,000 (the “**Guarantor**”) at reasonable commercial rates reflecting market conditions.

The board of directors (the “**Directors**”) of the Company (the “**Board**”) is pleased to announce that, on 31 December 2013, Pioneer Singapore entered into a Loan Agreement (the “**Loan Agreement**”) with Q3 in relation to, among other things, the confirmation of Q3 not to make a request to Pioneer Singapore for Convertible Loan 3 or to act as the Guarantor, and, instead, the granting of a loan of EUR1,500,000 by Pioneer Singapore to Q3.

THE LOAN AGREEMENT

Date: 31 December 2013

Parties: Pioneer Singapore, as lender
Q3, as borrower

Principal Amount: EUR1,500,000

The Principal Amount was determined after arm’s length negotiations between the parties to the Loan Agreement (the “**Parties**”) taking into consideration the business performance and working capital needs of Q3.

Interest: The Parties will negotiate in good faith, reflecting market conditions, such further terms as may be required with regard to the payment of interest by Q3 to Pioneer Singapore and the rate thereof.

Principal Terms:

- (i) Q3 confirms that it will not make a request to Pioneer Singapore for the Convertible Loan 3 or request Pioneer Singapore to act as the Guarantor;
- (ii) Pioneer Singapore agrees to lend to Q3 the Principal Amount and Q3 agrees to repay the Principal Amount on or before 31 December 2016; and
- (iii) Subject to such shareholder consents as may be required, provisions regulating the conversion of all or part of the Principal Amount into ordinary shares in the capital of Q3.

INFORMATION ON THE COMPANY

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

INFORMATION ON Q3

Q3 is an Ireland based private company with limited liability that, either directly or through its subsidiary companies, is engaged in the design, research, development, production and sales of medical devices.

REASONS FOR ENTERING INTO THE LOAN AGREEMENT

The Company decided not to provide Convertible Loan 3 on 15 March 2014 because the then valuation of Q3 in case of conversion of the Convertible Loan 3 according to the terms of the Convertible Loan 3 Agreement would be too high. Instead, the Company decided to extent the abovementioned Principal Amount to support the current strategy of Q3 that aims to achieve a rapid expansion of Q3's production capacity.

The Company believes that the transaction will further enhance its business cooperation with Q3, better maintain their established relationship and further improve the Company's prospects for renewing or extending its exclusive right granted by Q3 to market, promote and sell Q3's products in China and certain Southeast Asia markets.

The Directors are of the view that the terms and conditions of the Loan Agreement and the transaction contemplated therein are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Company holds 63,306 shares in Q3, representing approximately 24.3% of Q3's issued share capital. The remaining shareholders of Q3 are Independent Third Parties except for Mr. Zhang Wenbin who held approximately 3.8% shareholding in Q3 as of the Latest Practicable Date for the benefit of himself, and Mr. Yuen Seng Cheong who held approximately 4.4% shareholdings in Q3 as of the Latest Practicable Date for the benefit of himself, Mr. Yang Zhiyu, Mr. Zhu Mengjun, Mr. Liu Xuefeng, Mr. Wang Tao, Ms. Kam Ka Hang, Mr. Wong Tak Ming and certain other Independent Third Parties.

The transaction contemplated under the Loan Agreement does not constitute a notifiable transaction under Chapter 14 and Chapter 14A of the Listing Rules.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board
China Pioneer Pharma Holdings Limited
Li Xinzhou
Chairman

Hong Kong, 31 December 2013

As at the date of this announcement, the directors of the Company are Mr. LI Xinzhou, Mr. ZHU Mengjun as executive Directors, Mr. LU Yuan, Mr. WU Mijia and Mr. ZHANG Wenbin as non-executive Directors and Mr. XU Zhonghai, Mr. LAI Chanshu and Mr. WONG Chi Hung, Stanley as independent non-executive Directors.