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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 DISCLOSEABLE TRANSACTION ACQUISITION OF EQUITY INTEREST IN COVEX FARMA S.L. AND DEBTS OWED BY COVEX FARMA S.L. AND COVEX S.A.

THE SHARE ACQUISITION AGREEMENT

The Board announces that, on 1 July 2014, Pioneer Singapore, a wholly-owned subsidiary of the Company, entered into the Share Acquisition Agreement with the Seller, pursuant to which Pioneer Singapore agrees to acquire, and the Seller agrees to sell, the entire issued share capital of the Target for a consideration of EUR2,905,000.

As disclosed in the announcement of the Company dated 16 May 2014, Pioneer Singapore entered into the Covex S.A. SPA to acquire a 24.0% equity interest in Covex. The acquisition was completed on 18 June 2014. The Target holds approximately 44.6% equity interest in Covex. Following completion of the Share Acquisition, Pioneer Singapore will hold, together with the 24.0% interest in Covex that it already holds as of the date of this announcement, an aggregate of approximately 68.6% of the equity interest in Covex. Each of the Target and Covex will become a subsidiary of the Company and the results of the Target and Covex will be consolidated into the financial statements of the Company.

THE DEBT ACQUISITION AGREEMENT

On 1 July 2014, Pioneer Singapore entered into the Debt Acquisition Agreement with the Creditors, pursuant to which Pioneer Singapore acquired, and the Creditors sold, certain debts with an aggregate face value of EUR17,226,435 owed by the Target and Covex for a consideration of EUR7,124,107.

LISTING RULES IMPLICATIONS

For the purpose of calculating the relevant percentage ratios, the Share Acquisition Agreement, the Debt Acquisition Agreement and the Covex S.A. SPA have been aggregated and treated as if they were one transaction pursuant to Rules 14.22 and 14.23(2) of the Listing Rules. As one or more of the relevant percentage ratios in respect of the Transactions, on an aggregate basis, exceeds 5% but all the relevant percentage ratios are less than 25%, the Transactions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should be aware that completion of the Share Acquisition is subject to the satisfaction of various conditions and therefore the Share Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board announces that, on 1 July 2014, Pioneer Singapore, a wholly-owned subsidiary of the Company, entered into the Share Acquisition Agreement and the Debt Acquisition Agreement pursuant to which Pioneer Singapore agrees to acquire or acquired the Sale Shares and the Sale Debt, as the case may be.

THE SHARE ACQUISITION AGREEMENT

Date: 1 July 2014

Parties: Pioneer Pharma (Singapore) Pte. Ltd., a wholly-owned subsidiary of the Company, as purchaser.

Memory Secret S.L., as seller.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Seller and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

Assets to be acquired: The Sale Shares, representing the entire issued share capital of the Target. The Target is currently under court supervised receivership proceedings in Spain.

Based on the unaudited financial information provided by the Seller, the aggregate net book value of the Target as at 31 December 2013 was EUR500.

Consideration: EUR2,905,000.

The consideration is payable as to 70% within 15 days following the filing at the court of the insolvency conclusion for the Target and Covex by their respective administrators, and as to the balance upon the conclusion of the insolvency proceedings dictated by the court.

The consideration for the Share Acquisition was determined after arm's length negotiation between the parties taking into consideration the approximate 44.6% equity interest held by the Target in Covex and the valuation of the net assets of Covex of approximately EUR6,125,166 as at 31 December 2013, as well as the current status of the receivership proceedings of the Target and Covex.

Conditions precedent: Completion of the Share Acquisition is subject to the following conditions precedent:

