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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)

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that it has approved the adoption of the Scheme on 10 April 2015. The purpose of the Scheme is to recognise the contributions by certain Employees and to give incentives to them in order to retain them for the continuing operation and development of the Group, and to attract suitable personnel for further development of the Group.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

The board of directors of China Pioneer Pharma Holdings Limited is pleased to announce that it has approved the adoption of the Scheme on 10 April 2015. A summary of the principal terms of the Scheme is set out below:

PURPOSE

The purpose of the Scheme is to recognise the contributions by certain Employees and to give incentives to them in order to retain them for the continuing operation and development of the Group, and to attract suitable personnel for further development of the Group.

DURATION

Subject to any early termination as may be determined by the Board, the Scheme shall be valid and effective for a term of ten years commencing on the Adoption Date.

ADMINISTRATION

The Scheme shall be administered by the Board and the Trustee in accordance with the rules of the Scheme and the Trust Deed. The decision of the Board with respect to any matter arising under the Scheme (including the interpretation of any provision) shall be final and binding. The Trustee will hold the Shares in accordance with the terms of the Trust Deed.

OPERATION OF THE SCHEME

Contribution of funds to the Trust

The Board may from time to time cause to be paid an amount to the Trust by way of settlement or otherwise contributed by the Company or any subsidiary of the Company as directed by the Board.

The Board may from time to time instruct the Trustee in writing to purchase Shares on the Stock Exchange specifying the maximum amount of funds to be used and the range of prices at which such Shares are to be purchased.

Eligible Persons for the Scheme and Grant of Awarded Shares

The Board may from time to time at its absolute discretion, select any Employee (excluding any Excluded Employee) for participation in the Scheme as a Selected Employee and grant to such Selected Employee the Awarded Shares at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

Vesting of Awarded Shares

The Board is entitled to impose any conditions as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on the Selected Employee.

Subject to the rules of the Scheme and the fulfilment of all the vesting conditions to the vesting of the Awarded Shares on such Selected Employee, such Selected Employee may choose:

- (a) to accept or reject the vesting of the Awarded Shares; and
- (b) if applicable, to elect the vesting of the Awarded Shares on any Vesting Date as designated by the Board.

Upon the vesting of the Awarded Shares, subject to confirmation by the Company and on the terms and conditions specified by the Company, the Trustee shall effect the sale of such Awarded Shares at the prevailing market price on the Stock Exchange and transfer the amount representing the Gain (if any) in relation to the vested Awarded Shares to the relevant Selected Employee.

Rights attached to the Awarded Shares

Any Selected Employee shall not have any interest or rights (including the right to vote at general meetings of the Company or the right to receive dividends) in the Awarded Shares prior to the Vesting Date.

Non-transferrable

Prior to the Vesting Date, any award of Awarded Shares made pursuant to the terms of the Scheme shall be personal to the Selected Employee to whom it is made and shall not be assignable and no Selected Employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares referable to him pursuant to such award.

Death or retirement of the Selected Employee

In respect of a Selected Employee who died or retired by agreement with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Shares of the Selected Employee shall be deemed to be vested on the day immediately prior to his death or the day immediately prior to his retirement with the relevant member of the Group.

Lapse of Awarded Shares

In the event that a Selected Employee is found to be an Excluded Employee, or is deemed to cease to be an Employee, the relevant award made to such Selected Employee shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remain part of the Trust Fund.

Voting right of the Trustee

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust.

Restrictions

No award shall be made by the Board and no instructions to acquire any Shares shall be given to the Trustee under the Scheme where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:

- (a) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules;
- (b) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results;

- (c) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results; or
- (d) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

SCHEME LIMIT

The Board shall not make any further award of Awarded Shares which will result in the nominal value of the Shares awarded by the Board under the Scheme exceeding 10% of the issued share capital of the Company from time to time.

The maximum number of shares which may be awarded to a Selected Employee under the Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

ALTERATION OF THE SCHEME

The Scheme may be altered in any respect by a resolution of the Board provided that no such amendment shall operate to affect materially and adversely any subsisting rights of any Selected Employee.

TERMINATION

The Scheme shall terminate on the earlier of the 10th anniversary date of the Adoption Date; and such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Employee.

LISTING RULES IMPLICATIONS

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No shareholders' approval is required to adopt the Scheme, and this announcement is made on a voluntary basis.

DEFINITIONS

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

- “Adoption Date” 10 April 2015, being the date on which the Scheme is adopted by the Company
- “Average Sale Proceeds” the amount representing the Net Sale Proceeds divided by the number of relevant Awarded Shares sold by the Trustee on the Stock Exchange

“Awarded Shares”	in respect of a Selected Employee, such number of Shares awarded by the Board
“Award Price”	the price of an Awarded Share granted by the Board to a Selected Employee as notified by the Board to such Selected Employee
“Board”	the board of Directors
“Company”	China Pioneer Pharma Holdings Limited (中國先鋒医药控股有限公司)
“Directors”	the directors of the Company
“Employee”	any employee (including without limitation any executive director) of any member of the Group
“Excluded Employee”	any Employee who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Employee
“Gain”	any positive amount resulting from the Average Sale Proceeds less the Award Price
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Net Sale Proceeds”	the total proceeds obtained from sale of the Awarded Shares by the Trustee during any period as instructed by the Company pursuant to the Scheme less the Total Sale Cost in relation to the relevant Awarded Shares
“Scheme”	the “China Pioneer Pharma Share Award Scheme” constituted by the rules set out in the scheme document and adopted by the Company on the Adoption Date
“Selected Employee(s)”	Employee(s) selected by the Board pursuant to the terms of the Scheme for participation in the Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

“Shares”	ordinary shares of USD0.01 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Sale Cost”	all related expenses and such other necessary expenses required for the completion of the sale of the relevant Awarded Shares by the Trustee on the Stock Exchange
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	a trust deed in respect of the scheme to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time)
“Trustee”	Bank of Communications Trustee Limited, and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed
“Trust Fund”	the funds and properties held under the Trust and managed by the Trustee for the benefit of the Employees (other than the Excluded Employees)
“Vesting Date”	in respect of a Selected Employee, the date on which his entitlement to the Awarded Shares is vested in such Selected Employee pursuant to the terms of the Scheme
“USD”	United States dollar, the lawful currency of the United States
“%”	per cent.

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

Hong Kong, 10 April 2015

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