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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 ADJUSTMENTS TO USE OF IPO PROCEEDS**

This announcement is made by China Pioneer Pharma Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company raised a total net proceeds (after deducting the relevant offering expenses) of approximately HK\$1,307.8 million (the “**IPO Proceeds**”) from the global offering and listing on the Main Board of the Hong Kong Stock Exchange of its shares in 2013. As at 31 December 2015, an aggregate of approximately HK\$1,093.9 million of the IPO Proceeds had been used by the Company. The table below sets out the proposed use of the IPO Proceeds as disclosed in the prospectus of the Company dated 24 October 2013 (the “**Prospectus**”), the actual use of the IPO Proceeds up to 31 December 2015 and the balance of the IPO Proceeds available for use:

<b>Purpose</b>	<b>Amount as stated in the Prospectus (HK\$ m)</b>	<b>Actual amount utilised (HK\$ m)</b>	<b>Amount yet to be utilised (HK\$ m)</b>
1. To continue expanding business operations and enhancing the Group's marketing, promotion and sales capabilities . . . . .	392.3	392.3	–
2. To upgrade existing, and construct new, warehousing and logistics facilities in Hubei Province . . . . .	196.2	48.9	147.3
3. To change, improve or upgrade both hardware and software of the Group's information management system . . . . .	65.4	4.7	60.7
4. To enlarge the Group's product portfolio . . .	327.0	321.1	5.9
5. To fund purchases of imported pharmaceutical products and medical devices from overseas suppliers . . . . .	196.2	196.2	–
6. For the Group's working capital and other general corporate purpose . . . . .	130.7	130.7	–
<b>Total . . . . .</b>	<b><u>1,307.8</u></b>	<b><u>1,093.9</u></b>	<b><u>213.9</u></b>

In respect of (i) the proposed upgrade of the Group's warehousing and logistics facilities, and (ii) the proposed improvement and upgrade on hardware and software of the Group's information management system, after having applied part of the IPO Proceeds as outlined, the directors of the Company (the “**Directors**”) are of the view that the required upgrades and improvement have been completed. Following such upgrades and improvement, the Group's warehousing and logistics facilities and information management system are sufficient for its current business operations and it is not expected that the Group will require any further use of the IPO Proceeds for such purposes in the near future.

On the basis of the above, and to enhance the effectiveness of the use of the IPO Proceeds, the Directors consider it necessary to adjust the proposed use of the IPO Proceeds and have resolved that the unused IPO Proceeds in the amount of HK\$213.9 million will be utilised in the following manner:

- as to HK\$147.3 million to fund purchases of imported pharmaceutical products and medical devices from overseas suppliers;
- as to HK\$5.9 million to enlarge the Group's product portfolio; and
- as to HK\$60.7 million for the Group's working capital and other general corporate purpose.

The table below summarises the use of the IPO Proceeds as originally disclosed in the Prospectus, the actual use of the IPO Proceeds up to 31 December 2015 and the proposed use of the balance of the IPO Proceeds after the adjustments outlined above:

<b>Purpose</b>	<b>Amount as stated in the Prospectus (HK\$ m)</b>	<b>Amount after adjustment (HK\$ m)</b>	<b>Actual amount utilised (HK\$ m)</b>	<b>Amount yet to be utilised (HK\$ m)</b>
1. To continue expanding business operations and enhancing the Group's marketing, promotion and sales capabilities. . . . .	392.3	392.3	392.3	–
2. To upgrade existing, and construct new, warehousing and logistics facilities in Hubei Province. . . . .	196.2	48.9	48.9	–
3. To change, improve or upgrade both hardware and software of the Group's information management system. . . . .	65.4	4.7	4.7	–
4. To enlarge the Group's product portfolio . . . . .	327.0	327.0	321.1	5.9
5. To fund purchases of imported pharmaceutical products and medical devices from overseas suppliers . . . . .	196.2	343.5	196.2	147.3
6. For the Group's working capital and other general corporate purpose . . . . .	130.7	191.4	130.7	60.7
Total . . . . .	<u>1,307.8</u>	<u>1,307.8</u>	<u>1,093.9</u>	<u>213.9</u>

The Directors believe that such adjustments to the use of the IPO Proceeds will increase the Company's flexibility in its financial management and reduce its finance costs for any external financing that may otherwise be required, and are in the interests of the Company and its shareholders as a whole.

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

Hong Kong, 9 May 2016

*As at the date of this announcement, the directors of the Company are Mr. LI Xinzhou, Mr. WANG Yiping 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.*