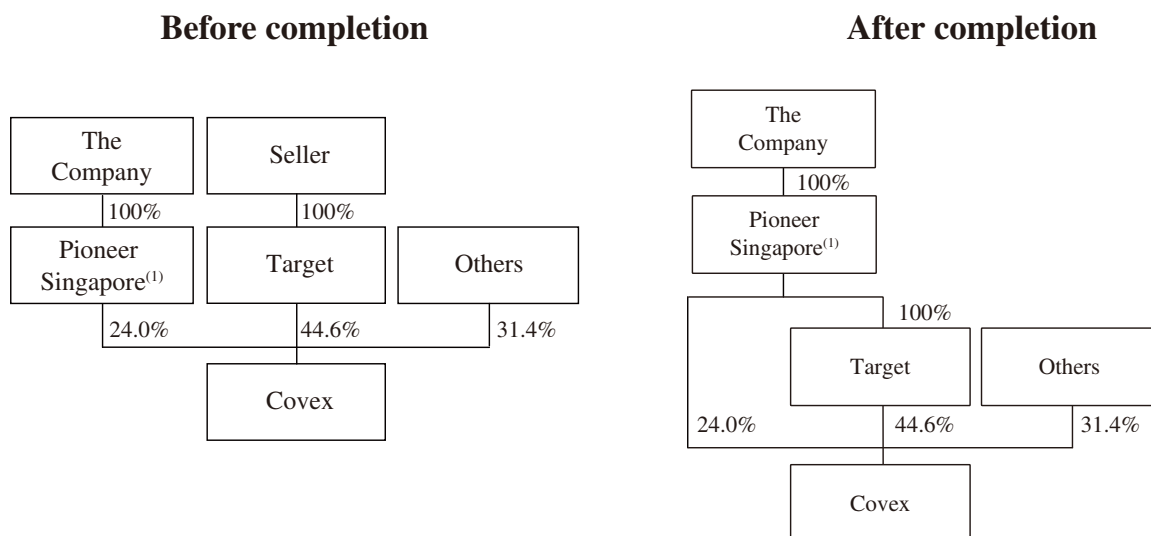
- (i) the creditors of the Target and Covex having agreed to the termination of the receivership proceedings of the Target and Covex;
- (ii) Pioneer Singapore having received an auditors' report for the year ended 31 December 2013 in relation to each of the Target and Covex; and
- (iii) the composition of the board of directors of the Target and Covex having been changed to the satisfaction of Pioneer Singapore.

Completion of the Share Acquisition is not conditional upon the completion of the Debt Acquisition.

Completion: Completion of the Share Acquisition is expected to take place on a date to be agreed between the parties following the fulfillment of the conditions precedent set out above and the conclusion of the insolvency proceedings against the Target and Covex as dictated by the court.

As disclosed in the announcement of the Company dated 16 May 2014, Pioneer Singapore entered into the Covex S.A. SPA to acquire a 24.0% equity interest in Covex. The acquisition was completed on 18 June 2014. The Target holds approximately 44.6% equity interest in Covex. Following completion of the Share Acquisition, Pioneer Singapore will hold, together with the 24.0% interest in Covex that it already holds as of the date of this announcement, an aggregate of approximately 68.6% of the equity interest in Covex. Each of the Target and Covex will become a subsidiary of the Company and the results of the Target and Covex will be consolidated into the financial statements of the Company.

The following diagrams illustrate a simplified shareholding structure of the Target and Covex before and after completion of the Share Acquisition:



Note (1): Pioneer Singapore is indirectly wholly owned by the Company.

THE DEBT ACQUISITION AGREEMENT

Date: 1 July 2014

Parties: Pioneer Pharma (Singapore) Pte. Ltd., a wholly-owned subsidiary of the Company, as purchaser.

The Creditors, as seller.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Creditors and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Assets to be acquired: The Sale Debt, being debts in the aggregate face value of EUR17,226,435 owed by the Target and Covex to the Creditors.

Consideration: EUR7,124,107.

The consideration for the Debt Acquisition was determined after arm's length negotiation between the parties taking into consideration the face value of the Sale Debt, as well as the current status of the receivership proceedings of the Target and Covex.

Completion: Completion of the Debt Acquisition took place immediately following the execution of the Debt Acquisition Agreement.

Completion of the Debt Acquisition was not conditional upon the completion of the Share Acquisition.

REASONS FOR AND BENEFIT OF THE SHARE ACQUISITION AND THE DEBT ACQUISITION

The Company has obtained an exclusive right to market, promote and sell Covex's Vinpocetine API in the PRC. The Directors consider that the purchase of the Sale Shares represents a good opportunity for the Company to increase its interest in and control over the management of Covex so as to enhance the Company's direct influence over Covex and improve the Company's prospects for renewing or extending its exclusive right to market, promote and sell Vinpocetine API in the PRC.

Covex has been subject to voluntary receivership proceedings since April 2009. As disclosed in the Company's announcement dated 16 May 2014, since the commencement of the receivership proceedings, the financial results of Covex have improved gradually as a result of the increase in its sales of Vinpocetine API. The Debt Acquisition would assist in ending the receivership proceedings against Covex, and the Directors consider that such termination would help strengthening the financial position of Covex and facilitate further development of its business and operations.

The Directors (including all the independent non-executive Directors) are of the view that the terms of the Share Acquisition Agreement and the Debt Acquisition Agreement, and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY

The Company is an investment holding company and its subsidiaries are engaged in the business of providing comprehensive marketing, promotion and channel management services dedicated to imported pharmaceutical products and medical devices in the PRC.

INFORMATION ON THE SELLER AND THE TARGET

The Seller is a company incorporated in Spain with limited liability, which is principally engaged in investment holdings.

The Target is a company incorporated in Spain with limited liability, whose principal business is its holding of equity interest in Covex.

INFORMATION ON THE CREDITORS

The Creditors comprise 15 creditors of the Target to whom the Target owed an aggregate sum of EUR1,917,362 as of the date of the Debt Acquisition Agreement and 50 creditors of Covex to whom Covex owed an aggregate sum of EUR15,309,073 as of the date of the Debt Acquisition Agreement. The Creditors are generally banks and suppliers of the Target and Covex who advanced loans and credit to the Target and Covex in the ordinary course of their respective business.

FINANCIAL INFORMATION OF THE TARGET

According to the audited financial statements of the Target for the year ended 31 December 2013, the net profits (before and after taxation and extraordinary items) of the Target for the years ended 31 December 2012 and 2013 were as follows:

	For the year ended	
	31 December	
	2013	2012
	<i>EUR</i>	<i>EUR</i>
Net profits before taxation and extraordinary items	83,145	662
Net profits after taxation and extraordinary items	66,516	530

LISTING RULES IMPLICATIONS

For the purpose of calculating the relevant percentage ratios, the Share Acquisition Agreement, the Debt Acquisition Agreement and the Covex S.A. SPA have been aggregated and treated as if they were one transaction pursuant to Rules 14.22 and 14.23(2) of the Listing Rules. As one or more of the relevant percentage ratios in respect of the Transactions, on an aggregate basis, exceeds 5% but all the relevant percentage ratios are less than 25%, the Transactions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should be aware that completion of the Share Acquisition is subject to the satisfaction of various conditions and therefore the Share Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITION

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors
“Company”	China Pioneer Pharma Holdings Limited (中国先锋医药控股有限公司), an exempted company incorporated with limited liability under the laws of the Cayman Islands, with its shares listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Covex”	Covex S.A., a limited company incorporated on 20 May 1977 in Spain

“Covex S.A. SPA”	the agreement dated 16 May 2014 between Pioneer Singapore, as the purchaser, and Pioneer Pharma Shareholding Company Limited, as the vendor, in respect of the sale and purchase of 2,095,841 shares of Covex, representing approximately 24.0% of the entire issued share capital of Covex, for a total consideration of EUR1,450,000
“Creditors”	creditors who entered into the Debt Acquisition Agreement comprising 15 creditors of the Target and 50 creditors of Covex
“Debt Acquisition”	the acquisition of the Sale Debt by Pioneer Singapore pursuant to the Debt Acquisition Agreement
“Debt Acquisition Agreement”	the debt acquisition agreement dated 1 July 2014 between Pioneer Singapore and the Creditors in respect of the sale and purchase of the Sale Debt for a total consideration of EUR7,124,107
“Directors”	the directors of the Company
“EUR”	Euro, the single currency of the participating member states of the European Union
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Pioneer Singapore”	Pioneer Pharma (Singapore) Pte. Ltd. (先鋒醫藥(新加坡)私人有限公司), a company incorporated on 16 February 2011 in Singapore and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Sale Debt”	debts with an aggregate face value of EUR17,226,435 owed by the Target and Covex to the Creditors
“Sale Shares”	50 shares of EUR60.1 each in the share capital of the Target, representing the entire issued share capital of the Target
“Seller”	Memory Secret S.L., a company incorporated in Spain with limited liability

“Share Acquisition”	the acquisition of the Sale Shares by Pioneer Singapore pursuant to the Share Acquisition Agreement
“Share Acquisition Agreement”	the Share Acquisition agreement dated 1 July 2014 between Pioneer Singapore and the Seller in respect of the sale and purchase of the Sale Shares for a total consideration of EUR2,905,000
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Covex Farma S.L., a company incorporated in Spain with limited liability
“Transactions”	the Share Acquisition, the Debt Acquisition and the acquisition under the Covex S.A. SPA
“%”	Per cent

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

Hong Kong, 1 July 2014

As at the date of this announcement, the Directors are Mr. LI Xinzhou and 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